LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 1

CONSENT: REGULAR: WORK SESSION: **X** CLOSED SESSION:
(Confidential)

ACTION: INFORMATION: **X**

ITEM TITLE: **Presentation of FY 2013 Comprehensive Annual Financial Report and Related Reports**

RECOMMENDATION: No action required.

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

REVIEWED BY: lkp

181K

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 Donna

CC: L. Kimball Payne, City Manager

Bonnie Svrcek, Deputy City Manager

Date: December 5, 2013

Re: FY 2013 Comprehensive Annual Financial Report and Related Reports

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

- FY 2013 Comprehensive Annual Financial Report (CAFR)
- Accounting and Other Matters
- Audit Committee Letter – Required Communication with those Charged with Governance
- Independent Auditor's Report on Comments and Suggestions – City of Lynchburg's Sheriff's Office
- Comments on Internal Control and Other Suggestions for Your Consideration – 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 10th work session. Hard copies of these documents will be distributed at that time.

Thank you.

Attachments (6)

CITY OF
LYNCHBURG, VIRGINIA

Comprehensive Annual Financial Report
for the fiscal year ended June 30, 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013

CITY OF LYNCHBURG, VIRGINIA

Prepared by:
Financial Services

CITY OF LYNCHBURG, VIRGINIA

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The City of Lynchburg, Virginia

City Hall, 900 Church Street, Lynchburg, Virginia 24504
(434) 455-3990
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Office of the
City Manager

November 12, 2013

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, 2013, 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, L.L.P. 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, L.L.P. 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 and fire protection, parks and recreation, libraries, museums, health, juvenile and social services, maintenance of streets and highways, economic development, 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, (formerly the Central Virginia Community Services Board), 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 February 2013. During the fiscal year, adherence to these financial policies helped the City manage its investment portfolio in a challenging market, close the year with a strong fund balance, and guided the balancing of the FY 2014 budget in an arduous environment of limited resources and competing demands.

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 extensive budget preparation, citizen engagement, 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 approved 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. With an estimated population of 77,203, Lynchburg is an important commercial center for the four-county region (including Appomattox County) known as Region 2000. The City benefits from an economy that remains diversified among the manufacturing, health services, technology, retail, and trade sectors, as well as being the home to five colleges and universities.

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 a Mayor and Vice-Mayor from their members 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 the 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 of all departments and employees 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 255,700. While Lynchburg historically was dependent on an economy focused on manufacturing, its diverse economic sectors including health services, education, advanced engineering and technology, insurance, and retail continue to expand.

Areva NP, with North American headquarters in Lynchburg, is the world's largest nuclear power plant designer, manufacturer and service provider and has built one-third of the three hundred plus plants in existence in the world. In January 2013, Areva announced it has been selected to provide spent fuel level instrumentation upgrades at a U.S. nuclear plant.

In the health services sector, CENTRA, which owns and operates both Lynchburg General and Virginia Baptist hospitals in the City, completed work on its $3 million Central Virginia Center for Simulation and Virtual Learning. This center is one of the most comprehensive virtual healthcare learning facilities in Virginia.

Other business sector growth includes Banker Steel, which will expand its facility in Lynchburg and hire 50 people after being awarded a major contract in New York. Banker Steel, which fabricates steel structures, will help build the first phase of a $4.9-billion, 15-building residential and commercial project called Atlantic Yards in Brooklyn. Also, J. Crew, a New York-based retailer, opened a $20 million addition to its Lynchburg distribution center to support company growth. This addition supported 170 new full-time jobs added to the more than 1,300 J. Crew employees in Lynchburg.

Liberty University (LU) continues to work on a major campus transformation. The $50 million Jerry Falwell Library is scheduled to open in January 2014. In spring 2014, a $40 million Center for Medical and Health Sciences is scheduled to be complete. The Center is expected to create an additional 400 new jobs in the next five years. New construction was recently started on an observatory as well as the first of six eight-story residence halls which will replace current one-story residence halls. The 2,500 seat baseball stadium and a three court basketball practice facility both opened in time for their 2013 seasons.

Other academic institutions in the City are also making significant capital investments. Lynchburg College broke ground on the $12 million expansion and renovation of its Student Center in April 2013. In February 2013, Randolph College opened its renovated student center, a $6 million project. Lynchburg College and Randolph College were also ranked in the 2013 edition of *U.S. News & World Report's Best Colleges*.

Real property assessments have experienced very slight growth and personal property assessments have experienced unexpected growth due to used vehicles holding their value. Consumption driven revenues, though declining in FY 2009, stabilized in FY 2010, have realized modest growth since FY 2011. Looking ahead, it is anticipated that real property values will remain relatively stable, while personal property values and consumption tax revenues will continue to grow gradually.

As part of a long-term financial plan, five-year revenue projections are developed annually with a focus on ensuring that forecasts are based on the latest economic conditions. The City's Fund Balance Policy is used to ensure compliance with the use of one-time funds for pay-as-you-go projects within the Capital Improvement Program.

In FY 2008, the City developed a "Sustainable Lynchburg" initiative to ensure policies and resources are in place to support the future viability and livability of the community. The Sustainable Lynchburg initiative focused on 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.

Major Initiatives and Accomplishments

Downtown and Riverfront Development/Redevelopment

The City's commitment to downtown revitalization remains strong. With Phase I of the Bluffwalk project completed, significant progress has been made on Phase II or the Lower Bluffwalk. The Lower Bluffwalk is a planned pedestrian, mixed-use, retail and residential corridor. The City's focus on downtown revitalization continues to encourage private sector investment in thousands of square feet of newly renovated residential and commercial space. In FY 2013, $11 million in new private capital was invested, not including significant progress on existing projects and new property acquisitions. Over 72 new residential units are on the market, with the Grand Parlor Lofts on Main Street the most recently completed redevelopment project. There are three new loft projects under construction that will bring 150 additional living spaces downtown. Sustained by the expanding residential population, 8 new businesses opened and 20 new jobs were created.

Education

For 2013, the Commonwealth of Virginia Department of Education notified Lynchburg City Schools that thirteen of the sixteen public schools earned full accreditation and three were accredited with a warning in mathematics. Both E. C. Glass and Heritage high schools were included in the May 2013 ranking of the *Washington Post's* most challenging high schools. Eligibility for this honor is based on the number of college-level tests given in the school year divided by the number of graduates for that year. Lynchburg City Schools continues to provide the most Advanced Placement courses in this area. The School Board has adopted a Comprehensive Plan that focuses on achievement, behavior and culture for all students and staff in the school system and a vision of "Every Child, By Name and By Need, to Graduation".

Infrastructure

FY 2013 was a year of continued work on downtown redevelopment, the Combined Sewer Overflow (CSO) Program and maintenance type projects. The first phase of the Midtown Connector which includes the re-working of a major intersection is well underway. Phase II of the 5th Street corridor was recently completed. This second phase included replacing the water and sewer lines, streetscape, and on-street parking. Phase III is currently under design. 5th Street serves as a major gateway into the downtown and midtown areas of the City. Also underway is the $6 million renovation of the Miller Center which houses administrative offices for Parks and Recreation as well as a community center. This project is partially funded with the sale of State historical tax credits. The renovation will increase the delivery of recreation services by making the building 100% accessible as well as updating facilities for classes and community meetings.

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 has ranked Lynchburg fifth among the top-ranked digital city governments in the 75,000 – 124,999 population categories in the 12th annual Digital Cities Survey. This is Lynchburg's ninth year of ranking in the top ten for communities of its size.

Transportation

Greater Lynchburg Transit Company (GLTC) provides public bus service for Lynchburg citizens. Ground breaking for a new bus transfer station was held in January 2013. Design has begun on a new bus maintenance and operations facility. These facilities are designed to improve convenience, amenities, and customer service.

The City is also served by the Lynchburg Regional Airport, a small-sized commercial airport with a significant general aviation presence. Passenger loads on daily flights average around 80% and airport revenues have improved due to increased traffic over the last several years. Through its Air Service Development Partnership with the Chamber of Commerce and area businesses, the City is actively seeking new regional service to a northern hub airport. In FY 2013, the Lynchburg Regional Airport received a $2.7 million grant from the Federal Aviation Administration for a carrier ramp and taxiway improvement project.

The Lynchburg Regional Airport has two fixed base operators which provide fueling, maintenance, and charter service. In addition, Liberty University's rapidly growing Aeronautical Program is based at the airport.

Water Resources

The Department of Water Resources has repeatedly earned the Virginia Department of Health (VDH) Office of Drinking Water's Excellence in Water Treatment Plant Performance Award. This year both water filtration plants earned the silver award. The VDH Office of Drinking Water Recognition Program rewards water systems that produce water that is at least three times cleaner than is required by the U.S. Environmental Protection Agency and have demonstrated excellence in performance and operations and for the treatment and distribution of drinking water to the public. Additionally, the City's Pedlar Dam and raw water line have been recognized by the American Water Works Association as National Historic Water Landmarks. The Pedlar Dam has been awarded the Virginia Lakes and Watersheds Association's award for the Best Maintained Publically Owned Dam. This past year the Department of Water Resources was awarded the American Academy of Environmental Engineers and Scientists Excellence in Environmental Engineering Award for the Holistic Combined Sewer Overflow (CSO) Long Term Control Plan Update. The Department also has received national attention in magazine articles focusing on the City's commitment to providing safe drinking water and protecting the environment. This commitment to environmental stewardship is also demonstrated by the quality of its wastewater treatment operations and the development of a stormwater utility.

Prospects for the Future

The City has worked diligently through its economic development authority (EDA) to ensure that Lynchburg continues to be a dynamic, vibrant economy where there are economic opportunities for all. To this end, in September of 2012, the EDA retained Garner Economics LLC of Atlanta to conduct an economic development strategy for the City. The focus of this engagement was for the Authority to understand economic growth opportunities facing the City. The goal was then to use that knowledge to develop a road map to fully leverage those opportunities and utilize the City's assets. With this information, the Authority is poised to strengthen Lynchburg's competitive position as a place where the world's most innovative companies and talent want to locate and live.

The resulting report, *Opportunity Lynchburg: Lynchburg's Strategy for Jobs & Competitiveness* and the process that yielded it are intended to be the start of an even broader collaboration to enhance the City's economic future. The recommendations in this strategy serve as a framework within which the City can define its economic development priorities and undertake an integrated and unified agenda for growth.

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 for its CAFR for the fiscal year ended June 30, 2012. This is the City's sixteenth consecutive year in receiving this award.

GFOA also awarded the Distinguished Budget Presentation Award to the City for its FY 2012 Adopted Budget. This is the City's eighth consecutive year in 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,

L. Kimball Payne, III
City Manager

Donna S. Witt
Director of Financial Services

CITY OF LYNCHBURG, VIRGINIA

COUNCIL-MANAGER FORM OF GOVERNMENT

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2013

CITY COUNCIL

Dr. Michael A. Gillette, Mayor

Rev. Ceasor T. Johnson, Vice-Mayor	Jeff S. Helgeson
Hunsdon "H" Cary, III	J. Randolph "Randy" Nelson
Joan F. Foster	Edgar J. T. Perrow, Jr.

CITY OFFICIALS

L. Kimball Payne, III	City Manager
Bonnie M. Svrcek	Deputy City Manager
Walter C. Erwin, III	City Attorney
Donna S. Witt	Director of Financial Services

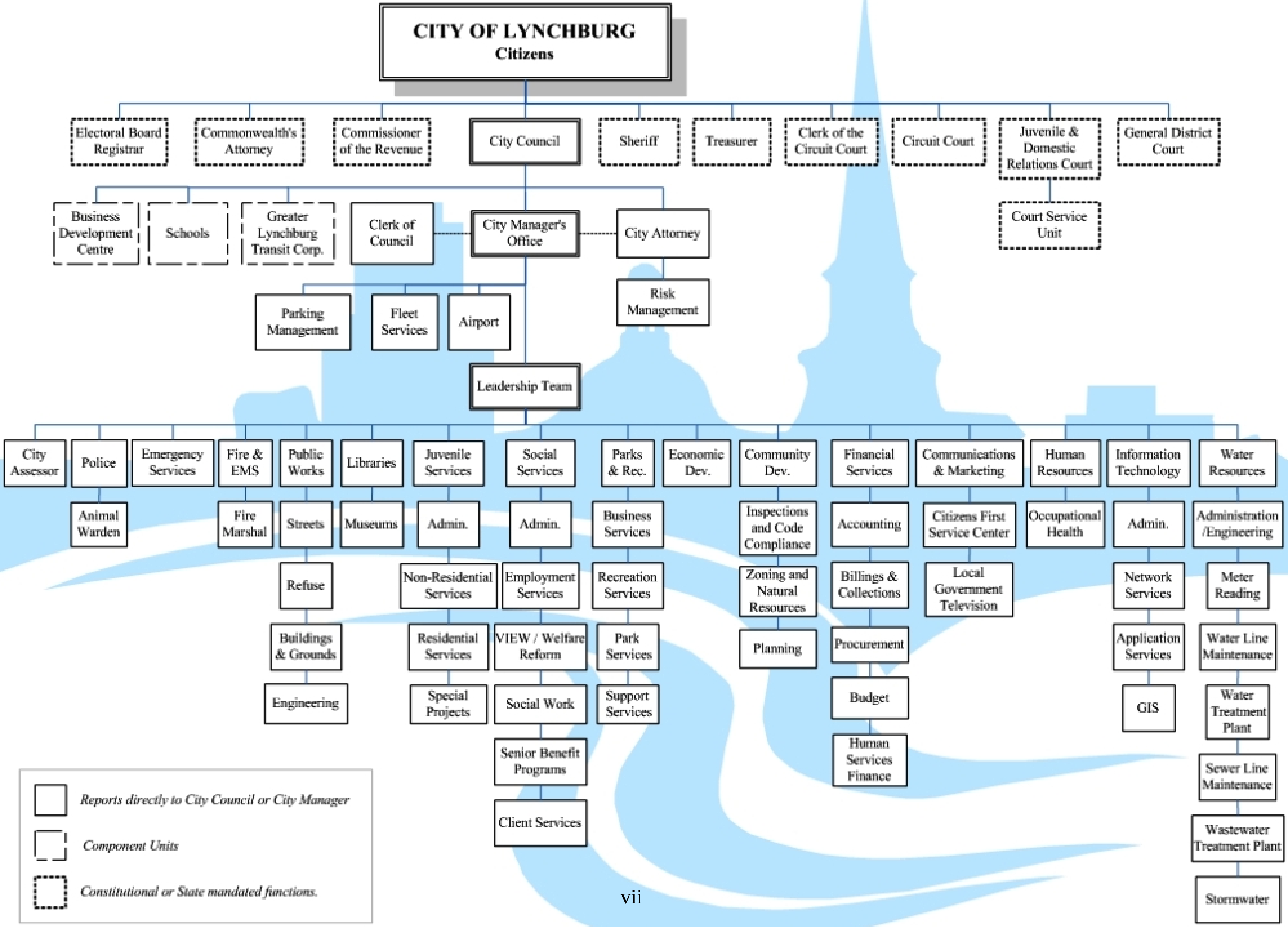
SCHOOL BOARD

Regina T. Dolan-Sewell, Chair

Treney L. Tweedy, Vice Chair	Katie K. Snyder
Mary Ann Hoss	J. Marie Waller
Michael J. Nilles	Thomas H. Webb
Jennifer R. Poore	Charles B. White

SCHOOL BOARD OFFICIALS

Dr. Scott S. Brabrand	Superintendent of Schools
William A. Coleman, Jr.	Assistant Superintendent
Ben W. Copeland	Assistant Superintendent
Anthony E. Beckles, Sr.	Chief Financial Officer


CITY OF LYNCHBURG
Citizens
Electoral Board Registrar
Commonwealth's Attorney
Commissioner of the Revenue
City Council
Sheriff
Treasurer
Clerk of the Circuit Court
Circuit Court
Juvenile & Domestic Relations Court
General District Court
Court Service Unit
Business Development Centre
Schools
Greater Lynchburg Transit Corp.
Clerk of Council
City Manager's Office
City Attorney
Risk Management
Parking Management
Fleet Services
Airport
Leadership Team
City Assessor
Police
Animal Warden
Emergency Services
Fire & EMS
Fire Marshal
Public Works
Streets
Refuse
Buildings & Grounds
Engineering
Libraries
Museums
Juvenile Services
Admin.
Non-Residential Services
Residential Services
Special Projects
Social Services
Admin.
Employment Services
VIEW / Welfare Reform
Social Work
Senior Benefit Programs
Client Services
Parks & Rec.
Business Services
Recreation Services
Park Services
Support Services
Economic Dev.
Community Dev.
Inspections and Code Compliance
Zoning and Natural Resources
Planning
Financial Services
Accounting
Billings & Collections
Procurement
Budget
Human Services Finance
Communications & Marketing
Citizens First Service Center
Local Government Television
Human Resources
Occupational Health
Information Technology
Admin.
Network Services
Application Services
GIS
Water Resources
Administration /Engineering
Meter Reading
Water Line Maintenance
Water Treatment Plant
Sewer Line Maintenance
Wastewater Treatment Plant
Stormwater
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, 2012

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 as of and for the year ended June 30, 2013, 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 did not audit the financial statements of the discretely presented component unit referred to as the Business Development Centre, Inc., whose statements reflect total assets of $1,782,761 as of June 30, 2013, and total revenues of $311,966 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us; and our opinion, insofar as it relates to the amounts included for the Business Development Centre, Inc., as of June 30, 2013 and for the year then ended is based solely on the report of the other auditors. 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, based on our audit and the report of other auditors, 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, 2013, 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.

Your Success is Our Focus

319 McClanahan Street, S.W. • P.O. Box 12388 • Roanoke, VA 24025-2388 • 540-345-0936 • Fax: 540-342-6181 • www.BEcpas.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress 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 non-major fund financial statements, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. 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 required part of the basic financial statements.

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 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 12, 2013, 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 12, 2013

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, 2013. 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, 2013 by $475.1 million (net position). Unrestricted net position of $93.7 million was available to meet future obligations. This represented $73.9 million for governmental activities, which included the general fund, and $19.8 million for business-type activities, which included the enterprise funds (water, sewer, stormwater, and airport).

- The general fund's unassigned fund balance of $31.7 million was 18.7% of total general fund revenues, which were $169.3 million. This was $14.8 million more than the City Council adopted unassigned fund balance policy requirement of 10%, or $16.9 million.

- In comparison with the prior fiscal year, the City's total net position increased 3.4%, or $15.4 million, from FY 2012. Net position of governmental activities increased 3.3%, or $8.5 million, from FY 2012; and, net position of business-type activities increased 3.4%, or $6.9 million. The Schools' total net position increased 11%, or $0.3 million, from FY 2012.

- The City's total revenues of $230.5 million increased 7.0%, or $15.2 million, and total expenses of $215.1 million increased 4.0%, or $8.1 million, from FY 2012. General revenues and transfers of $131.6 million were $15.4 million more than the expenses net of program revenues of $116.2 million.

- The City began the stormwater enterprise fund in FY 2013 to provide the required resources for stormwater management across the City and for maintaining compliance with federal and state regulations. These include development of plans to meet water quality requirements, education and outreach, and perform operation and maintenance activities that ensure roadways and ditches drain properly. Several hundred miles of pipes and culverts are maintained and replaced as needed.

- For the current fiscal year, the City's total liabilities of $345.8 million decreased 4.9% or $17.9 million from FY 2012.

- Total new debt of $9.2 million was issued, of which $4.1 million was for governmental activities, and $5.1 million was for business-type activities. In fall 2011, the City issued a five-year General Obligation Bond Anticipation Note for a bank qualified line of credit up to $10 million to interim finance capital improvements. New debt included $5.1 million for the line of credit for water capital projects and $4.1 million from a general obligation public improvement refunding bond to refinance a capital lease. In fall 2013, the City issued a $10 million General Obligation Public Improvement Bond for general government transportation and school capital projects and fire public safety capital equipment. In fall 2010, two recalibrated ratings were maintained as Aa2 from Moody's Investors Services and AA+ from Fitch Ratings, while Standard and Poor's Ratings Services upgraded the City's credit rating from AA to AA+. In summer 2012, Fitch Ratings reaffirmed their AA+ rating for the City.

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, 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 obligations 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, 2013/2012
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government		Percent Change	Component Unit Schools	
	2013	2012	2013	2012	2013	2012	2013-2012%	2013	2012
Current and other assets	$ 130.2	$ 130.3	$ 37.4	$ 51.2	$ 167.6	$ 181.5	-8%	$ 13.7	$ 17.0
Capital assets	289.4	291.0	367.9	350.9	657.3	641.9	2%	4.5	3.3
Total assets	419.6	421.3	405.3	402.1	824.9	823.4	0%	18.2	20.3
Total deferred outflows of resources*	2.7	-	1.9	-	4.6	-	0%	-	-
Long-term liabilities	129.5	140.7	190.8	194.9	320.3	335.6	-5%	3.7	3.1
Other liabilities	18.3	23.2	7.2	4.9	25.5	28.1	-9%	11.5	14.5
Total liabilities	147.8	163.9	198.0	199.8	345.8	363.7	-5%	15.2	17.6
Total deferred inflows of resources*	8.6	-	-	-	8.6	-	0%	-	-
Net Position									
Net investment in capital assets	175.2	166.9	189.4	182.8	364.6	349.7	4%	4.3	3.1
Restricted for Capital projects	15.5	17.5	-	-	15.5	17.5	-11%	-	-
Restricted for Grants and other	1.3	1.2	-	0.1	1.3	1.3	0%	-	-
Unrestricted	73.9	71.8	19.8	19.4	93.7	91.2	3%	(1.3)	(0.4)
Total net position	$ 265.9	$ 257.4	$ 209.2	$ 202.3	$ 475.1	$ 459.7	3%	$ 3.0	$ 2.7

*Note: The City implemented GASB 63 and GASB 65 in FY 2013. Prior year information is not available.

The City's total net position of $475.1 million increased 3.4%, or $15.4 million, from FY 2012.

Net investment in capital assets of $364.6 million was 76.7 % of total net position and increased 4.3%, or $14.9 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 a strong financial position with 19.7%, or $93.7 million, of unrestricted net position, which is comprised of 79%, or $73.9 million, for governmental activities, and 21%, or $19.8 million, for business-type activities. Unrestricted net position available for providing services to the citizens increased 2.7%, or $2.5 million from FY 2012. Restricted net position of $16.8

million is comprised of $15.5 million of grant funds restricted for transportation projects and $1.3 million of grant funds restricted mainly for public safety and comprehensive services for at risk youth.

The Schools' component unit total net position of $3.0 million increased 11%, or $0.3 million from FY 2012. Unrestricted net position of $(1.3) million decreased by $0.9 million.

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, 2013/2012
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
Revenues:	2013	2012	2013	2012	2013	2012	2013-2012	2013	2012
Program Revenues:									
Charges for services	$ 13.5	$ 11.7	$ 37.4	$ 32.9	$ 50.9	$ 44.6	14%	$ 2.7	$ 2.8
Operating grants/contributions	39.9	30.2	1.0	0.1	40.9	30.3	35%	56.8	59.1
Capital grants/contributions	4.3	11.5	2.8	2.0	7.1	13.5	-47%	-	-
General Revenues:									
Property taxes	74.4	70.1	-	-	74.4	70.1	6%	-	-
Other taxes	47.5	48.2	-	-	47.5	48.2	-1%	-	-
Unrestricted intergovernmental	6.0	5.9	-	-	6.0	5.9	2%	-	-
Interest	0.2	0.4	0.1	0.2	0.3	0.6	-50%	-	-
IRS Subsidy Build America Bonds	0.3	0.3	0.3	0.3	0.6	0.6	0%	-	-
Miscellaneous	1.6	1.2	-	0.2	1.6	1.4	14%	0.8	1.3
Gain on sale of assets	1.0	0.1	0.2	-	1.2	0.1	1100%	-	-
City appropriation	-	-	-	-	-	-	-	35.3	31.7
Total Revenues	188.7	179.6	41.8	35.7	230.5	215.3	7%	95.6	94.9
Expenses:									
General government	15.1	14.2	-	-	15.1	14.2	6%	-	-
Judicial	6.4	6.6	-	-	6.4	6.6	-3%	-	-
Public safety	47.4	44.7	-	-	47.4	44.7	6%	-	-
Public works	26.5	25.5	-	-	26.5	25.5	4%	-	-
Health and human services	25.3	24.6	-	-	25.3	24.6	3%	-	-
Cultural and recreational	8.5	8.4	-	-	8.5	8.4	1%	-	-
Community development	5.1	7.8	-	-	5.1	7.8	-35%	-	-
Education	40.6	36.7	-	-	40.6	36.7	11%	95.3	94.3
Interest & other fiscal charges	5.0	5.5	-	-	5.0	5.5	-9%	-	-
Stormwater	-	-	2.0	-	2.0	-	0%	-	-
Airport	-	-	4.2	4.4	4.2	4.4	-5%	-	-
Water	-	-	12.8	11.9	12.8	11.9	8%	-	-
Sewer	-	-	16.2	16.7	16.2	16.7	-3%	-	-
Total Expenses	179.9	174.0	35.2	33.0	215.1	207.0	4%	95.3	94.3
Increase in net position before transfers	8.8	5.6	6.6	2.7	15.4	8.3	86%	0.3	0.6
Transfers	(0.3)	(0.4)	0.3	0.4	-	-	-	-	-
Increase in net position	8.5	5.2	6.9	3.1	15.4	8.3	86%	0.3	0.6
Net position beginning	257.4	252.2	202.3	199.2	459.7	451.4	2%	2.7	2.1
Net position ending	$265.9	$257.4	$209.2	$202.3	$475.1	$459.7	3%	$ 3.0	$ 2.7

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 $265.9 million increased 3.3%, or $8.5 million from FY 2012.

Revenue highlights:

Revenues from governmental activities of $188.7 million increased 5.0%, or $9.1 million from FY 2012.

Program revenues, specifically charges for services of $13.5 million had an overall increase of $1.8 million due to the following: $1.1 million increase in payments from the new stormwater fund for services provided by public works and community development, $0.3 million increase in ambulance service fees, $0.3 million increase in police off duty fees, and $0.1 million increase in court collection fees.

Operating grants and contributions increased $9.7 million. The increase is mainly attributed to a reclassification of street and highway maintenance funds of $9.5 million from capital grants to operating grants to more accurately report the use of these funds for operational and maintenance needs. The remaining increase of $0.2 million is attributed to a net gain between the receipt of new grants as well as the reduction in prior year grants. Public safety received $0.7 million in new grants for fire and EMS staffing, paramedic training, and self-contained breathing apparatus (SCBA) equipment. Comprehensive Services Act (CSA) funds increased $0.3 million, Community Development Block grant (CDBG) funds increased $0.3 million and House Bill 599 funding for the Law Enforcement Assistance Grant increased $0.5 million for a total increase in grants of $1.8 million. Decreases in grants of $1.6 million are comprised of the following: $0.5 million decrease for Home Investment Trust funds, $0.1 million decrease in State funds for the commonwealth attorney, and $1.0 million decrease in funds from the Federal Emergency Management Agency and the Virginia Department of Emergency Management.

Capital grants and contributions decreased $7.2 million. Included in the decrease is $10.0 million in street and highway maintenance funds received in FY 2012. As discussed above, these funds are now reported as operating grants and contributions. The remaining $2.8 million increase is mainly attributed to the following: $0.4 million decrease in stimulus funds from the Energy Efficiency and Conservation Block grant program; $0.4 million increase in reimbursements from the Virginia Department of Transportation (VDOT) revenue sharing program, $2.7 million increase in reimbursements from VDOT federal reimbursement grants, $0.2 million increase in Federal Highway Safety Improvement Program funds for the Wards Road pedestrian crossing, $0.1 million increase in contributions to the City for City Hall improvements, $0.1 million increase in miscellaneous state reimbursements, and $0.3 million decrease in funds from the Schools for capital projects.

General revenues, specifically property taxes of $74.4 million, increased $4.3 million. Property taxes are comprised mainly of real property and personal property taxes. Real property taxes increased $3.7 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 occurred July 1, 2011 and resulted in a nominal increase in assessed value of taxable real property. Personal property taxes increased $0.6 million.

Other taxes revenue of $47.5 million decreased $0.7 million. Other taxes are comprised mainly of revenue from local sales, meals, consumer utilities, business licenses, motor vehicle licenses, and communications sales and use taxes. The decrease is mainly attributable to decreases in motor vehicle license, meals and lodging taxes.

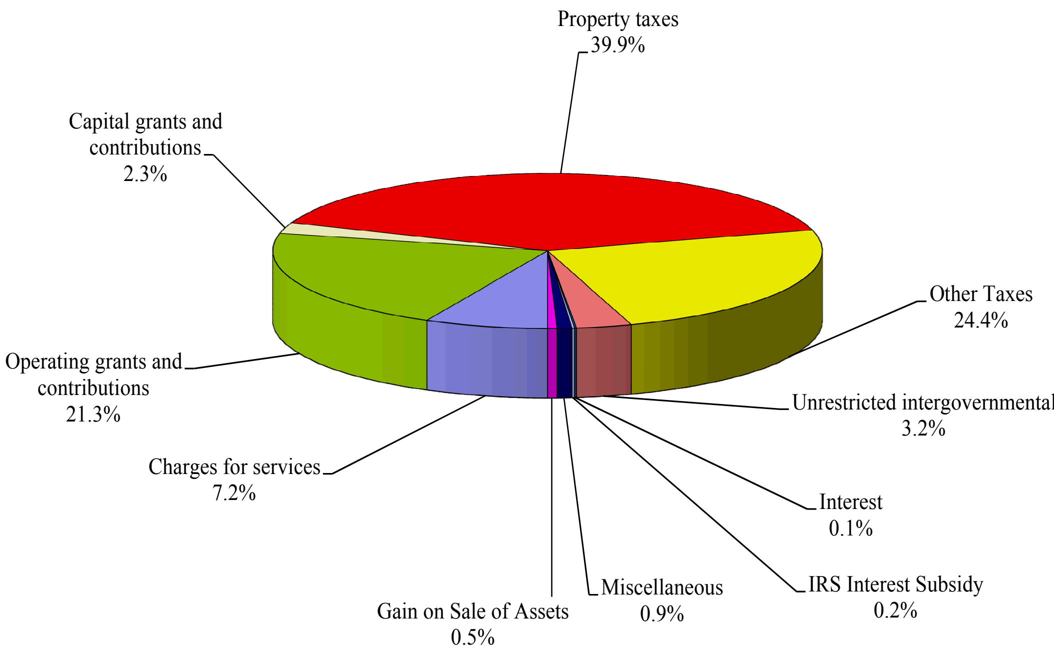
Investment earnings of $0.2 million decreased $0.2 million due to lower interest rates and a decrease in funds available for investment. In accordance with the issuance of Build America Bonds, the City received $0.3 million for IRS Subsidy.

Miscellaneous income increased $0.4 million primarily due to increases in profit sharing proceeds from the Regional Services Authority and the Lynchburg Baseball Corporation along with insurance proceeds for damages to a City parking deck.

Gain on sale of assets increased $0.9 million primarily due to the sale of property at 3901 Old Forest Road. This property had been acquired with transportation funds and transferred to the City from the Virginia Department of Transportation. Proceeds will be used for transportation projects.

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

Revenue by Source-Governmental Activities



Expense highlights:

Governmental activities expenses of $179.9 million increased 3.4%, or $5.9 million from FY 2012.

During FY 2013, Virginia General Assembly action required locality employees to contribute 5% toward their Virginia Retirement System (VRS) benefit. Previously, the 5% had been contributed by the City. In an effort to offset the impact to employees, City Council approved a 5.6% salary increase. Additionally, the VRS group life insurance costs increased from .28% to 1.32%.

General government expenses increased $0.9 million primarily due to increases in salaries, benefits, and health care costs.

Judicial expenses overall decreased $0.2 million primarily due to decreased grant expenditures over the prior year.

Public safety expenses increased $2.7 million primarily due to increase in salaries and related benefits for VRS and an additional salary increase of 1.5% to enhance public safety recruitment and reduce turnover. Other increases included $0.3 million for payments to the Region 2000 Radio Communications Board, $0.1 million for rescue vehicles and equipment, $0.2 million for contributions to the Lynchburg Humane Society, and $0.7 million for self-contained breathing apparatus (SCBA) equipment. Decreases included $0.4 million for the contribution to the Blue Ridge Regional Jail and $0.2 million for workers compensation and compensated absence expense.

Public works expenses increased $1.0 million due to a combination of increases and decreases in expenses as follows: $0.3 million increase in salaries, $0.1 million increase in software purchases, $0.2 million increase in electricity costs, $0.2 million increase in payments to the Region 2000 Services Authority, $0.2 million increase in building maintenance, $0.2 million increase in traffic maintenance supplies, $0.1 million decrease in highway and street repairs, and $0.1 million decrease in contractual services for the derecho cleanup.

Health and human services expenses increased $0.7 million primarily due to increases in salaries, benefits and health care costs.

Cultural and recreational expenses increased $0.1 million primarily due to increases in salaries, benefits and health care costs.

Community development expenses decreased $2.7 million primarily due to the following: $0.1 million increase in contributions to the Lynchburg Regional Chamber of Commerce for the tourism program, $0.5 million decrease in contributions to the Greater Lynchburg Transit Company, $1.5 million decrease for the return of unearned Governor's Opportunity Grant funds to the State of Virginia, $0.1 million decrease for Governor's Opportunity Grant funds disbursed, $0.4 million decrease for a contribution to the City's Economic Development Authority, $0.1 million increase in the disbursement of enterprise and technology zone credits, and $0.4 million decrease for miscellaneous contractual services for the HOME Investment Trust Fund.

Education expenses increased $3.9 million due to the following: $3.6 million increase in local funding to the Schools, $0.1 million increase in depreciation, and $0.2 million increase in building repairs and maintenance.

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

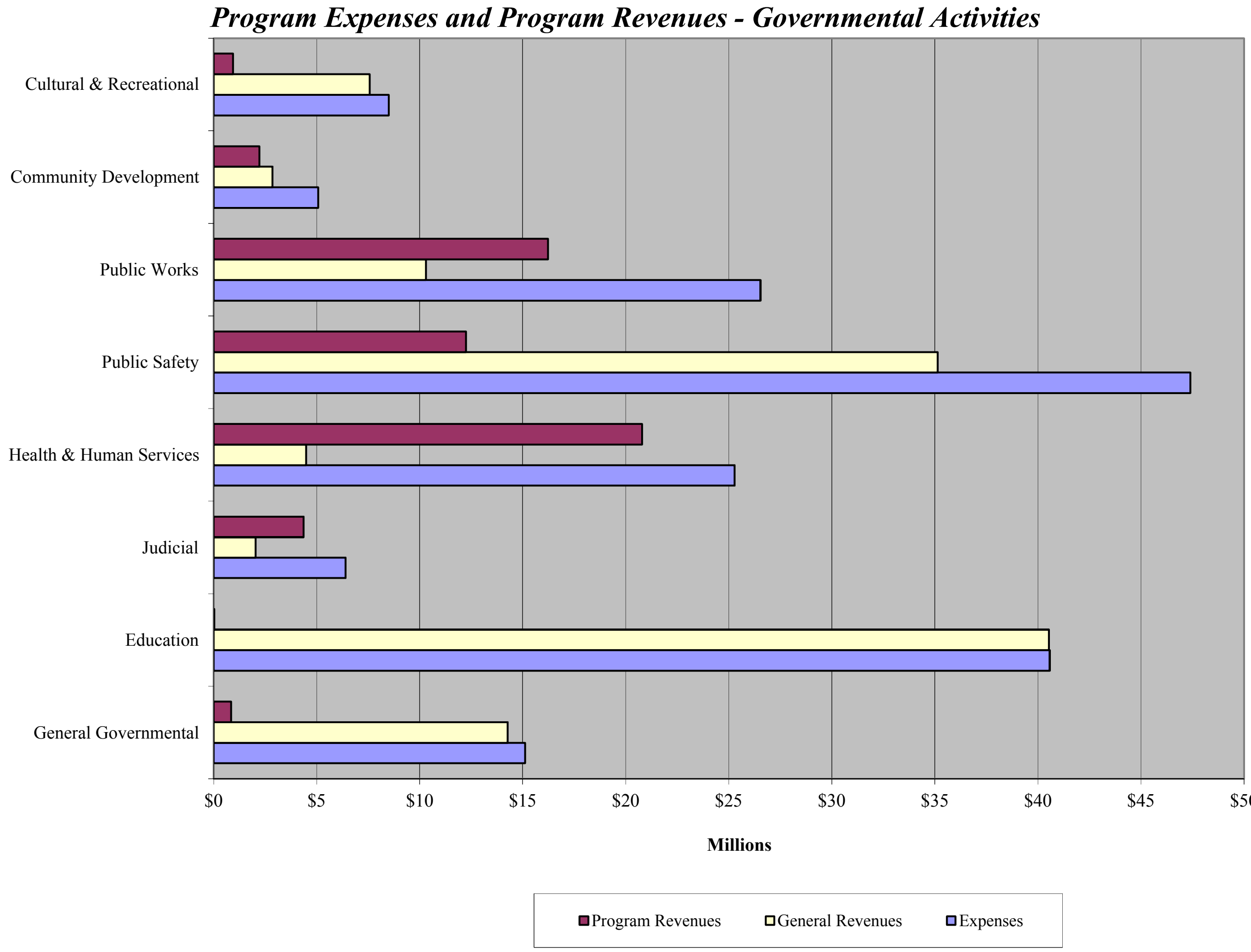
Net Cost of Governmental Activities
For Fiscal Years Ended FY 2013/2012
(in millions)

Governmental Activity	Total Cost of Services 2013	Total Cost of Services 2012	Percentage Change 2013-2012	Net Cost of Services 2013	Net Cost of Services 2012	Percentage Change 2013-2012
General government	$ 15.1	$ 14.2	6%	$ 14.3	$ 13.4	7%
Judicial	6.4	6.6	-3%	2.0	1.9	5%
Public safety	47.4	44.7	6%	35.1	33.8	4%
Public works	26.5	25.5	4%	10.3	11.9	-13%
Health and human services	25.3	24.6	3%	4.5	4.9	-8%
Cultural and recreational	8.5	8.4	1%	7.6	7.6	0%
Community development	5.1	7.8	-35%	2.9	5.3	-45%
Education	40.6	36.7	11%	40.5	36.3	12%
Interest payments & other fiscal charges	5.0	5.5	-9%	5.0	5.5	-9%
Total Governmental Activities	$ 179.9	$ 174.0	3.4%	$ 122.2	$ 120.6	1%

The four largest funded programs were public safety at 26.3%, or $47.4 million; local support for education at 22.6%, or $40.6 million; public works at 14.7%, or $26.5 million; and health and human services at 14.1%, or $25.3 million. Education and public safety continued to be high priorities for the City.

The governmental activities total cost of services increased 3.4% from the prior year with a 1% increase in the net cost of services. The Statement of Activities shows that the $179.9 million in governmental activities program expenses were financed by $13.5 million from those receiving services, $39.9 million from operating grants and contributions, $4.3 million from capital grants and contributions and $122.2 million from general revenues. Overall, general revenues and transfers of $130.7 million were $8.5 million more than the $122.2 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.



Business-type Activities

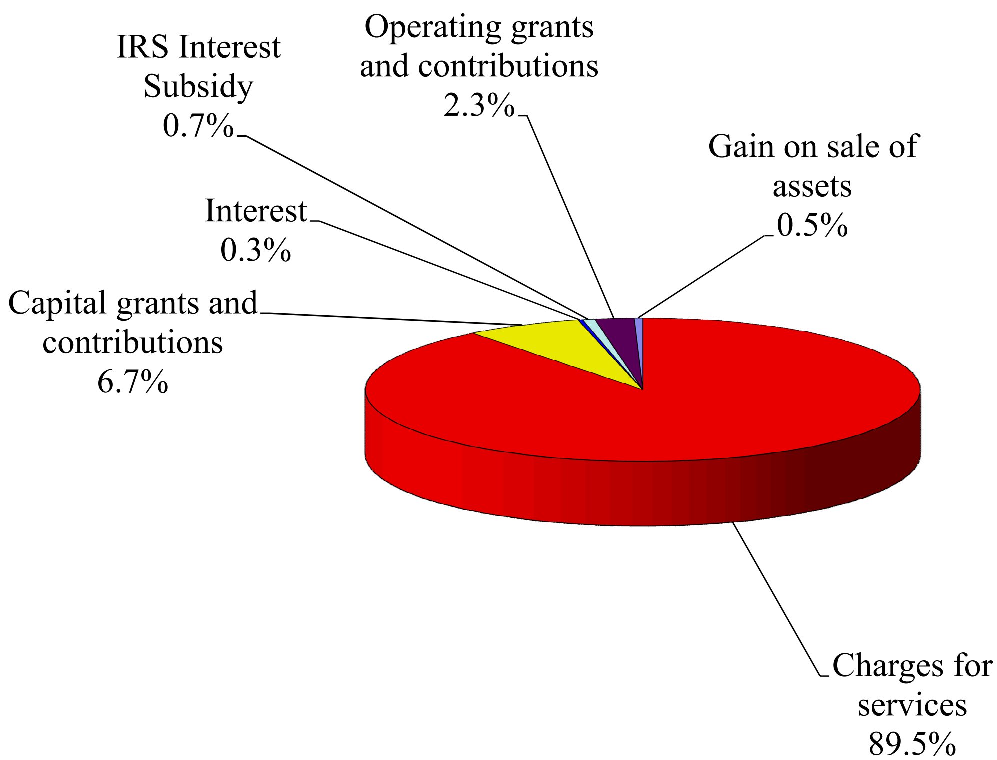
The business-type activities are comprised of enterprise funds for water, sewer, stormwater, and airport operations. Total net position of $209.2 million increased 3.4%, or $6.9 million from FY 2012.

Revenue highlights:

Business-type activities revenues of $41.8 million increased $6.1 million from the prior year. This was primarily due to the addition of the stormwater fund which brought in $3.4 million in charges for services and $0.6 million in operating grants, and a 4% rate increase in the water fund. The airport fund had an overall increase in capital grants of $1.5 million.

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

Revenues by Source - Business-type Activities



Expense highlights:

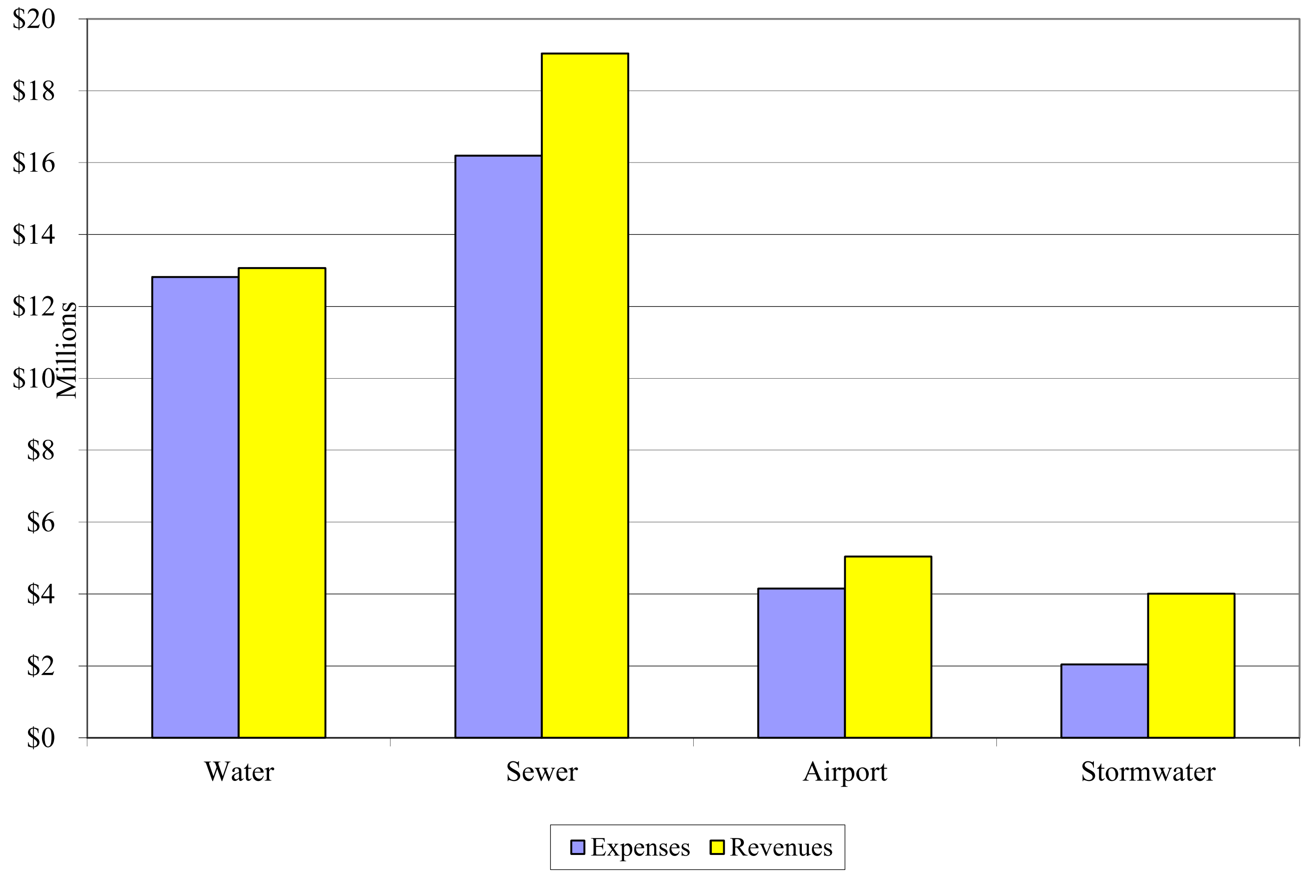
Business-type activities expenses of $35.2 million increased 6.7%, or $2.2 million, from the prior year. The increase was primarily due to the addition of the stormwater fund.

Overall, business-type activities revenues of $41.8 million were $6.6 million more than expenses of $35.2 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 $3.0 million increased 11%, or $0.3 million, from FY 2012. This was primarily due to an increase in net investment in capital assets of 38.7%, or $1.2 million and a decrease in unrestricted net position of $0.9 million from FY 2012.

Revenue highlights:

Total revenues of $95.4 million increased 0.6%, or $0.6 million in comparison with the prior year fund financial statements, primarily due to increases in revenues from the City government. For FY 2013, 47.3%, or $45.1 million, of total revenues were received from the Commonwealth of Virginia as compared to $42.4 million received in the prior year. State sales tax receipts were $8.7 million for FY 2013. The City government contributed 37.0%, or $35.3 million, to education. Federal revenues of 12.0% or $11.5 million, included $4.2 million from Title I funds to provide educational services to economically disadvantaged students. School Nutrition revenues of $3.7 million included $2.9 million from the federal government for the operation of the breakfast and lunch programs. Other revenue sources of 3.7%, or $3.5 million, 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 $95.8 million increased 0.8%, or $0.8 million, from the prior year fund financial statements primarily due to increases in capital outlay costs, along with increases in administration, attendance, health, pupil transportation, and operations and maintenance costs. For FY 2013, 69.8%, or $66.9 million, of total expenses related directly to providing instruction to 8,108 students and 14.3%, or $13.7 million, supported maintenance and operations of school division facilities including the School Nutrition Program. Transportation costs for students were 4.9%, or $4.7 million, while administration for the schools and attendance and health services for students were 4.4%, or $4.2 million. Technology costs were 2.1% or $2.0 million. Capital outlays in the fund financial statements of $4.0 million included the acquisition of equipment.

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.

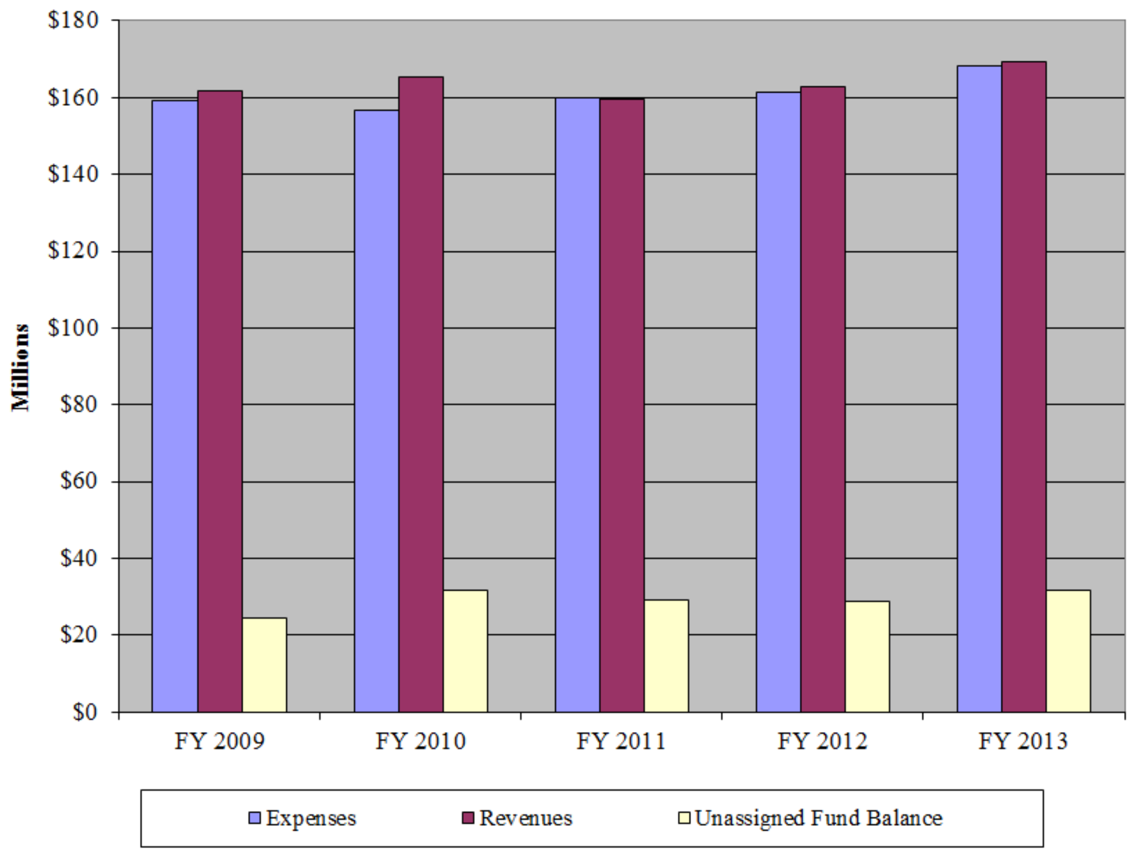
- For FY 2013, the City's governmental funds reported combined fund balances of $84.3 million, a decrease of $4.7 million from FY 2012. Of that amount, $0.5 million was nonspendable, $16.8 million was restricted, $32.4 million was committed, $3.2 million was assigned, and $31.4 million was unassigned. The general fund's increase in fund balance was $1.0 million. The city capital projects fund's decrease in fund balance was $7.1 million. Special revenue funds increase in fund balance was $0.1 million and school capital projects fund increase in fund balance was $1.2 million.

- As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20.0% of total general fund expenditures, while total fund balance represents 31.2% 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 2013 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, 2013
(in millions)

General Fund Budgetary Highlights

Description	Original Budget	Amended Budget	Actual	Amended versus Actual
Revenues & Other Financing Sources				
Taxes	$ 118.3	$ 118.3	$ 122.4	$ 4.1
Intergovernmental	30.9	33.4	33.7	0.3
Other	12.6	12.7	13.2	0.5
Total	161.8	164.4	169.3	4.9
Expenditures & Other Financing Uses				
Expenditures	161.1	164.8	157.8	7.0
Transfers	6.3	10.5	10.5	-
Total	167.4	175.3	168.3	7.0
Change in Fund Balance	$ (5.6)	$ (10.9)	$ 1.0	$ 11.9

Actual expenditures and other financing uses of $168.3 million was less than revenues and other financing sources of $169.3 million by $1.0 million, which resulted in a positive change in fund balance that was more than the amended budget projected decrease of $10.9 million. The FY 2013 adopted and amended budgets included the use of $5.6 million and $10.9 million, respectively, of the FY 2012 general fund's unassigned fund balance primarily to resource a planned $4.3 million transfer out for general government capital projects and a $1.0 million transfer out for school capital projects. This was in accordance with City Council's adopted Fund Balance Policy (revised FY 2011, and re-adopted in FY 2013), 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 $4.9 million and actual expenditures were below the amended budget by $7.0 million, resulting in a $1.0 million increase in fund balance for FY 2013.

Actual revenues were greater than estimated and within 3.0%, or $4.9 million, of the amended budget. Personal property, local sales, business license, meals, motor vehicle, delinquent, and other local taxes were above the amended budget for FY 2013. Intergovernmental revenue was on pace with the amended budget. The other revenue category was $0.5 million more than the amended budget due in part to increases in regulatory licenses, permits and privilege fees, and miscellaneous revenue.

Actual expenditures and transfers were $7.0 million less than the FY 2013 amended budget and mostly attributable to the following unexpended appropriations:

- $1.5 million for general government
- $0.4 million for cultural and recreational
- $1.0 million for public safety
- $0.8 million for health and human services
- $0.6 million for community development
- $0.5 million for education
- $2.2 million for principal retirements

Expenditures for public works were approximately $0.4 million over the amended budget, primarily due to the windstorm that impacted the City at the end of June 2012.

Consistent with Financial Policies, City Council appropriated $1.2 million for a General Fund Reserve for Contingencies. City Council authorized 35.0%, or $0.4 million in expenditures. The remaining 65.0%, or $0.8 million, reverted to unassigned fund balance.

From the original budget of $167.4 million, City Council approved budget amendments to increase the budget 4.7%, or $7.9 million, resulting in an amended budget of $175.3 million. The budget amendments were primarily for the following purposes:

- $2.5 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 2013 amendment was comprised primarily of $0.6 million for public works, and $1.8 million for health and human services programs.
- $1.7 million increase to the budget for prior year unexpended items requested to be re-appropriated in the current year to continue programs.
- $3.5 million increase for the design and architectural work for Heritage High School.

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 $29.4 million decreased 19.5%, or $7.1 million, from FY 2012. Revenues and transfers of $12.9 million increased 16.2%, or $1.8 million. The increase is attributable to the following:

- $0.6 million increase in Highway Maintenance Reimbursement
- $0.5 million increase in State funds for Northwest Expressway Drainage, Timberlake Road at Logans Lane, Main Street Retaining Wall, and Intersection Improvements at Lakeside/Park/Memorial
- $2.9 million increase in Virginia Department of Transportation funds for federal reimbursements
- $1.2 million increase from proceeds received from the sale of property
- $3.2 million decrease in transfers from the general fund
- $0.2 million decrease from a transfer to the comprehensive services act fund

Expenditures, capital outlay, and capital contributions of $20.0 million increased 77.0%, or $8.7 million primarily due to the following:

- $4.7 million increase in capital contributions for Miller Center Renovations
- $0.1 million decrease in Animal Shelter contributions
- $0.3 million increase for Street Overlay
- $0.1 million increase for Wards Road at Candlers Mountain Road Bridge
- $0.3 million increase for Bridge Maintenance
- $0.2 million increase for Building Repairs
- $0.2 million increase in contributions for Public Transportation
- $0.4 million decrease in contributions for the Lynchburg Industrial Development Authority
- $4.0 million increase for Midtown Connector
- $0.3 million decrease for Florida Avenue Bridge Replacement
- $0.3 million decrease for Lower Bluffwalk

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 $36.5 million increased 1.4%, or $0.5 million, from FY 2012. Net investment in capital assets of $27.8 million decreased 1.4%, or $0.4 million, and was 76.0% of total net position. This was primarily due to an increase in debt used to finance capital projects. Unrestricted net position available to fund future expenses increased by 11.5% or $0.9 million. Unrestricted net position was 24.0%, or $8.7 million, of total net position. Operating revenues totaled $13.0 million, and increased 5.7%, or $0.7 million, primarily due to a rate increase of 4% effective July 1, 2012 and administrative expense reimbursements from the stormwater fund that started July 1, 2012. Operating expenses totaled $11.0 million and increased 7.8%. Investment earnings decreased $0.04 million. For FY 2013 the fund balance ratio was 51%, which compared favorably to City Council's financial policy target of 40%. The debt coverage ratio was 1.42, which compared favorably to City Council's adopted financial policy target of 1.2.

Sewer Fund

The sewer fund's total net position of $138.9 million increased 2.3%, or $3.1 million, from FY 2012. Net investment in capital assets of $128.3 million increased 4.7%, or $5.8 million, due to completion of Combined Sewer Overflow (CSO) projects and the Waste Water Treatment Plant Upgrade. Net investment in capital assets was 92.4% of total net position. Unrestricted net position available to fund future expenses decreased by 20.3%, or $2.7 million primarily due to infrastructure replacements and plant upgrades. Unrestricted net position was 7.6%, or $10.6 million, of total net position. Operating revenues totaled $18.9 million and increased 2.2%, or $0.4 million. Operating expenses totaled $14.7 million and decreased 4.5%, or $0.7 million. Investment earnings decreased $0.07 million. For FY 2013 the fund balance ratio was 30.7% as compared to the financial policy target of 25%. The debt coverage ratio was 1.34, as compared to the financial policy target of 1.2 and was in compliance with the CSO Order requirements. Please refer to the Statistical Section of this report for details.

Stormwater Fund

The stormwater fund began July 1, 2012 and thus there is no comparative financial information for the prior fiscal year. The stormwater fund's total net position was $1.9 million. Net investment in capital assets was 5.3% of total net position. Net investment in capital assets of $0.1 million represents capital projects that were uncompleted. Unrestricted net position was 94.7% or $1.8 million of total net position. Operating revenues totaled $4.0 million and operating expenses totaled $2.1 million.

Airport Fund

The airport fund's total net position of $35.9 million increased 4.0%, or $1.4 million, from FY 2012. Net investment in capital assets, of $33.3 million, increased 3.7%, or $1.2 million. Net investment in capital assets was 92.8% of total net position. Net position, unrestricted, increased 18.2%, or $0.4 million, due to accumulation of state entitlement funds for future projects. Net position, unrestricted, was 7.2%, or $2.6 million, of net position. Operating revenues totaled $2.3 million, which represents a 4.5% increase from FY 2012. Operating expenses totaled $4.1 million, which represents a 4.7% decrease. Capital contributions totaled $2.5 million, an increase of 150.0%, or $1.5 million, which represents increased federal contributions towards airport capital projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets, net of depreciation, were $657.3 million as reflected in the following schedule. The Schools had $4.5 million in capital assets exclusive of buildings and facilities, which were capitalized as the City's assets.

Capital Assets
As of June 30, 2013/2012
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2013	2012	2013	2012	2013	2012	2013-2012	2013	2012
Capital assets, not being depreciated:									
Land	$ 16.8	$ 16.6	$ 5.0	$ 5.0	$ 21.8	$ 21.6	1%	$ -	$ -
Construction in progress	18.5	13.2	37.1	51.5	55.6	64.7	-14%	-	-
Capital assets, being depreciated:									
Land improvements	24.6	23.8	12.4	12.4	37.0	36.2	2%	-	-
Buildings and improvements	233.8	230.3	56.5	56.9	290.3	287.2	1%	-	-
Infrastructure	230.3	226.5	391.3	360.4	621.6	586.9	6%	-	-
Machinery and equipment	42.8	40.3	20.4	11.4	63.2	51.7	22%	10.9	9.6
Less: Accumulated depreciation	(277.4)	(259.7)	(154.8)	(146.8)	(432.2)	(406.5)	6%	(6.4)	(6.3)
Total Capital Assets	$ 289.4	$ 291.0	$ 367.9	$ 350.8	$ 657.3	$ 641.8	2%	$ 4.5	$ 3.3

During FY 2013, the City’s net increase in capital assets was 2% or $15.5 million. Major capital asset events included the following (in millions):

Construction-in-progress converted to capital assets:

Completion of several Combined Sewer Overflow (CSO) replacement projects; financed by a combination of Virginia Revolving Loan Program funds, State and federal CSO grants and general obligation bonds.	$30.1
Completion of Waste Water Treatment Plant Secondary Treatment Process Upgrade; financed by state Virginia Clean Water Revolving Loan Fund.	9.5
Completion of Jefferson Street South; financed by general obligation bonds and local pay-as-you-go capital monies.	2.2
Completion of North West Expressway Drainage Improvements; financed by state revenue sharing, and local pay-as-you-go capital monies.	.7
Completion of Heritage High School Curtain Wall; financed by general obligation bonds, and local pay-as-you-go capital monies.	.7
Completion of Hood Street Water Main Replacement; financed by general obligation bonds and local pay-as-you-go capital monies.	.6
Completion of Library HVAC (Heating, Ventilation and Air Conditioning) System financed by the Energy Efficiency and Conservation Block grant program, a federal stimulus grant.	.6
Completion of Wards Ferry Road Culvert; financed by local pay-as-you-go capital monies.	.5
Total construction-in-progress converted to capital assets	$44.9
Donation of land to the City (Land & Playground Equipment)	.3
On-going replacement of the vehicle fleet, financed through local operating monies.	2.6
Total major asset events	$47.8

Construction-in-progress at the end of FY 2013 includes additional CSO abatement projects, additional James River Interceptor CSO projects, Wards Road Pedestrian Improvements, Lower Bluff-Walk Phase 1 & 2, Airport Terminal Apron Rehabilitation and Heritage High School Renovations. Sewer projects include Blue Ridge Farms Water System Improvements Phase 1 & 2 and Sanitary Sewer Evaluation Survey. Additional information on the City's capital assets can be found in Note 8 of this report.

Long-term Debt

Total outstanding debt was $304.1 million with $188 million of business-type activities debt supported by the individual funds, resulting in net bonded debt for governmental activities of $116.1 million. Liabilities for compensated absences and workers' compensation of $6.7 million and other post-employment benefits liability of $4.1 million were excluded.

Long-term Debt Obligations
As of June 30, 2013/2012
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change
	2013	2012	2013	2012	2013	2012	2013-2012
General Obligation Bonds	$ 114.2	$ 120.1	$ 59.9	$ 63.9	$ 174.1	$ 184.0	-5%
Revenue Bonds	-	-	122.9	128.0	122.9	128.0	-4%
General Obligation Notes	-	-	5.2	0.1	5.2	0.1	100%
Note Payable	1.9	2.0	-	-	1.9	2.0	-5%
Capital Lease	-	4.3	-	-	-	4.3	-100%
Total	$ 116.1	$ 126.4	$ 188.0	$ 192.0	$ 304.1	$ 318.4	-4%

Total new debt of $9.2 million was issued, of which $4.1 million was for governmental activities, and $5.1 million was for business-type activities. It consisted of $4.1 million from a general obligation public improvement refunding bond to refinance a capital lease; and, $5.1 million from a bond anticipation note bank qualified line of credit for water capital projects.

The City retired $23.5 million of outstanding principal, all of which were planned retirements with the exception of the $4.1 million refunding bond to refinance the capital lease. The governmental activities principal retirements were $14.4 million and the business-type activities principal retirements were $9.1 million.

The City's general obligation bonds continued to maintain an Aa2 rating from Moody's Investors Service dated September 27, 2010, and an AA+ rating from Fitch Ratings dated September 22, 2010. Standard & Poor's Ratings Services upgraded the City's rating one level from an AA to an AA+, dated September 23, 2010. This rating increase is based on the City's "ongoing economic development and redevelopment, which continues to diversify the economy and expand the property tax base." Also, factored into the upgrade is the City's "historically solid financial position with very strong reserves, which has remained constant through various economic cycles." Standard & Poor's continued utilization of their Financial Management Assessment (FMA) model resulted in a second "strong" ranking for the City's management practices. These credit ratings were related to the City's issuance of the October 20, 2010, General Obligation Public Improvement Refunding Bonds, Series 2010 of $29,655,000. On August 22, 2012, Fitch Ratings reaffirmed their AA+ rating for the City.

On November 8, 2011, the City issued a five-year General Obligation Bond Anticipation Note and concurrently entered into a bank qualified line of credit Financing Agreement with Carter Bank & Trust for up to $10,000,000 to provide interim financing for qualifying capital improvements. Interest on the unpaid principal is two percent (2%) per annum and payable on May 1 and November 1 each year. Final maturity of the Note is November 1, 2016.

On December 19, 2012, the City issued $4,129,625.08 of General Obligation Public Improvement Refunding Bonds, Series 2012 to current refund the Lynchburg Redevelopment and Housing Authority Lease Revenue Bond, Series 2003, dated August 29, 2003 for the J. W. Ould Building renovation project. The City of Lynchburg and the Lynchburg Redevelopment and Housing Authority had entered into a capital lease arrangement for the use of the J. W. Ould Building for the City's Social Services office. The refunding bond proceeds were utilized to pay off the lease revenue bond with SunTrust Bank in the amount of $4,129,625.08: and, the capital lease was terminated as the deed to the property was transferred to the City.

On October 23, 2013 the City issued $10,000,000 of General Obligation Public Improvement Bonds, Series 2013 dated October 23, 2013 through a proposal process resulting in a private placement of these bonds with Banc of America Preferred Funding Corporation. The proceeds will be used to fund governmental activities as follows: $7 million of transportation capital projects, $1 million of school capital projects; and, $2 million for fire public safety capital equipment, which included two pumper engines and a ladder truck. The final maturity date is December 1, 2028 with a 2.75% fixed interest rate and ten year call option.

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 2013, outstanding tax-supported debt was 1.95% 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." Detailed information on the City's long-term debt is included in Note 9 of this report.

ECONOMIC FACTORS

The City's unemployment rate decreased from 8.9% in June 2012 to 8.4% in June 2013. This decrease of 0.5% reflects the slight growth in the economy. The City's unemployment rate typically trends above the State rate, which was 5.9% in June 2013. The City's unemployment rate also typically trends below the National rate, which was 7.8% for the same period. The City's unemployment rate was actually slightly higher than the National rate for this period due to the high student population in the City. The diversity of employers and the continued growth in college and university enrollments in the City makes the unemployment rate trend differently than the State and National rates.

Although still an important sector, manufacturing no longer dominates the Lynchburg economy as it did in the past. AEP, the region's electric utility provider, remains the City's largest property taxpayer with a 2.6% increase in taxable assessed value over FY 2012. Genworth Financial, Inc., a predominant employer in the City, also saw a 1.2% increase in taxable assessed value over FY 2012. Even though the ten principal property taxpayers, as a whole, realized a 4% decrease in taxable assessed value, the total assessed valuation for the City increased slightly by .6% when compared to FY 2012. The City remains the retail hub for the region and has seen significant growth in the medical services, engineering, and higher education sectors. Other important sectors of the Lynchburg economy include wireless technology, finance, retail, and tourism.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Services, City of Lynchburg, 900 Church Street, Lynchburg, VA, 24504, or via telephone at 434-455-3968. This report, the FY 2013 Operating and Capital Budgets, and FY 2013-2017 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, 2013

	Governmental Activities	Business Type Activities	Total Primary Government	Component Units: Lynchburg City Schools	Component Units: Other	Total Reporting Unit
Assets						
Cash and cash equivalents	$ 28,825,530	$ 13,413,724	$ 42,239,254	$ 7,770,725	$ 1,520,002	$ 51,529,981
Investments	59,126,385	8,406,995	67,533,380	-	-	67,533,380
Receivables, net of allowance	21,447,462	4,787,494	26,234,956	530,816	1,273,802	28,039,574
Internal balances	3,854,761	(3,854,761)	-	-	-	-
Due from other governments	7,307,827	9,682,981	16,990,808	5,141,154	912,173	23,044,135
Due from component units	1,659,029	-	1,659,029	-	-	1,659,029
Inventory	87,102	391,695	478,797	118,869	175,380	773,046
Prepaids and other assets	6,666,129	-	6,666,129	176,336	77,660	6,920,125
Restricted assets:						
Cash and cash equivalents	497,710	652,518	1,150,228	-	-	1,150,228
Due from other governments	-	3,880,667	3,880,667	-	-	3,880,667
Issuance discounts	746,324	-	746,324	-	-	746,324
Capital assets, net of accumulated depreciation	289,373,355	367,948,386	657,321,741	4,451,218	20,181,933	681,954,892
Total assets	419,591,614	405,309,699	824,901,313	18,189,118	24,140,950	867,231,381
Deferred Outflows of Resources						
Deferred charge on refunding	2,763,306	1,918,281	4,681,587	-	-	4,681,587
Total deferred outflows of resources	2,763,306	1,918,281	4,681,587	-	-	4,681,587
Liabilities						
Accounts payable and other liabilities	7,782,675	5,365,449	13,148,124	707,683	1,218,158	15,073,965
Accrued payroll and related liabilities	4,162,153	255,913	4,418,066	10,002,043	-	14,420,109
Accrued interest payable	1,457,792	899,943	2,357,735	-	-	2,357,735
Due to other governments	4,869,381	32,000	4,901,381	-	1,202,000	6,103,381
Due to primary government	-	-	-	787,305	871,724	1,659,029
Deposits payable from restricted assets	82,162	627,325	709,487	-	-	709,487
Noncurrent liabilities:						
Due within one year	10,591,623	9,457,332	20,048,955	678,630	-	20,727,585
Due in more than one year	118,870,663	181,343,408	300,214,071	3,018,660	151,318	303,384,049
Total liabilities	147,816,449	197,981,370	345,797,819	15,194,321	3,443,200	364,435,340
Deferred Inflows of Resources						
Property taxes	8,604,922	-	8,604,922	-	-	8,604,922
Total deferred inflows of resources	8,604,922	-	8,604,922	-	-	8,604,922
Net Position						
Net investment in capital assets	175,165,215	189,456,676	364,621,891	4,341,865	20,181,933	389,145,689
Restricted for:						
Capital projects	15,469,573	-	15,469,573	-	-	15,469,573
Grants and other purposes	1,335,752	25,193	1,360,945	-	-	1,360,945
Unrestricted	73,963,009	19,764,741	93,727,750	(1,347,068)	515,817	92,896,499
Total net position	$ 265,933,549	$ 209,246,610	$ 475,180,159	$ 2,994,797	$ 20,697,750	$ 498,872,706

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

Statement of Activities
For the Year Ended June 30, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
					Primary Government			Component Units		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Lynchburg City Schools**	**Other**	**Total Reporting Unit**
Primary government:										
Governmental activities:										
General government	$ 15,116,426	$ 530,988	$ 311,607	$ -	$ (14,273,831)	$ -	$ (14,273,831)	$ -	$ -	$ (14,273,831)
Judicial	6,406,888	917,900	3,451,490	-	(2,037,498)	-	(2,037,498)	-	-	(2,037,498)
Public safety	47,390,090	6,090,401	6,158,687	-	(35,141,002)	-	(35,141,002)	-	-	(35,141,002)
Public works	26,539,357	1,711,835	10,277,070	4,236,186	(10,314,266)	-	(10,314,266)	-	-	(10,314,266)
Health and human services	25,274,269	2,631,082	18,155,911	-	(4,487,276)	-	(4,487,276)	-	-	(4,487,276)
Cultural and recreational	8,503,945	660,626	216,635	55,000	(7,571,684)	-	(7,571,684)	-	-	(7,571,684)
Community development	5,076,676	936,595	1,279,981	-	(2,860,100)	-	(2,860,100)	-	-	(2,860,100)
Education	40,568,308	-	-	29,284	(40,539,024)	-	(40,539,024)	-	-	(40,539,024)
Interest payments and other fiscal charges	5,005,302	-	-	-	(5,005,302)	-	(5,005,302)	-	-	(5,005,302)
Issuance costs	29,815	-	-	-	(29,815)	-	(29,815)	-	-	(29,815)
Total governmental activities	179,911,076	13,479,427	39,851,381	4,320,470	(122,259,798)	-	(122,259,798)	-	-	(122,259,798)
Business-type activities:										
Stormwater	2,038,265	3,355,267	650,000	-	-	1,967,002	1,967,002	-	-	1,967,002
Airport	4,151,032	2,124,073	135,566	2,787,281	-	895,888	895,888	-	-	895,888
Water	12,822,767	12,985,275	72,289	9,500	-	244,297	244,297	-	-	244,297
Sewer	16,195,043	18,913,651	93,667	31,025	-	2,843,300	2,843,300	-	-	2,843,300
Total business-type activities	35,207,107	37,378,266	951,522	2,827,806	-	5,950,487	5,950,487	-	-	5,950,487
Total primary government	$ 215,118,183	$ 50,857,693	$ 40,802,903	$ 7,148,276	(122,259,798)	5,950,487	(116,309,311)	-	-	(116,309,311)
Component units:										
Lynchburg City Schools	$ 95,302,076	$ 2,718,030	$ 56,760,586	$ -	-	-	-	(35,823,460)	-	(35,823,460)
Greater Lynchburg Transit Company	8,521,832	1,188,120	5,123,750	2,791,049	-	-	-	-	581,087	581,087
Business Development Centre	285,063	232,020	79,946	-	-	-	-	-	26,903	26,903
Total component units	$ 104,108,971	$ 4,138,170	$ 61,964,282	$ 2,791,049	-	-	-	(35,823,460)	607,990	(35,215,470)
General revenues:										
Property taxes					74,446,360	-	74,446,360	-	-	74,446,360
Local sales and use tax					13,589,747	-	13,589,747	-	-	13,589,747
Meals taxes					11,916,522	-	11,916,522	-	-	11,916,522
Consumer utility taxes					4,628,647	-	4,628,647	-	-	4,628,647
Business license taxes					8,057,554	-	8,057,554	-	-	8,057,554
Communications sales and use tax					3,471,805	-	3,471,805	-	-	3,471,805
Other taxes					5,823,989	-	5,823,989	-	-	5,823,989
Unrestricted intergovernmental					6,052,604	-	6,052,604	-	-	6,052,604
Interest					201,735	108,977	310,712	-	-	310,712
IRS interest subsidy - Build America Bonds					293,680	297,550	591,230	-	-	591,230
Miscellaneous					1,606,926	45,232	1,652,158	804,761	-	2,456,919
Gain on sale of assets					1,024,231	209,250	1,233,481	-	15,078	1,248,559
City appropriation					-	-	-	35,272,769	-	35,272,769
Transfers					(336,330)	336,330	-	-	-	-
Total general revenues and transfers					130,777,470	997,339	131,774,809	36,077,530	15,078	167,867,417
Changes in net position					8,517,672	6,947,826	15,465,498	254,070	623,068	16,342,636
Net position - beginning					257,415,877	202,298,784	459,714,661	2,740,727	20,074,682	482,530,070
Net position - ending					$ 265,933,549	$ 209,246,610	$ 475,180,159	$ 2,994,797	$ 20,697,750	$ 498,872,706

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

Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	City Capital Projects	Other Governmental	Total Governmental
Assets				
Cash and cash equivalents	$ 16,169,154	$ 8,529,845	$ 2,906,494	$ 27,605,493
Investments	29,333,703	25,786,166	2,699,441	57,819,310
Receivables, net of allowance:				
Taxes excluding penalties	13,145,038	-	-	13,145,038
Accounts	4,846,479	-	-	4,846,479
Other	1,020,578	450,000	444,293	1,914,871
Due from other funds	873,072	257,944	266,597	1,397,613
Due from other governments	3,781,902	1,577,216	1,948,709	7,307,827
Due from component units	1,534,029	-	125,000	1,659,029
Other assets	-	-	213	213
Restricted assets:				
Cash and cash equivalents	82,162	-	415,548	497,710
Total assets	$ 70,786,117	$ 36,601,171	$ 8,806,295	$ 116,193,583
Liabilities				
Accounts payable and other liabilities	$ 2,407,585	$ 2,453,290	$ 1,548,078	$ 6,408,953
Accrued payroll and related liabilities	4,259,715	1,981	124,233	4,385,929
Due to other funds	444,205	-	1,131,016	1,575,221
Due to other governments	-	4,725,916	143,465	4,869,381
Deposits payable from restricted assets	82,162	-	-	82,162
Total liabilities	7,193,667	7,181,187	2,946,792	17,321,646
Deferred Inflows of Resources				
Unavailable/unearned revenue	14,178,305	-	420,537	14,598,842
Total deferred inflows of resources	14,178,305	-	420,537	14,598,842
Fund Balances				
Nonspendable	-	450,000	-	450,000
Restricted	-	15,469,573	1,335,752	16,805,325
Committed	14,610,825	13,500,411	4,261,159	32,372,395
Assigned	3,128,072	-	100,000	3,228,072
Unassigned	31,675,248	-	(257,945)	31,417,303
Total fund balances	49,414,145	29,419,984	5,438,966	84,273,095
Total liabilities, deferred inflows of resources, and fund balances	$ 70,786,117	$ 36,601,171	$ 8,806,295	$ 116,193,583

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2013

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Ending fund balance - governmental funds		$ 84,273,095
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	289,373,355	
Less: Internal service capital assets	(12,190,780)	
		277,182,575
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		5,993,920
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds		1,940,000
Certain receivables are not available to pay for current-period expenditures and, therefore, are not reported in the funds		5,014,390
Internal service fund activity that has been allocated to the user departments.		4,021,782
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.		11,726,947
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
Bonds payable	(114,208,140)	
Accrued interest payable	(1,457,792)	
Notes payable	(1,940,000)	
Compensated absences	(3,990,845)	
Workers' compensation	(1,784,447)	
Other postemployment benefits obligation	(3,785,890)	
	(127,167,114)	
Add back: Internal Service bonds payable	2,818,440	
Add back: Internal Service accrued interest payable	48,375	
Add back: Internal Service compensated absences	46,155	
Add back: Internal Service other postemployment benefits obligation	34,984	(124,219,160)
Net position of governmental activities		$ 265,933,549

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General	City Capital Projects	Other Governmental	Total Governmental
Revenues				
Taxes	$ 122,436,720	$ -	$ -	$ 122,436,720
Regulatory licenses, permits, and privilege fees	991,098	-	-	991,098
Intergovernmental	33,669,141	6,620,226	9,956,347	50,245,714
Fines and forfeitures	726,438	-	-	726,438
Revenue from use of money and property	437,531	33,839	34,660	506,030
Charges for services	9,949,886	-	3,737,481	13,687,367
Miscellaneous	1,097,217	1,312,138	454,198	2,863,553
Total revenues	169,308,031	7,966,203	14,182,686	191,456,920
Expenditures				
Current operating expenditures:				
General government	16,408,318	-	25,518	16,433,836
Judicial	4,650,024	-	1,117,911	5,767,935
Public safety	42,026,411	75,000	4,774,058	46,875,469
Public works	15,547,537	3,641,261	155,933	19,344,731
Health and human services	18,905,329	-	6,210,852	25,116,181
Cultural and recreational	7,560,762	112,128	-	7,672,890
Community development	3,504,251	500,295	1,068,011	5,072,557
Education	35,308,205	-	283,872	35,592,077
Capital outlay:				
Capital general government	-	10,918,746	3,259,529	14,178,275
Debt service:				
Principal retirements	9,693,099	-	410,135	10,103,234
Interest payments and other fiscal charges	4,829,728	-	156,147	4,985,875
Issuance costs	29,815	-	-	29,815
Total expenditures	158,463,479	15,247,430	17,461,966	191,172,875
Excess (deficiency) of revenues over expenditures	10,844,552	(7,281,227)	(3,279,280)	284,045
Other financing sources (uses)				
Issuance of refunding bonds	4,129,625	-	-	4,129,625
Payments to escrow agent	(4,129,625)	-	-	(4,129,625)
Capital contribution	-	(4,725,916)	-	(4,725,916)
Transfers in	18,524	4,950,827	4,591,456	9,560,807
Transfers out	(9,851,795)	-	(45,342)	(9,897,137)
Total other financing sources (uses)	(9,833,271)	224,911	4,546,114	(5,062,246)
Net changes in fund balances	1,011,281	(7,056,316)	1,266,834	(4,778,201)
Fund balances - beginning	48,402,864	36,476,300	4,172,132	89,051,296
Fund balances - ending	$ 49,414,145	$ 29,419,984	$ 5,438,966	$ 84,273,095

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	$ (4,778,201)
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	14,864,174
Depreciation expense	(16,594,344)
The net effect of various transactions involving capital assets (sales, reduction in construction in progress, donated assets) is to decrease net assets.	(105,985)
Contributions that consumed current financial resources in the capital projects fund resulted in a long-term receivable for the rights to the future improvement of City owned facilities under a tax credit arrangement.	4,725,916
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(535,342)
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 assets. Also, governmental funds report the effect of issuance costs, 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.	9,914,637
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.	716,861
The net loss of certain activities of the internal service fund is reported with governmental activities.	309,956
Change in net position of governmental activities.	$ 8,517,672

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes	$ 118,284,431	$ 118,284,431	$ 122,436,720	$ 4,152,289
Regulatory licenses, permits, and privilege fees	631,700	631,700	991,098	359,398
Intergovernmental	30,955,179	33,438,882	33,669,141	230,259
Fines and forfeitures	566,000	566,000	726,438	160,438
Revenue from use of money and property	643,566	643,566	432,688	(210,878)
Charges for services	10,227,461	10,227,461	9,949,886	(277,575)
Miscellaneous	497,349	623,840	1,089,763	465,923
Total revenues	161,805,686	164,415,880	169,295,734	4,879,854
Expenditures				
Current operating expenditures:				
General government	18,628,173	17,353,974	15,788,794	1,565,180
Judicial	4,597,055	4,728,843	4,650,024	78,819
Public safety	42,087,595	43,008,902	42,026,411	982,491
Public works	13,596,338	15,176,195	15,547,537	(371,342)
Health and human services	17,826,960	19,730,523	18,905,329	825,194
Cultural and recreational	7,823,805	7,942,504	7,560,762	381,742
Community development	4,011,398	4,124,392	3,504,251	620,141
Education	35,670,457	35,820,282	35,308,205	512,077
Debt service:				
Principal retirements	11,922,900	11,922,900	9,693,099	2,229,801
Interest payments and other fiscal charges	4,984,614	4,984,516	4,829,728	154,788
Issuance costs	-	42,000	29,815	12,185
Total expenditures	161,149,295	164,835,031	157,843,955	6,991,076
Excess (deficiency) of revenues over expenditures	656,391	(419,151)	11,451,779	11,870,930
Other financing sources (uses)				
Issuance of refunding bonds	-	4,129,625	4,129,625	-
Payments to escrow agent	-	(4,129,625)	(4,129,625)	-
Transfers in	-	18,524	18,524	-
Transfers out	(6,284,916)	(10,533,232)	(10,530,392)	2,840
Total other financing sources (uses)	(6,284,916)	(10,514,708)	(10,511,868)	2,840
Net changes in fund balances	(5,628,525)	(10,933,859)	939,911	11,873,770
Fund balances - beginning	45,807,592	45,807,592	45,807,592	-
Fund balances - ending	$ 40,179,067	$ 34,873,733	$ 46,747,503	$ 11,873,770

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

Statement of Net Position
Proprietary Funds
June 30, 2013

	Enterprise Funds					
	Water	Sewer	Stormwater	Airport	Total	Internal Service
Assets						
Current assets:						
Cash and cash equivalents	$ 3,174,330	$ 5,993,960	$ 1,419,613	$ 2,825,821	$ 13,413,724	$ 1,220,037
Investments	5,509,758	2,897,237	-	-	8,406,995	1,307,075
Receivables, net of allowance:						
Accounts	1,522,958	2,595,797	454,184	46,579	4,619,518	-
Other	671	114,625	-	52,680	167,976	56,546
Due from other funds	81,421	41,812	32,303	11,485	167,021	10,587
Due from other governments	44,627	93,667	-	172,063	310,357	-
Inventory	391,695	-	-	-	391,695	87,102
Restricted assets:						
Due from members - Regional Sewage Treatment Plant	-	433,024	-	-	433,024	-
Total current assets	10,725,460	12,170,122	1,906,100	3,108,628	27,910,310	2,681,347
Noncurrent assets:						
Due from other governments	-	9,372,624	-	-	9,372,624	-
Restricted assets:						
Due from members - Regional Sewage Treatment Plant	-	3,447,643	-	-	3,447,643	-
Cash and cash equivalents	627,325	-	-	25,193	652,518	-
Capital assets, net of accumulated depreciation:	68,494,899	265,056,726	99,062	34,297,699	367,948,386	12,190,780
Total noncurrent assets	69,122,224	277,876,993	99,062	34,322,892	381,421,171	12,190,780
Total assets	79,847,684	290,047,115	2,005,162	37,431,520	409,331,481	14,872,127
Deferred Outflows of Resources						
Deferred charge on refunding	900,869	989,346	-	28,066	1,918,281	45,451
Total deferred outflows of resources	900,869	989,346	-	28,066	1,918,281	45,451
Liabilities						
Current liabilities:						
Accounts payable and other liabilities	670,430	4,284,163	44,094	366,762	5,365,449	177,668
Accrued payroll and related liabilities	178,306	110,889	10,563	35,010	334,768	25,097
Accrued interest payable	603,699	281,935	-	14,309	899,943	48,375
Due to other governments	-	-	32,000	-	32,000	-
Current portion of general obligation bonds	1,755,694	1,860,166	-	164,651	3,780,511	180,156
Current portion of public utility revenue bonds	-	5,597,966	-	-	5,597,966	-
Total current liabilities	3,208,129	12,135,119	86,657	580,732	16,010,637	431,296
Noncurrent liabilities:						
Deposits payable from restricted assets	627,325	-	-	-	627,325	-
Self insurance claims	97,977	46,825	-	-	144,802	-
Compensated absences	231,038	141,013	12,168	49,262	433,481	40,616
Other postemployment benefits obligation	171,843	102,455	(1,603)	88,292	360,987	34,984
Notes payable	5,193,865	-	-	-	5,193,865	-
General obligation bonds	34,658,414	22,418,411	-	855,420	57,932,245	2,683,735
Public utility revenue bonds	-	117,278,028	-	-	117,278,028	-
Total noncurrent liabilities	40,980,462	139,986,732	10,565	992,974	181,970,733	2,759,335
Total liabilities	44,188,591	152,121,851	97,222	1,573,706	197,981,370	3,190,631
Net Position						
Net investment in capital assets	27,787,795	128,264,125	99,062	33,305,694	189,456,676	9,372,340
Restricted for:						
Grants and other purposes	-	-	-	25,193	25,193	-
Unrestricted	8,772,167	10,650,485	1,808,878	2,554,993	23,786,523	2,354,607
Total net position	$ 36,559,962	$ 138,914,610	$ 1,907,940	$ 35,885,880	213,268,392	$ 11,726,947
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					(4,021,782)	
Total net position of business-type activities					$ 209,246,610	

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

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Funds					
	Water	Sewer	Stormwater	Airport	Total	Internal Service
Operating revenues						
Charges for services and other operating revenues	$ 12,985,275	$ 18,913,651	$ 3,355,267	$ 2,124,073	$ 37,378,266	$ 5,795,014
Intergovernmental	-	-	650,000	135,566	785,566	-
Total operating revenues	12,985,275	18,913,651	4,005,267	2,259,639	38,163,832	5,795,014
Operating expenses						
Personal services and benefits	4,385,357	2,731,139	281,160	942,087	8,339,743	666,214
Operation and maintenance	1,460,251	2,493,078	651,189	1,008,265	5,612,783	2,509,460
Supplies and materials	1,220,000	1,040,125	50,358	113,371	2,423,854	37,509
Administration	1,220,437	2,273,339	1,109,817	243,385	4,846,978	1,153
Other charges	65,424	33,447	4,804	18,000	121,675	22,246
Depreciation	2,711,581	6,147,918	-	1,782,786	10,642,285	2,372,081
Total operating expenses	11,063,050	14,719,046	2,097,328	4,107,894	31,987,318	5,608,663
Operating income (loss)	1,922,225	4,194,605	1,907,939	(1,848,255)	6,176,514	186,351
Nonoperating revenues (expenses)						
Interest income (expense)	2,729	102,589	-	3,659	108,977	(260)
Governmental grants	72,289	93,667	-	-	165,956	-
Miscellaneous	16,535	11,999	1	16,697	45,232	124,144
Gain (loss) on disposition of assets	-	(160,294)	-	137,762	(22,532)	167,576
Interest on long-term debt	(1,751,114)	(1,234,971)	-	(45,020)	(3,031,105)	(124,757)
IRS interest subsidy - Build America Bonds	251,598	45,952	-	-	297,550	-
Total nonoperating revenues (expenses)	(1,407,963)	(1,141,058)	1	113,098	(2,435,922)	166,703
Income (loss) before contributions and transfers	514,262	3,053,547	1,907,940	(1,735,157)	3,740,592	353,054
Capital contributions	9,500	31,025	-	2,452,072	2,492,597	-
Passenger facility charges	-	-	-	335,209	335,209	-
Transfers in	-	-	-	336,330	336,330	-
Change in net position	523,762	3,084,572	1,907,940	1,388,454	6,904,728	353,054
Total net position - beginning	36,036,200	135,830,038	-	34,497,426	206,363,664	11,373,893
Total net position - ending	$ 36,559,962	$ 138,914,610	$ 1,907,940	$ 35,885,880	$ 213,268,392	$ 11,726,947

Reconciliation with business-type activities in the statement of activities:	
Change in net position - enterprise funds reported in this statement	$ 6,904,728
Internal service fund activity is eliminated for the statement of activities, with residual activity allocated to user departments	43,098
Change in net position of business-type activities:	$ 6,947,826

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Funds					
	Water	Sewer	Stormwater	Airport	Total	Internal Service
Operating activities						
Cash received from operations	$ 13,000,529	$ 19,033,184	$ 3,551,083	$ 2,244,873	$ 37,829,669	$ 5,795,014
Cash paid to employees	(4,179,004)	(2,708,671)	(264,345)	(947,664)	(8,099,684)	(655,020)
Cash paid to suppliers	(3,951,286)	(5,873,396)	(1,788,844)	(1,400,857)	(13,014,383)	(2,662,679)
Net cash provided by (used in) operating activities	4,870,239	10,451,117	1,497,894	(103,648)	16,715,602	2,477,315
Noncapital financing activities						
Transfers in	-	-	-	336,330	336,330	-
Net cash provided by noncapital financing activities	-	-	-	336,330	336,330	-
Capital and related financing activities						
Proceeds from issuance of long-term debt:						
Notes payable	5,114,160	-	-	-	5,114,160	-
Payment of long-term debt:						
General obligation bonds	(1,803,777)	(2,053,469)	-	(215,335)	(4,072,581)	(230,922)
Revenue bonds	-	(5,096,949)	-	-	(5,096,949)	-
Drawdowns of public utility revenue bonds - revolving loan funds	-	14,495,045	-	-	14,495,045	-
Payment of interest on long-term debt	(1,813,110)	(1,261,448)	-	(47,847)	(3,122,405)	(129,891)
Capital contributions received	-	31,025	-	2,644,376	2,675,401	-
Passenger facility charges collected	-	-	-	337,814	337,814	-
Proceeds from sale of capital assets	-	71,000	-	138,250	209,250	198,566
Additions to capital assets	(5,516,739)	(17,671,906)	(78,282)	(2,508,480)	(25,775,407)	(2,082,819)
Proceeds from other governments	9,500	449,896	-	16,697	476,093	-
Proceeds from other organizations	19,175	91,439	1	-	110,615	129,519
Net cash provided by (used in) capital and related financing activities	(3,990,791)	(10,945,367)	(78,281)	365,475	(14,648,964)	(2,115,547)
Investing activities						
Net sales (purchases) of investments	(362,982)	831,556	-	502,490	971,064	(107,653)
Net, interest income	254,327	148,541	-	3,659	406,527	(260)
Net cash provided by (used in) investing activities	(108,655)	980,097	-	506,149	1,377,591	(107,913)
Net increase in cash and cash equivalents	770,793	485,847	1,419,613	1,104,306	3,780,559	253,855
Cash and cash equivalents						
Beginning	3,030,862	5,508,113	-	1,746,708	10,285,683	966,182
Ending	$ 3,801,655	$ 5,993,960	$ 1,419,613	$ 2,851,014	$ 14,066,242	$ 1,220,037
Reconciliation to Statement of Net Position						
Current Assets	$ 3,174,330	$ 5,993,960	$ 1,419,613	$ 2,825,821	$ 13,413,724	$ 1,220,037
Restricted Assets	627,325	-	-	25,193	652,518	-
	$ 3,801,655	$ 5,993,960	$ 1,419,613	$ 2,851,014	$ 14,066,242	$ 1,220,037

(Continued)

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Funds					
	Water	Sewer	Stormwater	Airport	Total	Internal Service
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	$ 1,922,225	$ 4,194,605	$ 1,907,939	$ (1,848,255)	$ 6,176,514	$ 186,351
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	2,711,581	6,147,918	-	1,782,786	10,642,285	2,372,081
Changes in assets and liabilities:						
Decrease (increase) in accounts receivable	(148,812)	119,533	(454,184)	(14,766)	(498,229)	-
Decrease (increase) in due from other funds	83,762	65,504	(32,303)	17,095	134,058	11,633
Decrease (increase) in inventory	7,883	-	-	-	7,883	(29,158)
Increase (decrease) in accounts payable	6,943	(33,407)	23,314	(34,931)	(38,081)	(63,153)
Increase (decrease) in accrued liabilities	122,591	(43,036)	21,128	(5,577)	95,106	(439)
Increase in due to other governments	-	-	32,000	-	32,000	-
Increase in deposits payable	164,066	-	-	-	164,066	-
Net cash provided by (used in) operating activities	$ 4,870,239	$ 10,451,117	$ 1,497,894	$ (103,648)	$ 16,715,602	$ 2,477,315
Supplemental cash flow information						
Non-cash transactions						
Capitalized interest	$ 53,558	$ -	$ -	$ -	$ 53,558	$ -
Capital asset additions financed by retainage payable	$ 151,567	$ 548,794	$ -	$ 222,727	$ 923,088	$ -
Capital asset additions financed by accounts payable	$ 400,315	$ 3,518,958	$ 20,780	$ 75,416	$ 4,015,469	$ 46,723
Undrawn public utility revenue bond proceeds	$ -	$ 9,372,624	$ -	$ -	$ 9,372,624	$ -
Amortization of debt related items	$ 5,818	$ 175	$ -	$ 1,096	$ 7,089	$ (1,728)

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

Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

Assets	
Cash and cash equivalents	$ 105,930
Total assets	$ 105,930
Liabilities	
Accounts payable	$ 2,691
Amounts held for others	103,239
Total liabilities	$ 105,930

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

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 and 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.

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 Cities of Lynchburg and Bedford 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.

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 FY2013, the City paid $5,453,628 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 and the City of Bedford participate in Horizon Behavioral Health, which is composed of two members from each of the participating localities. The City appropriated $444,003 for an operating contribution in FY2013.

Regional Commission 2000: The City serves as the Local Workforce Investment Area grant recipient on behalf of the Regional Commission 2000/Central Virginia Local Workforce Investment 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 FY2013, the Regional Commission 2000 received $1,246,911 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 FY2013, the City paid $884,249 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 City 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. An intangible asset in the amount of $199,354 is shown in the governmental activities capital assets, net of accumulated amortization representing the City's portion of the 1996 assets. Once the new system is in place, the City will record an intangible asset in the governmental activities capital assets in accordance with the City's pro rata share. The City made the final debt payment of $135,629 for the 1996 assets during 2012. 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 FY2013, the City paid $631,247 to the Board. The City's scheduled capital cost payment for FY14 is $606,814.

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 FY2013, the City appropriated $211,655 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 FY2013, the City paid $250,000 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.

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 inflow 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.

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, Comprehensive Services Act, Lynchburg Expressway Appearance, Home Investment Trust, and Lynchburg Regional Juvenile Detention Center.

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.

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 three surrounding counties. The Sewer Fund operates a regional wastewater treatment plant, a combined sewer system, and cleans, monitors, and repairs the wastewater collection system for the City and three surrounding counties. The Stormwater Fund performs the operations and maintenance of the storm sewer collection system, 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.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (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. These funds consist of the Special Welfare and Central Virginia Regional Radio Board Funds.

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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

Expenditures in governmental funds are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exceptions to this general rule are principal and interest on general long-term debt, which are recognized when due.

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.
- 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.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting (Continued)

- 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* 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.

	General Fund
Net change in fund balance (non-GAAP budgetary basis)	$ 939,911
Add: Net change in fund balance for Technology Fund	71,370
Net change in fund balance (GAAP basis)	$ 1,011,281

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 for the government as well as for its component units 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

- **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	$	2,721,555
General Fund, ambulance receivables	$	2,273,668
Enterprise Funds	$	199,613

- **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 cost using the first in, first-out (FIFO) method. 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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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 FY2013, the enterprise funds incurred interest costs of $3,084,663 of which $53,558 was capitalized.

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

	Years
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 financial 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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding 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.

In addition to liabilities, the statement of financial position reports 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 two 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. The second item is the premium on bond refunding reported in the government-wide statement of net position and in the proprietary funds statement of net position. The premium on refunding 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.

- **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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

- **Arbitrage Rebate Liability**

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

- **Net Position/Fund Equity**

  Net Position in government-wide and proprietary financial statements are 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 statue.

  In accordance with Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, 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. Formal Council action includes the annual adoption of the City's Budget Ordinance/Resolution, Council Resolutions appropriating funds and/or resources, Budget amendments appropriating funds, and resources from third quarter adjustments and Budget amendments to carry forward appropriations that were unexpended at fiscal year end.

- 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.

- 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

F. Estimates

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

Note 2. Cash and Investments

Deposits:

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

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.

Note 2. Cash and Investments (Continued)

Investments: (Continued)

Credit Risk: (Continued)

As of June 30, 57% of the portfolio was invested in "Aaa" rated obligations; 4% was invested in "Aa1" Municipal Obligations; 5% was invested in "Aa2" Municipal Obligations; 1% was invested in "Aa3" rated Certificate of Deposits; 2% was invested in "A1" rated Commercial Paper; 4% was invested in "A2" rated Commercial Paper; and 27% was invested in an "AAAm" rated LGIP fund. The "Aaa" rated portion of the total portfolio included 8% of obligations guaranteed by the U.S. Government; 42% of Federal Agencies; and 7% 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 57% of the City's portfolio previously noted as "Aaa" by Moody's Investors Service. All credit ratings presented in this paragraph are either Moody's or Standard & Poor's.

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 follow:

Investment Type	% of Portfolio
Municipal Bonds	16%
Federal Home Loan Mortgage Corporation	11%
Federal Home Loan Bank	11%
Federal Farm Credit Bank	12%
Federal National Mortgage Association	9%
Commercial Paper	7%

Interest Rate Risk:

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

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

Investment Type	Fair Value	Weighted Average Maturity*
Money Market Funds – LGIP	$ 24,464,060	-
U.S. Treasury Bills	1,799,802	93
U.S. Treasury Notes	5,315,349	197
Federal Home Loan Mortgage Corporation	9,999,855	26
Federal National Mortgage Association	8,017,875	165
Federal Farm Credit Bank	10,637,792	189
Federal Home Loan Bank	10,284,117	139
Commercial Paper	6,199,182	79
Certificate of Deposits	902,708	2
Municipal Bonds	14,376,700	1,104
Total investments	$ 91,997,440	
Portfolio weighted average maturity		246

* Weighted average maturity in days.

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 Schools Component Unit's restricted cash and temporary cash investments consist of capital lease proceeds restricted for the purpose of acquiring school equipment.

The above items are reflected in the statements as follows:

	Primary Government	School Board Component Unit
Deposits and investments:		
Cash on hand	$ 16,600	$ 500
Deposits	26,222,212	562,765
Funds held in trust by others	-	165,975
Investments	84,789,980	7,207,460
	$ 111,028,792	$ 7,936,700
Statement of net position:		
Cash and cash equivalents	$ 42,239,254	$ 7,770,725
Investments	67,533,380	-
Restricted cash and cash equivalents	1,150,228	-
Fiduciary fund cash and cash equivalents	105,930	165,975
	$ 111,028,792	$ 7,936,700

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, 2013 were as follows:

	Interfund Receivables	Interfund Payables
Major Fund:		
General	$ 873,072	$ 444,205
Major Capital Projects Fund:		
City Capital Projects	257,944	-
Non-major Special Revenue Funds:		
City Federal/State Aid	263,741	995,453
Community Development Block Grant	-	75,598
Comprehensive Services Act	731	-
Home Investment Trust	-	18,840
Lynchburg Regional Juvenile Detention Center	2,125	41,125
Major Proprietary Funds:		
Airport	11,485	-
Sewer	41,812	-
Water	81,421	-
Stormwater	32,303	-
Internal Service	10,587	-
	$ 1,575,221	$ 1,575,221

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

Interfund transfers were as follows:

	To	From
Major Fund:		
General	$ 18,524	$ 9,851,795
Non-major Special Revenue Funds:		
City Federal/State Aid	136,456	36,342
Community Development Block Grant	-	9,000
Major Fund – Capital Projects		
City Capital Projects	4,950,827	-
Non- major Fund – Capital Projects		
School Capital Projects	4,455,000	-
Major Proprietary Funds:		
Airport	336,330	-
	$ 9,897,137	$ 9,897,137

Transfers between major funds (general, city 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	Due To
Primary Government:		
Major Fund:		
General Fund	$ 1,534,029	$ -
Nonmajor Special Revenue Fund:		
Lynchburg Business Development Centre Fund	125,000	-
	$ 1,659,029	$ -
Component Units:		
Lynchburg City Schools	$ -	$ 787,305
Business Development Centre, Inc.	-	125,000
Greater Lynchburg Transit Company	-	746,724
	$ -	$ 1,659,029

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	$ 7,307,827	$ 310,357	$ 5,141,154	$ 912,173
Virginia Revolving Loan	-	9,372,624	-	-
Members of Regional Sewage Treatment Plant	-	3,880,667	-	-
	$ 7,307,827	$ 13,563,648	$ 5,141,154	$ 912,173

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, the Bedford County Public Service Authority, and the Campbell County Utilities and Service Authority for their proportionate share (20%) of improvements to Joint-Use Facilities under a 1974 agreement (the “Agreement”). Effective July 1, 2013, the amount due from the Bedford County Public Service Authority was transferred to the Bedford Regional Water Authority. 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 payments to be received are as follows:

Amount receivable within 1 year	$ 433,024
Amount receivable 2 to 5 years	1,687,200
Amount receivable beyond 5 years	1,760,443
	$ 3,880,667

Note 7. Receivables

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

	Taxes	Accounts	Other	Total
Major funds:				
General	$ 13,145,038	$ 4,846,479	$ 1,020,578	$ 19,012,095
City Capital Projects	-	-	450,000	450,000
Water	-	1,522,958	671	1,523,629
Sewer	-	2,595,797	114,625	2,710,422
Stormwater	-	454,184	-	454,184
Airport	-	46,579	52,680	99,259
Internal Service	-	-	56,546	56,546
Non major Governmental Funds	-	-	444,293	444,293
	$ 13,145,038	$ 9,465,997	$ 2,139,393	$ 24,750,428

Note 8. Capital Assets

Primary Government:

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

Governmental Activities	Beginning Balances	Transfers and Additions	Transfers and Retirements	Ending Balances
Capital assets, not being depreciated:				
Land	$ 16,589,808	$ 599,908	$ (343,200)	$ 16,846,516
Construction in progress	13,248,884	14,186,282	(8,935,792)	18,499,374
Total capital assets, not being depreciated	29,838,692	14,786,190	(9,278,992)	35,345,890
Capital assets, being depreciated:				
Land improvements	23,834,990	759,534	-	24,594,524
Accumulated depreciation	(8,542,999)	(1,380,767)	-	(9,923,766)
Net land improvements	15,291,991	(621,233)	-	14,670,758
Buildings and improvements	230,293,547	3,477,465	-	233,771,012
Accumulated depreciation	(110,561,731)	(6,910,200)	-	(117,471,931)
Net buildings and improvements	119,731,816	(3,432,735)	-	116,299,081
Infrastructure	226,448,969	3,806,357	-	230,255,326
Accumulated depreciation	(116,556,280)	(6,893,467)	-	(123,449,747)
Net infrastructure	109,892,689	(3,087,110)	-	106,805,579
Machinery and equipment	40,370,110	3,796,848	(1,368,301)	42,798,657
Accumulated depreciation	(24,076,623)	(3,781,991)	1,312,004	(26,546,610)
Net machinery and equipment	16,293,487	14,857	(56,297)	16,252,047
Total capital assets being depreciated	520,947,616	11,840,204	(1,368,301)	531,419,519
Less: accumulated depreciation	(259,737,633)	(18,966,425)	1,312,004	(277,392,054)
Total capital assets, being depreciated	261,209,983	(7,126,221)	(56,297)	254,027,465
Capital assets, net	$ 291,048,675	$ 7,659,969	$ (9,335,289)	$ 289,373,355

There are no assets included above financed by capital leases as of June 30, 2013.

Note 8. Capital Assets (Continued)

Primary Government: (Continued)

Depreciation was charged to governmental functions as follows:

Governmental activities:		
General government	$	701,831
Education		4,977,486
Judicial		734,632
Health and human services		311,631
Public safety		2,173,545
Public works		8,750,970
Community development		20,587
Cultural and recreational		919,637
Total governmental activities		18,590,319
Business-type activities:		
Water		97,757
Sewer		250,970
Airport		27,379
Total business-type activities		376,106
Total depreciation	$	18,966,425

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 $376,106 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.

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
Capital assets, not being depreciated:				
Land	$ 5,020,102	$ -	$ (488)	$ 5,019,614
Construction in progress	45,168,147	27,745,425	(42,226,852)	30,686,720
Total capital assets, not being depreciated	50,188,249	27,745,425	(42,227,340)	35,706,334
Capital assets, being depreciated:				
Land improvements	12,403,641	-	(24,520)	12,379,121
Accumulated depreciation	(11,704,050)	(78,042)	24,520	(11,757,572)
Net land improvements	699,591	(78,042)	-	621,549
Buildings and improvements	56,960,316	50,230	(469,001)	56,541,545
Accumulated depreciation	(22,255,048)	(1,836,237)	434,398	(23,656,887)
Net buildings and improvements	34,705,268	(1,786,007)	(34,603)	32,884,658
Infrastructure	360,411,725	32,137,644	(1,264,888)	391,284,481
Accumulated depreciation	(103,052,453)	(8,041,567)	1,264,888	(109,829,132)
Net infrastructure	257,359,272	24,096,077	-	281,455,349
Machinery and equipment	11,400,529	10,213,387	(1,164,002)	20,449,914
Accumulated depreciation	(8,162,514)	(560,289)	967,311	(7,755,492)
Net machinery and equipment	3,238,015	9,653,098	(196,691)	12,694,422
Capitalized interest	6,307,502	53,558	-	6,361,060
Accumulated depreciation	(1,648,836)	(126,150)	-	(1,774,986)
Net capitalized interest	4,658,666	(72,592)	-	4,586,074
Total capital assets being depreciated	447,483,713	42,454,819	(2,922,411)	487,016,121
Less: accumulated depreciation	(146,822,901)	(10,642,285)	2,691,117	(154,774,069)
Total capital assets, being depreciated	300,660,812	31,812,534	(231,294)	332,242,052
Capital assets, net	$ 350,849,061	$ 59,557,959	$ (42,458,634)	$ 367,948,386

Note 8. Capital Assets (Continued)

Component Units:

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

Lynchburg City Schools	Beginning Balances	Transfers and Additions	Transfers and Retirements	Ending Balances
Capital assets, being depreciated:				
Equipment	$ 8,717,356	$ 1,623,419	$ 519,590	$ 9,821,185
Accumulated depreciation	(5,760,420)	(529,851)	(508,823)	(5,781,448)
Net equipment	2,956,936	1,093,568	10,767	4,039,737
Equipment – cafeteria	955,100	81,088	-	1,036,188
Accumulated depreciation	(574,839)	(49,868)	-	(624,707)
Net equipment – cafeteria	380,261	31,220	-	411,481
Total capital assets being depreciated	9,672,456	1,704,507	519,590	10,857,373
Less: accumulated depreciation	(6,335,259)	(579,719)	(508,823)	(6,406,155)
Capital assets, net	$ 3,337,197	$ 1,124,788	$ 10,767	$ 4,451,218

Included above is property with a cost and net book value of approximately $0.6 million and $0.3 million respectively, at June 30, financed by capital leases.

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

Land, buildings, and improvements	$ 3,476,021
Construction in progress	3,727,091
Machinery and equipment	23,677,068
	30,880,180
Less accumulated depreciation	10,698,247
	$ 20,181,933

Note 9. Long-Term Liabilities

General Obligation Debt:

	Interest Rates (%)	Date Issued	Final Maturity	Original Issue	Primary Government: Public Improvements	Primary Government: School Facilities	Primary Government: Proprietary Funds	Total
Bond Anticipation Note								
Public Improvement- Line of Credit for Five Years	2.0 fixed	11/08/2011	2016	$ 10,000,000	$ -	$ -	$ 5,193,865	$ 5,193,865
Serial Bonds								
VA Resources Authority	0.00	03/24/1994	2027	3,976,369	-	-	1,686,523	1,686,523
VPSA General Obligation	6.10-6.60	11/22/1994	2015	2,100,362	-	263,155	-	263,155
VPSA General Obligation	3.10-5.10	11/15/2001	2022	3,473,329	-	1,677,695	-	1,677,695
VPSA General Obligation	2.35-4.85	11/07/2002	2023	6,513,732	-	3,440,125	-	3,440,125
Public Improvement Refunding	2.00-5.00	02/01/2003	2014	23,670,000	225,334	17,281	212,385	455,000
Public Improvement	3.00-5.00	06/01/2004	2034	28,160,000	1,050,000	810,000	560,000	2,420,000
Public Improvement Refunding	3.00-5.25	03/16/2005	2030	33,105,000	7,972,355	4,862,720	6,159,925	18,995,000
Taxable Refunding	3.90-4.86	03/16/2005	2014	3,810,000	-	615,000	-	615,000
VPSA General Obligation	4.60-5.10	11/10/2005	2026	6,411,957	-	4,375,901	-	4,375,901
Public Improvement	4.00-5.00	05/09/2006	2026	23,840,000	11,347,196	4,475,226	1,957,578	17,780,000
Public Improvement	4.00-5.00	08/02/2007	2038	33,300,000	11,373,685	-	16,291,315	27,665,000
Public Improvement Refunding	2.93	03/19/2008	2015	8,000,000	317,297	296,574	404,129	1,018,000
Public Improvement Series A Tax Exempt	1.00-5.00	08/13/2009	2022	17,230,000	3,740,000	5,310,000	4,320,000	13,370,000
Public Improvement Series B Taxable Build America Bonds (BABs)	5.05-6.61	08/13/2009	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	08/13/2009	2023	12,800,000	3,007,126	1,651,201	5,306,673	9,965,000
VPSA Gen Obligation	0.00	11/13/2009	2027	10,255,000	-	9,640,000	-	9,640,000
Public Improvement Refunding	2.00-5.00	10/20/2010	2034	29,655,000	9,714,804	7,424,688	12,195,508	29,335,000
Public Improvement Refunding	3.80	12/19/2012	2023	4,129,625	3,950,943	-	-	3,950,943
					$ 57,098,135	$ 54,310,171	$ 67,857,901	$ 179,266,207

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 $47,393,043 at June 30, 2013.

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 $179,266,207 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 (4.5%) of its net assessed valuation of taxable property. 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. The principal payout ratio for the year ended June 30 was 82.8%. As shown in the Supplementary Statistical Table 20, outstanding tax-supported debt was 1.95% of net assessed valuation of taxable property. There are no overlapping tax jurisdictions.

Note 9. Long-Term Liabilities (Continued)

Revenue Debt:

	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	$ 2,378,862
Public Utility Revenue Bonds	0.00	8/10/1995	2029	10,000,000	4,257,936
Public Utility Revenue Bonds	0.00	6/27/1996	2029	8,000,000	3,296,060
Public Utility Revenue Bonds	0.00	7/17/1997	2030	7,591,540	3,713,416
Public Utility Revenue Bonds	3.00	7/17/1997	2020	14,108,460	5,746,001
Public Utility Revenue Bonds	0.00	8/21/1998	2031	6,203,000	3,291,826
Public Utility Revenue Bonds	3.00	5/27/1999	2020	2,476,763	1,006,786
Public Utility Revenue Bonds	0.00	2/11/2000	2021	5,300,000	2,231,579
Public Utility Revenue Bonds	0.00	2/15/2001	2032	735,000	422,763
Public Utility Revenue Bonds	3.50	06/8/2001	2021	2,835,000	1,443,017
Public Utility Revenue Bonds	0.00	11/6/2001	2034	1,413,613	911,062
Public Utility Revenue Bonds	0.00	9/15/2003	2036	2,350,165	1,721,593
Public Utility Revenue Bonds	0.00	5/20/2004	2038	6,000,000	4,700,000
Public Utility Revenue Bonds	0.00	5/17/2005	2038	6,700,000	5,359,999
Public Utility Revenue Bonds	0.00	6/28/2006	2039	9,600,000	8,160,000
Public Utility Revenue Bonds	0.00	6/20/2007	2039	7,000,000	6,066,667
Public Utility Revenue Bonds	0.00	06/5/2008	2041	12,350,000	11,320,833
Public Utility Revenue Bonds	0.00	6/25/2009	2041	19,000,000	17,733,333
Public Utility Revenue Bonds	0.00	6/17/2010	2042	13,100,000	12,663,333
Public Utility Revenue Bonds	0.00	6/15/2011	2033	9,350,928	9,350,928
Public Utility Revenue Bonds	0.00	6/15/2011	2045	10,100,000	10,100,000
Public Utility Revenue Bonds	0.00	06/6/2012	2044	7,000,000	7,000,000
					$ 122,875,994

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. 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 equal to at least 1.15 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 1.34.

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

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Governmental Activities					
General obligation bonds	$ 120,077,619	$ 4,129,625	$ 9,998,504	$ 114,208,740	$ 9,689,389
Notes payable*	2,120,000	-	180,000	1,940,000	180,000
Adjust for deferred amounts:					
Issuance discounts	(799,633)	-	(53,309)	(746,324)	-
Issuance premiums	3,806,242	-	297,212	3,509,030	-
Deferred Outflow-Refunding	(3,014,079)	-	(250,773)	(2,763,306)	-
Total bonds and notes	122,190,149	4,129,625	10,171,634	116,148,140	9,869,389
Workers' compensation**	2,131,759	583,044	687,022	2,027,781	243,334
Compensated absences**	4,213,955	2,964,387	3,187,497	3,990,845	478,900
Other post-employment benefits**	4,073,434	3,120,731	3,408,275	3,785,890	-
Capital lease obligations**	4,285,278	-	4,285,278	-	-
	$ 136,894,575	$ 10,797,787	$ 21,739,706	$ 125,952,656	$ 10,591,623

Note 9. Long-Term Liabilities (Continued)

Primary Government:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Business-Type Activities					
Bond anticipation notes	$ 79,705	$ 5,114,160	$ -	$ 5,193,865	$ -
General obligation bonds	63,936,183	-	4,072,581	59,863,602	3,780,511
Public utility revenue bonds	127,972,943	-	5,096,949	122,875,994	5,597,966
Adjust for deferred amounts:					
Issuance premiums	1,999,781	-	150,627	1,849,154	-
Deferred Outflow-Refunding	(2,061,819)	-	(143,538)	(1,918,281)	-
Total bonds and notes	191,926,793	5,114,160	9,176,619	187,864,334	9,378,477
Workers' compensation	100,400	143,561	79,414	164,547	19,745
Compensated absences	462,548	394,368	364,325	492,591	59,110
Other post-employment benefits	394,004	358,345	391,362	360,987	-
	$ 192,883,745	$ 6,010,434	$ 10,011,720	$ 188,882,459	$ 9,457,332

*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 postemployment benefits are liquidated by the Internal Service Fund. The remaining portion of the workers' compensation, compensated absences, and other postemployment benefits are liquidated by the General Fund. Capital leases are liquidated by the General Fund.

Debt Service to Maturity:

	Governmental Activities			
Year Ending	General Obligation		Note Payable	
June 30	Principal	Interest	Principal	Interest
2014	$ 9,689,389	$ 4,565,329	$ 180,000	$ 104,048
2015	8,936,843	4,176,636	180,000	94,805
2016	9,009,843	3,813,349	180,000	85,310
2017	8,892,151	3,469,591	180,000	75,554
2018	8,478,134	3,129,967	180,000	65,591
2019-2023	35,198,989	11,463,122	1,040,000	169,038
2024-2028	22,973,562	5,275,109	-	-
2029-2033	6,790,878	2,123,295	-	-
2034-2038	3,068,951	872,650	-	-
2039-2040	1,170,000	77,337	-	-
	$ 114,208,740	$ 38,966,385	$ 1,940,000	$ 594,346

Note 9. Long-Term Liabilities (Continued)

Debt Service to Maturity: (Continued)

	Business-Type Activities							
	General Obligation						Revenue Bonds	
Year Ending	Water Fund		Airport Fund		Sewer Fund		Sewer Fund	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 1,755,694	$ 1,703,297	$ 164,651	$ 41,214	$ 1,860,166	$ 908,430	$ 5,597,966	$ 244,593
2015	1,693,803	1,635,944	145,320	34,108	1,757,561	843,916	6,034,143	210,083
2016	1,741,654	1,566,362	112,479	27,675	1,772,254	777,282	6,238,058	174,501
2017	1,694,463	1,499,970	107,492	23,330	1,688,542	714,933	6,274,744	137,815
2018	1,610,944	1,431,819	100,078	21,336	1,570,788	653,562	6,312,571	99,989
2019-2023	6,358,109	6,315,206	223,606	61,465	5,340,298	2,632,954	26,971,785	87,108
2024-2028	6,001,886	4,891,686	136,115	13,129	3,846,119	1,758,673	23,243,647	-
2029-2033	6,243,518	3,317,960	-	-	2,967,014	1,005,029	18,770,738	-
2034-2038	6,637,019	1,547,317	-	-	2,364,029	374,684	14,774,841	-
2039-2043	1,740,000	116,336	-	-	230,000	15,203	7,919,167	-
2044-2045	-	-	-	-	-	-	738,334	-
	$ 35,477,090	$ 24,025,897	$ 989,741	$ 222,257	$ 23,396,771	$ 9,684,666	$ 122,875,994	$ 954,089

October 20, 2010 General Obligation Refunding Bond Issue - Advance Refunding of General Obligation Bond Issues, Series 2001, 2003A, and 2004:

On October 20, 2010, the City issued $29,655,000 of General Obligation Public Improvement Refunding Bonds, Series 2010 to advance refund the following general obligation public improvement bonds: $3,375,000 of Series 2001 (August 1, 2001); $9,415,000 of Series 2003A (February 1, 2003); and, $15,370,000 of Series 2004 (June 1, 2004). The refunding bond proceeds are in an irrevocable trust with an escrow agent and invested in U.S. Government securities maturing to fund the refunded bonds future debt service. As of June 30, 2013, the total outstanding principal of the in-substance defeased bonds was $15,370,000 (Series 2004).

November 8, 2011 General Obligation Public Improvement Bond Anticipation Note, Series 2011, Bank Qualified Line of Credit:

On November 8, 2011, the City issued a five-year General Obligation Bond Anticipation Note and concurrently entered into a bank qualified line of credit Financing Agreement with Carter Bank & Trust. The Agreement provided for borrowings of up to $10,000,000 to provide interim financing for qualifying capital improvements. Interest on the unpaid principal is two percent (2%) per annum and payable on May 1 and November 1 each year. Final maturity of the Note is November 1, 2016. As of June 30, 2013, $5,193,865 was outstanding for water capital projects only.

December 19, 2012 General Obligation Public Improvement Refunding Bond, Series 2012:

On December 19, 2012, the City issued a $4,129,625.08 General Obligation Public Improvement Refunding Bond, Series 2012 to current refund the Lynchburg Redevelopment and Housing Authority Lease Revenue Bond, Series 2003, dated August 29, 2003 for the J. W. Ould Building renovation project. The City of Lynchburg and the Lynchburg Redevelopment and Housing Authority had entered into a capital lease arrangement for the use of the J. W. Ould Building for the City's Social Services office. The refunding bond proceeds were utilized to pay off the lease revenue bond with SunTrust Bank in the amount of $4,129,625.08; and, the capital lease was terminated as the deed to the property was transferred to the City.

Note 9. Long-Term Liabilities (Continued)

October 23, 2013 General Obligation Public Improvement Bond, Series 2013

On October 23, 2013, the City issued a $10,000,000 General Obligation Public Improvement Bond, Series 2013 dated October 23, 2013 through a proposal process resulting in a private placement of these bonds with Banc of America Preferred Funding Corporation. The proceeds will be used to fund governmental activities as follows: $7 million of transportation capital projects, $1 million of school capital projects, and $2 million for fire public safety capital equipment, which included two pumper engines and a ladder truck. The final maturity date is December 1, 2028 with a 2.75% fixed interest rate and ten year call option.

Component Unit – Lynchburg City Schools:

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

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Compensated absences	$ 651,704	$ 734,466	$ 612,521	$ 773,649	$ 569,277
Capital lease obligations	374,284	-	264,931	109,353	109,353
Other postemployment benefits	2,146,476	1,005,860	338,048	2,814,288	-
	$ 3,172,464	$ 1,740,326	$ 1,215,500	$ 3,697,290	$ 678,630

School Capital Leases:

Interest Rates	Date Issued	Final Maturity	Original Issue	Balance
3.55%	12/2008	12/2013	$ 1,000,000	$ 109,353

Following is a summary of debt service to maturity:

	Capital Lease Obligations	
June 30	Principal	Interest
2014	$ 109,353	$ 1,122

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 five 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 FY2013, the City was in compliance with the Fund Balance Policy.

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

(Continued)

	MAJOR FUNDS		NON MAJOR SPECIAL REVENUE FUNDS				
	GENERAL FUND	CITY CAPITAL PROJECTS	CITY FEDERAL STATE AID	COMMUNITY DEVELOPMENT BLOCK GRANT	LYNCHBURG BUSINESS DEVELOPMENT CENTRE	FORFEITED ASSETS	COMPREHENSIVE SERVICES ACT
FUND BALANCES							
Nonspendable							
Advance to Lynchburg United Soccer	$ -	$ 450,000	$ -	$ -	$ -	$ -	$ -
Restricted for:							
Transportation projects	-	15,413,688	-	-	-	-	-
Building projects	-	55,885	-	-	-	-	-
Criminal Justice Academy	-	-	23,297	-	-	-	-
Litter Grant	-	-	11,383	-	-	-	-
Community Corrections	-	-	5,500	-	-	-	-
Fire Department	-	-	189,950	-	-	-	-
Police Department	-	-	360	-	-	-	-
Economic Development	-	-	5,016	-	-	-	-
Shelter Plus Care	-	-	10,000	-	-	-	-
Emergency Services	-	-	74,350	-	-	-	-
Registrar	-	-	2,119	-	-	-	-
Circuit Court	-	-	5,631	-	-	-	-
Grants	-	-	95,265	-	-	-	-
CDBG Projects	-	-	-	200	-	-	-
State Asset Forfeiture - Commonwealth Attorney	-	-	-	-	-	53,065	-
Federal Asset Forfeiture- Police	-	-	-	-	-	72,460	-
State Asset Forfeiture - Police	-	-	-	-	-	100,872	-
Health and Human Services	-	-	-	-	-	-	466,552
Lynchburg Expressway beautification	-	-	-	-	-	-	-
HOME projects	-	-	-	-	-	-	-
Committed to:							
Technology	2,699,756	-	-	-	-	-	-
Detention Home Workers Compensation	100,000	-	-	-	-	-	-
Health Insurance Reserve	677,017	-	-	-	-	-	-
Schools for Textbooks	1,432,254	-	-	-	-	-	-
Schools for Health Insurance Reserve	1,440,608	-	-	-	-	-	-
Schools for Future Expenditure Needs	75,908	-	-	-	-	-	-
Schools for Special Education Disprop	321,000	-	-	-	-	-	-
Other Post Employment Benefits	1,364,510	-	-	-	-	-	-
Solid Waste Debt Retirement	1,186,075	-	-	-	-	-	-
Debt Service CVRRA	5,929	-	-	-	-	-	-
Future Post Closure expenses	604,284	-	-	-	-	-	-
Heritage High School Debt Service	624,297	-	-	-	-	-	-
GLTC Special Reserve	746,724	-	-	-	-	-	-
Public Safety Compensation	13,968	-	-	-	-	-	-
Self Insurance	2,425,848	-	-	-	-	-	-
Community Development	147,667	-	-	-	-	-	-
Cultural and Recreational	9,668	-	-	-	-	-	-
General Government	351,069	-	-	-	-	-	-
Health and Welfare	14,875	-	-	-	-	-	-
Judicial	6,211	-	-	-	-	-	-
Public Safety	74,899	-	-	-	-	-	-
Public Works	288,258	-	-	-	-	-	-
Sale of downtown GEFA building	-	116,388	-	-	-	-	-
Building projects	-	4,603,059	-	-	-	-	-
Transportation projects	-	7,162,977	-	-	-	-	-
Economic Development projects	-	678,445	-	-	-	-	-
Public Safety projects	-	148,616	-	-	-	-	-
Parks and Recreation projects	-	540,926	-	-	-	-	-
Waste Management projects	-	250,000	-	-	-	-	-
Provision of loan funds for small businesses	-	-	-	-	125,384	-	-
Heritage High School	-	-	-	-	-	-	-
Hutcherson E.L.C.	-	-	-	-	-	-	-
HVAC repairs and maintenance	-	-	-	-	-	-	-
Roof replacement	-	-	-	-	-	-	-
Paving	-	-	-	-	-	-	-
E.C. Glass Tennis Court	-	-	-	-	-	-	-
Painting	-	-	-	-	-	-	-
IT Infrastructure	-	-	-	-	-	-	-
Security System upgrade	-	-	-	-	-	-	-
Other projects	-	-	-	-	-	-	-
Future projects	-	-	-	-	-	-	-
Assigned to:							
Return of School Fund Balance	787,305	-	-	-	-	-	-
Law Library	79,965	-	-	-	-	-	-
Museum	50,028	-	-	-	-	-	-
Recreation Programs	184,282	-	-	-	-	-	-
Pier Program	19,658	-	-	-	-	-	-
Dental Claims Reserve	150,000	-	-	-	-	-	-
Health Insurance Reserve	364,538	-	-	-	-	-	-
Future Post Closure expenses	204,438	-	-	-	-	-	-
Fire Equipment	100,000	-	-	-	-	-	-
Line of Duty Death Benefit	211,904	-	-	-	-	-	-
Line of Duty Health Claim Reserve	145,000	-	-	-	-	-	-
Parking Operations	69,560	-	-	-	-	-	-
Point of Honor	2,653	-	-	-	-	-	-
Police Range Operations	569	-	-	-	-	-	-
Health Management Plan	500,000	-	-	-	-	-	-
Public Works - Snow	34,498	-	-	-	-	-	-
Adopt-A-Bed	3,281	-	-	-	-	-	-
Community Development	2,900	-	-	-	-	-	-
General Government	3,150	-	-	-	-	-	-
Health and Welfare	12,108	-	-	-	-	-	-
Judicial	44	-	-	-	-	-	-
Public Safety	3,807	-	-	-	-	-	-
Public Works	198,384	-	-	-	-	-	-
Major Maintenance and Equipment replacement	-	-	-	-	-	-	-
Unassigned:	31,675,248	-	(257,945)	-	-	-	-
Total Fund Balance	$ 49,414,145	$ 29,419,984	$ 164,926	$ 200	$ 125,384	$ 226,397	$ 466,552

	NON MAJOR SPECIAL REVENUE FUNDS			NON MAJOR CAPITAL PROJECT FUNDS	
	LYNCHBURG EXPRESSWAY APPEARANCE	HOME INVESTMENT TRUST	LYNCHBURG REGIONAL JUVENILE DETENTION CENTER	SCHOOL CAPITAL PROJECTS	ALL FUNDS
FUND BALANCES					
Nonspendable					
Advance to Lynchburg United Soccer	$ -	$ -	$ -	$ -	$ 450,000
Restricted for:					
Transportation projects	-	-	-	-	15,413,688
Building projects	-	-	-	-	55,885
Criminal Justice Academy	-	-	-	-	23,297
Litter Grant	-	-	-	-	11,383
Community Corrections	-	-	-	-	5,500
Fire Department	-	-	-	-	189,950
Police Department	-	-	-	-	360
Economic Development	-	-	-	-	5,016
Shelter Plus Care	-	-	-	-	10,000
Emergency Services	-	-	-	-	74,350
Registrar	-	-	-	-	2,119
Circuit Court	-	-	-	-	5,631
Grants	-	-	-	-	95,265
CDBG Projects	-	-	-	-	200
State Asset Forfeiture - Commonwealth Attorney	-	-	-	-	53,065
Federal Asset Forfeiture- Police	-	-	-	-	72,460
State Asset Forfeiture - Police	-	-	-	-	100,872
Health and Human Services	-	-	-	-	466,552
Lynchburg Expressway beautification	193,485	-	-	-	193,485
HOME projects	-	26,247	-	-	26,247
Committed to:					
Technology	-	-	-	-	2,699,756
Detention Home Workers Compensation	-	-	-	-	100,000
Health Insurance Reserve	-	-	-	-	677,017
Schools for Textbooks	-	-	-	-	1,432,254
Schools for Health Insurance Reserve	-	-	-	-	1,440,608
Schools for Future Expenditure Needs	-	-	-	-	75,908
Schools for Special Education Disprop	-	-	-	-	321,000
Other Post Employment Benefits	-	-	-	-	1,364,510
Solid Waste Debt Retirement	-	-	-	-	1,186,075
Debt Service CVRRA	-	-	-	-	5,929
Future Post Closure expenses	-	-	-	-	604,284
Heritage High School Debt Service	-	-	-	-	624,297
GLTC Special Reserve	-	-	-	-	746,724
Public Safety Compensation	-	-	-	-	13,968
Self Insurance	-	-	-	-	2,425,848
Community Development	-	-	-	-	147,667
Cultural and Recreational	-	-	-	-	9,668
General Government	-	-	-	-	351,069
Health and Welfare	-	-	-	-	14,875
Judicial	-	-	-	-	6,211
Public Safety	-	-	-	-	74,899
Public Works	-	-	-	-	288,258
Sale of downtown GEFA building	-	-	-	-	116,388
Building projects	-	-	-	-	4,603,059
Transportation projects	-	-	-	-	7,162,977
Economic Development projects	-	-	-	-	678,445
Public Safety projects	-	-	-	-	148,616
Parks and Recreation projects	-	-	-	-	540,926
Waste Management projects	-	-	-	-	250,000
Provision of loan funds for small businesses	-	-	-	-	125,384
Heritage High School	-	-	-	2,332,473	2,332,473
Hutcherson E.L.C.	-	-	-	119,614	119,614
HVAC repairs and maintenance	-	-	-	109,976	109,976
Roof replacement	-	-	-	636,408	636,408
Paving	-	-	-	111,359	111,359
E.C. Glass Tennis Court	-	-	-	200,000	200,000
Painting	-	-	-	72,558	72,558
IT Infrastructure	-	-	-	75,000	75,000
Security System upgrade	-	-	-	28,169	28,169
Other projects	-	-	-	12,390	12,390
Future projects	-	-	-	437,828	437,828
Assigned to:					
Return of School Fund Balance	-	-	-	-	787,305
Law Library	-	-	-	-	79,965
Museum	-	-	-	-	50,028
Recreation Programs	-	-	-	-	184,282
Pier Program	-	-	-	-	19,658
Dental Claims Reserve	-	-	-	-	150,000
Health Insurance Reserve	-	-	-	-	364,538
Future Post Closure expenses	-	-	-	-	204,438
Fire Equipment	-	-	-	-	100,000
Line of Duty Death Benefit	-	-	-	-	211,904
Line of Duty Health Claim Reserve	-	-	-	-	145,000
Parking Operations	-	-	-	-	69,560
Point of Honor	-	-	-	-	2,653
Police Range Operations	-	-	-	-	569
Health Management Plan	-	-	-	-	500,000
Public Works - Snow	-	-	-	-	34,498
Adopt-A-Bed	-	-	-	-	3,281
Community Development	-	-	-	-	2,900
General Government	-	-	-	-	3,150
Health and Welfare	-	-	-	-	12,108
Judicial	-	-	-	-	44
Public Safety	-	-	-	-	3,807
Public Works	-	-	-	-	198,384
Major Maintenance and Equipment replacement	-	-	100,000	-	100,000
Unassigned:	-	-	-	-	31,417,303
Total Fund Balance	$ 193,485	$ 26,247	$ 100,000	$ 4,135,775	$ 84,273,095

Note 11. Employee Benefit Plans

Defined Benefit Pension Plan:

Plan Description: The City contributes to the Virginia Retirement System ("VRS"), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System ("the System"). In addition, professional and non-professional employees of the Schools are covered by the VRS. Professional employees participate in a VRS statewide teacher cost sharing pool, and non-professional employees participate as a separate group in the agency multiple-employer retirement system.

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least thirty years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least five years of service credit or age 50 with at least twenty five years of service credit. These members include sheriffs, deputy sheriffs, and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

For both Plan 1 and Plan 2, all full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. 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 for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 3.00%. During years of no inflation or deflation, the COLA is 0.00%. Participating local law enforcement officers, firefighters, and sheriffs may be eligible to receive a monthly benefit supplement if they retire prior to their unreduced Social Security eligibility age. The VRS also provides death and disability benefits.

Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The system issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded at their website, www.varetire.org/publications, or obtained by writing the System at P.O. Box 2500, Richmond, Virginia 23218-2500.

Note 11. Employee Benefit Plans (Continued)

Defined Benefit Pension Plan: (Continued)

Funding Policy: Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be 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 five years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the City and the Schools are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the *Code* and approved by the VRS Board of Trustees. The City's contribution rate for the fiscal year ended 2013 was 25.89% of annual covered payroll. The Schools' contribution rates for the fiscal year ended 2013 were 16.66% for professional employees and 15.03% for non-professional employees. Both the City's and the School's contribution rates include the employee's share of 5.00%.

Annual Pension Cost: For 2013, the City's and Schools' annual pension costs of $10,380,289 and $5,871,687, respectively, were equal to their required and actual contributions. The required contributions were determined as part of the June 30, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 7.00% investment rate of return; (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a per year cost-of-living adjustment of 2.50% for Plan 1 employees and 2.25% for Plan 2 employees. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the City's and Schools' assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's and Schools' unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012 for the Unfunded Actuarial Accrued Liability (UAAL) was 29 years.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Trend Information for the City of Lynchburg			
June 30, 2013	$ 10,380,289	100%	None
June 30, 2012	$ 10,084,711	100%	None
June 30, 2011	$ 11,032,304	100%	None
Trend Information for the Lynchburg City Schools			
June 30, 2013	$ 5,871,687	100%	None
June 30, 2012	$ 5,676,277	100%	None
June 30, 2011	$ 4,769,117	100%	None

***Note 11. Employee Benefit Plans* (Continued)**

Defined Benefit Pension Plan: (Continued)

Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date for the City, the plan was 60.33% funded. The actuarial accrued liability for benefits was $326,424,240 and the actuarial value of assets was $196,945,220, resulting in an unfunded actuarial accrued liability (UAAL) of $129,479,020. The covered payroll (annual payroll of active employees covered by the plan) was $46,957,864, and the ratio of the UAAL to the covered payroll was 275.73%.

As of June 30, 2012, the most recent actuarial valuation date for the Schools, the plan was 78.37% funded. The actuarial accrued liability for benefits was $13,854,004 and the actuarial value of assets was $10,857,437 resulting in an unfunded actuarial accrued liability (UAAL) of $2,996,567. The covered payroll (annual payroll of active employees covered by the plan) was $3,493,026, and the ratio of the UAAL to the covered payroll was 85.79%.

The schedules of funding progress, presented as Required Supplemental Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 12. Other Postemployment 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 postemployment 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, 2012, was as follows:

Actives	1,176
Retirees	376
Spouses	89
Total Participants	1,641

Note 12. Other Postemployment Benefits (Continued)

City of Lynchburg (Continued)

Funding Policy

The City currently funds postemployment health care benefits on a pay-as-you-go basis. During FY2013, the City added $33,279 interest earnings to the funds committed for the OPEB liability. Total funds committed for OPEB at June 30, 2013 including interest are $1,364,510. 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, 2013, the City's Annual OPEB Cost (expense) was $3,479,076. The payment of current retiree claims net of retiree contributions towards premiums, which totaled $2,968,466 for retirees, along with an Implicit Rate Subsidy of $831,171 resulted in a Net OPEB obligation of $4,146,877 for the year ended June 30, 2013.

Annual required contribution	$ 3,521,173
Interest on net OPEB obligation	301,552
Adjustment to annual required contribution	(343,649)
Annual OPEB cost	3,479,076
Contributions made	(3,799,637)
Decrease in net OPEB obligation	(320,561)
Net OPEB obligation-beginning of year	4,467,438
Net OPEB obligation-end of year	$ 4,146,877

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. Prior to FY2012, the Implicit Rate Subsidy was not included in the contribution total for the fiscal year; therefore the expense recorded each year was higher than necessary. Since the GASB allows employers to take this credit, the City has begun including Implicit Rate Subsidy amounts in the total contribution for the fiscal year.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY2011, FY2012 and FY2013 are as follows.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2011	$4,084,022	72.0%	$3,823,689
06/30/2012	$4,025,764	84.0%	$4,467,438
06/30/2013	$3,479,076	109.0%	$4,146,877

Note 12. Other Post Employment Benefits (Continued)

City of Lynchburg (Continued)

Funded Status and Funding Progress

The funded status of the plan as of the most recent valuation, June 30, 2012, was as follows:

Actuarial Accrued Liability (AAL)	$ 60,963,806
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 60,963,806
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	$ 48,564,229
UAAL as a Percentage of Covered Payroll	125.53%

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 multi-year 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 July 1, 2012 actuarial valuation, the projected unit credit 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 eligibility age (age 50 or older with 15 or more years of service). The actuarial assumptions used a 6.75% discount rate, a 2.5% 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 5.5%. 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, 2013 is 24 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 postemployment 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 VRS 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.

Note 12. Other Post Employment Benefits (Continued)

Lynchburg City Schools (Continued)

Early Retirement Incentive Plan

Under an early retirement incentive plan adopted by the School Board in April 2009, the Schools will pay the employer-only low option medical plan for an eligible retiree. Employees are eligible for this early retirement incentive plan upon reaching twenty-five (25) years of VRS 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.

Membership

The number of participants at June 30, 2013 was as follows:

Active participants	1,141
Inactive participants	96
Total	1,237

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, 2013, the School's annual OPEB cost (expense) was $1,005,860. The payment of current retiree claims net of retiree contributions towards premiums, which totaled $338,048 for retirees, resulted in a Net OPEB obligation of $2,814,288 for the year ended June 30, 2013.

Annual required contribution	$	1,039,356
Interest on net OPEB obligation		85,859
Adjustment to annual required contribution		(119,355)
Annual OPEB cost		1,005,860
Contributions made		(338,048)
Increase in net OPEB obligation		667,812
Net OPEB obligation-beginning of year		2,146,476
Net OPEB obligation-end of year	$	2,814,288

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY2011, FY2012 and FY2013 are as follows.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2011	$721,777	32.9%	$1,653,147
06/30/2012	$979,200	49.6%	$2,146,476
06/30/2013	$1,005,860	33.6%	$2,814,288

Note 12. Other Post Employment Benefits (Continued)

Lynchburg City Schools (Continued)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013 was as follows:

Actuarial Accrued Liability (AAL)	$	7,666,529
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	7,666,529
Funded Ratio (Actuarial Value of Plan Assets/AAL)		0%
Covered Payroll (Active Plan Members)	$	54,033,601
UAAL as a Percentage of Covered Payroll		14.19%

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 supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued 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, 2013 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.

Note 13. 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:

	Operating Leases	
Year Ending June 30	Primary Government	Component Unit – Schools
2014	$ 404,640	$ 407,242
2015	302,268	384,061
2016	75,180	354,429
2017	57,996	286,105
2018	57,996	232,241
2019-2023	130,491	-
	$ 1,028,571	$ 1,664,078

For 2013, the City incurred rental expenditures of $256,748 in the General Fund, $24,464 in the Special Revenue Funds, and $75,000 in the City Capital Project Funds. For 2013, the Schools incurred rental expenditures of $647,660.

Note 14. 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 $766,436.

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 $438 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 $556,268. 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 $250,000 (after $50,000 aggregate claims cost) per covered individual per contract year. For the year ended June 30, total claims expense of $8,298,716 was incurred. Administrative fees and stop loss premiums for the year ended June 30 totaled $1,138,625. Estimated incurred, but not reported, claims at June 30 based on invoices received totaled approximately $400,000 and have been funded by the City.

Note 14. Risk Management (Continued)

Changes in aggregate liabilities were as follows:

		Beginning of Year	Claims and Reserves	Claim Payments	End of Year
Workers' Compensation	2013	$ 2,232,159	$ 726,605	$ 766,436	$ 2,192,328
	2012	$ 2,336,944	$ 598,817	$ 703,602	$ 2,232,159
General/Automotive Liability	2013	$ -	$ 295,803	$ 295,803	$ -
	2012	$ -	$ 160,873	$ 160,873	$ -
Healthcare	2013	$ 710,271	$ 7,988,445	$ 8,298,716	$ 400,000
	2012	$ 900,000	$ 7,087,702	$ 7,277,431	$ 710,271

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

The Risk Management Programs of the Schools are as follows:

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

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

Healthcare: The Schools' professionally administered self-insurance program provides healthcare coverage for employees and retirees of the Schools on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the Schools. Under the program, the Schools are obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of $300,000 per covered individual per contract year. Total claims expense of $8,175,497 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 and stop loss premiums for the current year totaled $612,781. Estimated incurred, but not reported, claims at June 30 based on prior experience totaled $679,143 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	2103	$ 1,557,448	$ 7,297,192	$ 8,175,497	$ 679,143
	2012	$ 588,573	$ 9,645,834	$ 8,676,959	$ 1,557,448

Note 15. 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)	$ 95,302,076
Principal and other debt service expenses included in City	6,897,714
Total expenses/expenditures for School activities	$ 102,199,790

Note 16. Commitments and Contingencies

Combined Sewer Overflow:

In 2000, the City completed an update of the Combined Sewer Overflow ("CSO") program developed in 1989. The purpose was to reevaluate the conclusions and recommendations of the original program, prioritize remaining work, and provide a current cost estimate for this work. After detailed evaluation of a wide variety of control alternatives, the update concluded that sewer separation remained the most cost-effective CSO control option. Total cost to complete the program was estimated to be $276,000,000 in 1999 dollars. Updated estimates, as of June 30, 2013-indicate that the total remaining cost of CSO control work, including related work such as sewer replacement/rehabilitation, waterline replacement and street paving will total approximately $273,600,000 in 2013 dollars. A proposal was submitted to Virginia Department of Environmental Quality ("VDEQ") in May, 2013 that would make significant modifications to the CSO Program Long-Term Control Plan that includes significant savings in costs and time to complete. The City and VDEQ are anticipated to have an agreement on the modified CSO long-term control plan in 2014.

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 will govern implementation of the City's CSO program. The permit requires the City to implement the 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.

The Special Order does not contain a strict compliance schedule for implementing the CSO control plan, but rather provides for implementation based on criteria reflecting the limits of the City's financial capability. The Special Order requires the City to meet several specific criteria such as: maintaining a sewer operating fund debt coverage ratio within a range of 1.1 to 1.5; ensure sewer fund reserves equal no more than 25 percent of the subsequent years' budgeted operating expenditures; and to maintain an average residential, yearly sewer bill equal to 1.25% of the median household income based on 7 hcf (hundred cubic feet) of use per month. The City is currently implementing the CSO control plan in accordance with the requirements of its permit and consent order. Further, the City is required by the Special Order to submit an annual report by December 1 of each year, including independent rate consultant reports to VDEQ on its compliance with the order and its progress with CSO control plan implementation. The current CSO Annual Report can be found at www.Lynchburgva.gov/cso under the "status" link.

Note 16. Commitments and Contingencies (Continued)

Contribution Agreement:

During 2013, the City entered into agreements with the Lynchburg Economic Development Authority (EDA) and various limited liability companies (the "LLCs"). These agreements benefit the City through the use of historic tax credits for the rehabilitation of a structure. When sold, the credits will reduce the City's cost of rehabilitation.

In conjunction therewith, the City contributed $4,725,916 to the EDA, which the EDA will loan to the LLCs for the rehabilitation. The City may, from time to time, demand any loan repayments received by the EDA be contributed back to the City. The contribution of these funds to the EDA created a long-term receivable representing the City's right to future title to the rehabilitation improvements.

The EDA will lease the rehabilitated facility from the City for a term of 40 years and sublease the facility to the LLCs under similar terms. In addition, the LLCs will lease the facility to the City. Both leases are for a term of 35 years, starting when a certificate of occupancy for the rehabilitated structure is obtained. All leases include nominal annual rent payments.

The City also entered a co-development agreement with the LLCs under which it will provide various services and personnel for the project. As part of the co-development agreement, the City will be compensated approximately $966,500 for services provided during the rehabilitation project. This amount is payable, by the LLCs, from the proceeds of the sale of historic tax credits.

Environmental Protection Agency (EPA):

The EPA inspected the Municipal Separate Storm Sewer System (MS4) Program Implementation for stormwater discharges on March 5 and 6, 2012. As a settlement of the inspection findings, the EPA issued a Consent Agreement and Final Order on August 14, 2013. The City is required to complete the following administrative actions by January 8, 2014:

1. Develop and implement a plan to inspect all active construction sites with erosion and sediment controls on an established schedule and to pursue enforcement on active construction sites.

2. Develop and implement a plan to ensure the post-construction structural stormwater management facilities are inspected by the applicable owners and that proper enforcement measures are taken when necessary.

3. Develop and implement a plan to review, modify and implement Standard Operating Procedures (SOP) as necessary and provide training regarding SOP modifications for appropriate city employees to meet the pollution prevention/good housekeeping goals for municipal operations outlined in Lynchburg's MS4 Permit.

The City anticipates to complete all required actions prior to January 8, 2014.

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, 2013.

Arbitrage:

The City has certain debt instruments subject to arbitrage regulations. As of June 30, 2013, the arbitrage rebate liability estimate was zero.

Note 16. Commitments and Contingencies (Continued)

Encumbrance Commitments:

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

MAJOR FUNDS	
General Fund	$ 1,507,486
City Capital Projects Fund	18,226,015
Total Major Funds	**19,733,501**
NONMAJOR FUNDS	
City Federal State Aid	90,544
Lynchburg Expressway Appearance	4,000
Lynchburg Regional Juvenile Detention Center	5,045
School Capital Projects	3,097,189
Total Nonmajor Funds	**3,196,778**
TOTAL ENCUMBRANCES	**$22,930,279**

Construction Commitments:

Included in the encumbrances above are construction commitments of $18,226,015 in the City Capital Projects fund and $3,097,189 in the School Capital Projects fund. The City also had construction commitments of $1,594,765 in the Water fund; $6,160,985 in the Sewer fund and $1,006,812 in the Airport fund as of June 30, 2013.

Note 17. Subsequent Events

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. Subsequent to year-end Bluffwalk did not pay the required August payment of $234,310. The City fulfilled its obligation to HUD by making the required payment, obtaining the remaining funds from the Community Development Block Grant (CDBG). The City expects to recover the funds for all missed payments from Bluffwalk. During FY2010, Bluffwalk entered into a payment arrangement with the City to repay, with interest, the funds the City has advanced to cover the missed payments. Subsequent to June 30, Bluffwalk began negotiations to refinance its outstanding debt and repay the City the total amount advanced including interest.

Note 18. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62,* was issued to resolve conflicting guidance that resulted from the issuance of two pronouncements. The Statement amends GASB Statement No. 10 by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. The fund classification should be determined based on the nature of the activity to be reported. The Statement also amends GASB Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a normal servicing fee rate. The Statement will be effective for the year ending June 30, 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans* replaces the requirements of *GASB Statements No. 25 and No. 50* as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. The Statement also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial Statements and in 10-year RSI schedules. This Statement will be effective for the year ending June 30, 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans* replaces the requirements of *GASB Statements No. 27 and No. 50* as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. The Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. This Statement will be effective for the year ending June 30, 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* was issued to provide governmental guidance on governmental combinations and disposals of governmental operations that does not conflict with *GASB Statement No. 34*. The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. A disposal of a government's operations results in the removal of specific activities of a government. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial Statement users to evaluate the nature and financial effects of those transactions. This Statement will be effective for the year ending June 30, 2015.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also provides guidance on the accounting for the government if they are the obligor in the transaction and on intra-entity nonexchange financial guarantees involving blended component units. This Statement specifies the information required to be disclosed by governments that extend or receive nonexchange financial guarantees. This Statement will be effective for the year ending June 30, 2014.

REQUIRED SUPPLEMENTAL INFORMATION

Required Supplemental Information **Exhibit 12**
Schedule of Funding Progress for Defined Benefit Pension Plan
As of June 30, 2013

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
City of Lynchburg							
	June 30, 2012	$ 196,945,220	$ 326,424,240	$ 129,479,020	60.33%	$ 46,957,864	275.73%
	June 30, 2011	$ 200,045,493	$ 318,926,726	$ 118,881,233	62.72%	$ 47,222,852	251.75%
	June 30, 2010	$ 198,428,147	$ 311,470,329	$ 113,042,182	63.71%	$ 47,220,511	239.39%
	June 30, 2009	$ 202,019,421	$ 287,328,940	$ 85,309,519	70.31%	$ 50,210,090	169.91%
	June 30, 2008	$ 201,552,096	$ 270,546,947	$ 68,994,850	74.50%	$ 49,236,962	140.13%
	June 30, 2007	$ 184,515,996	$ 243,719,371	$ 59,203,375	75.71%	$ 43,077,273	137.44%
Lynchburg City Schools Non-professional Employees							
	June 30, 2012	$ 10,857,437	$ 13,854,004	$ 2,996,567	78.37%	$ 3,493,026	85.79%
	June 30, 2011	$ 10,964,882	$ 13,656,067	$ 2,691,185	80.29%	$ 3,449,053	78.03%
	June 30, 2010	$ 10,987,262	$ 13,462,847	$ 2,475,585	81.61%	$ 3,590,809	68.94%
	June 30, 2009	$ 11,098,240	$ 12,575,079	$ 1,476,839	88.26%	$ 4,117,768	35.87%
	June 30, 2008	$ 10,950,127	$ 11,705,572	$ 755,445	93.55%	$ 3,907,886	19.33%
	June 30, 2007	$ 9,948,359	$ 11,082,613	$ 1,134,254	89.77%	$ 3,668,492	30.92%

Required Supplemental Information **Exhibit 13**
Schedule of Funding Progress for Other Post Employment Benefits
As of June 30, 2013

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
City of Lynchburg							
	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, 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%
	June 30, 2011	$ -	$ 8,540,002	$ 8,540,002	0.00%	$ 52,698,154	16.21%

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OTHER SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds:

Nonmajor governmental funds consist of special revenue and capital projects 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.
- Comprehensive Services Act Fund – Accounts for revenues received and expenditures made to support the Comprehensive 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.

Capital Projects Funds account for all resources used for the acquisition or construction of capital facilities and equipment except those financed by Enterprise Funds and federal and state grants. The Fund in this category includes:

- School Capital Projects Fund – Accounts for budgeted capital projects approved by the Lynchburg City Schools related to educational activities.

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Total Nonmajor Special Revenue	Total Nonmajor Capital Projects	Total Nonmajor Governmental
Assets			
Cash and cash equivalents	$ 618,999	$ 2,287,495	$ 2,906,494
Investments	-	2,699,441	2,699,441
Receivables, net of allowance:			
Other	444,293	-	444,293
Due from other funds	266,597	-	266,597
Due from other governments	1,948,709	-	1,948,709
Due from component unit	125,000	-	125,000
Other assets	213	-	213
Restricted assets:			
Cash and cash equivalents	415,548	-	415,548
Total assets	$ 3,819,359	$ 4,986,936	$ 8,806,295
Liabilities			
Accounts payable and other liabilities	$ 696,917	$ 851,161	$ 1,548,078
Accrued payroll and related liabilities	124,233	-	124,233
Due to other funds	1,131,016	-	1,131,016
Due to other governments	143,465	-	143,465
Total liabilities	2,095,631	851,161	2,946,792
Deferred Inflows of Resources			
Unavailable revenue	420,537	-	420,537
Total deferred inflows of resources	420,537	-	420,537
Fund Balances			
Restricted	1,335,752	-	1,335,752
Committed	125,384	4,135,775	4,261,159
Assigned	100,000	-	100,000
Unassigned	(257,945)	-	(257,945)
Total fund balances	1,303,191	4,135,775	5,438,966
Total liabilities, deferred inflows of resources, and fund balances	$ 3,819,359	$ 4,986,936	$ 8,806,295

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Total Nonmajor Special Revenue	Total Nonmajor Capital Projects	Total Nonmajor Governmental
Revenues			
Intergovernmental	$ 9,956,347	$ -	$ 9,956,347
Revenue from use of money and property	34,565	95	34,660
Charges for services	3,737,481	-	3,737,481
Miscellaneous	454,198	-	454,198
Total revenues	14,182,591	95	14,182,686
Expenditures			
Current operating expenditures:			
General government	25,518	-	25,518
Judicial	1,117,911	-	1,117,911
Public safety	4,774,058	-	4,774,058
Public works	155,933	-	155,933
Health and human services	6,210,852	-	6,210,852
Community development	1,068,011	-	1,068,011
Education	-	283,872	283,872
Capital outlay:			
Capital general government	279,008	2,980,521	3,259,529
Debt Service:			
Principal retirements	410,135	-	410,135
Interest payments and other fiscal charges	156,147	-	156,147
Total expenditures	14,197,573	3,264,393	17,461,966
Deficiency of revenues over expenditures	(14,982)	(3,264,298)	(3,279,280)
Other financing sources (uses)			
Transfers in	136,456	4,455,000	4,591,456
Transfers out	(45,342)	-	(45,342)
Total other financing sources (uses)	91,114	4,455,000	4,546,114
Net changes in fund balances	76,132	1,190,702	1,266,834
Fund balances - beginning	1,227,059	2,945,073	4,172,132
Fund balances - ending	$ 1,303,191	$ 4,135,775	$ 5,438,966

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013

	City Federal State Aid	Community Development Block Grant	Lynchburg Business Development Centre	Forfeited Assets	Comprehensive Services Act
Assets					
Cash and cash equivalents	$ -	$ -	$ 171	$ 252,542	$ 166,608
Receivables, net of allowance:					
Other	356,424	22,835	-	-	-
Due from other funds	263,741	-	-	-	731
Due from other governments	764,898	80,016	-	-	825,470
Due from component unit	-	-	125,000	-	-
Other assets	-	-	213	-	-
Restricted assets:					
Cash and cash equivalents	415,548	-	-	-	-
Total assets	$ 1,800,611	$ 102,851	$ 125,384	$ 252,542	$ 992,809
Liabilities					
Accounts payable and other liabilities	$ 106,451	$ 21,278	$ -	$ 3,939	$ 524,755
Accrued payroll and related liabilities	60,048	2,746	-	-	1,502
Due to other funds	995,453	75,598	-	-	-
Due to other governments	121,259	-	-	22,206	-
Total liabilities	1,283,211	99,622	-	26,145	526,257
Deferred Inflows of Resources					
Unavailable revenue	352,474	3,029	-	-	-
Total deferred inflows of resources	352,474	3,029	-	-	-
Fund Balances					
Restricted	422,871	200	-	226,397	466,552
Committed	-	-	125,384	-	-
Assigned	-	-	-	-	-
Unassigned	(257,945)	-	-	-	-
Total fund balances	164,926	200	125,384	226,397	466,552
Total liabilities, deferred inflows of resources, and fund balances	$ 1,800,611	$ 102,851	$ 125,384	$ 252,542	$ 992,809

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013

	Lynchburg Expressway Appearance	Home Investment Trust	Lynchburg Regional Juvenile Detention Center	Total Nonmajor Special Revenue
Assets				
Cash and cash equivalents	$ 195,945	$ -	$ 3,733	$ 618,999
Receivables, net of allowance:				
Other	65,034	-	-	444,293
Due from other funds	-	-	2,125	266,597
Due from other governments	-	67,615	210,710	1,948,709
Due from component unit	-	-	-	125,000
Other assets	-	-	-	213
Restricted assets:				
Cash and cash equivalents	-	-	-	415,548
Total assets	$ 260,979	$ 67,615	$ 216,568	$ 3,819,359
Liabilities				
Accounts payable and other liabilities	$ 2,460	$ 22,025	$ 16,009	$ 696,917
Accrued payroll and related liabilities	-	503	59,434	124,233
Due to other funds	-	18,840	41,125	1,131,016
Due to other governments	-	-	-	143,465
Total liabilities	2,460	41,368	116,568	2,095,631
Deferred Inflows of Resources				
Unavailable revenue	65,034	-	-	420,537
Total deferred inflows of resources	65,034	-	-	420,537
Fund Balances				
Restricted	193,485	26,247	-	1,335,752
Committed	-	-	-	125,384
Assigned	-	-	100,000	100,000
Unassigned	-	-	-	(257,945)
Total fund balances	193,485	26,247	100,000	1,303,191
Total liabilities, deferred inflows of resources, and fund balances	$ 260,979	$ 67,615	$ 216,568	$ 3,819,359

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013

	City Federal State Aid	Community Development Block Grant	Lynchburg Business Development Centre	Forfeited Assets	Comprehensive Services Act
Revenues					
Intergovernmental	$ 4,373,713	$ 992,346	$ -	$ 93,749	$ 3,132,244
Revenue from use of money and property	-	-	34,286	279	-
Charges for services	547,305	2,300	-	-	1,535,393
Miscellaneous	399,968	-	-	-	51,230
Total revenues	5,320,986	994,646	34,286	94,028	4,718,867
Expenditures					
Current operating expenditures:					
General government	21,808	-	-	-	-
Judicial	1,095,196	-	-	22,715	-
Public safety	2,187,998	-	-	60,166	-
Public works	146,283	-	-	-	-
Health and human services	1,628,993	-	-	-	4,581,859
Community development	85,619	749,183	34,286	-	-
Capital outlay:					
Capital general government	17,295	245,463	-	-	-
Debt service:					
Principal retirements	180,000	-	-	-	-
Interest payments and other fiscal charges	113,084	-	-	-	-
Total expenditures	5,476,276	994,646	34,286	82,881	4,581,859
Excess (deficiency) of revenues over expenditures	(155,290)	-	-	11,147	137,008
Other financing sources (uses)					
Transfers in	136,456	-	-	-	-
Transfers out	(36,342)	(9,000)	-	-	-
Total other financing sources (uses)	100,114	(9,000)	-	-	-
Net changes in fund balances	(55,176)	(9,000)	-	11,147	137,008
Fund balances - beginning	220,102	9,200	125,384	215,250	329,544
Fund balances - ending	$ 164,926	$ 200	$ 125,384	$ 226,397	$ 466,552

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013

	Lynchburg Expressway Appearance	Home Investment Trust	Lynchburg Regional Juvenile Detention Center	Total Nonmajor Special Revenue
Revenues				
Intergovernmental	$ -	$ 197,726	$ 1,166,569	$ 9,956,347
Revenue from use of money and property	-	-	-	34,565
Charges for services	-	-	1,652,483	3,737,481
Miscellaneous	3,000	-	-	454,198
Total revenues	3,000	197,726	2,819,052	14,182,591
Expenditures				
Current operating expenditures:				
General government	-	-	3,710	25,518
Judicial	-	-	-	1,117,911
Public safety	-	-	2,525,894	4,774,058
Public works	9,650	-	-	155,933
Health and human services	-	-	-	6,210,852
Community development	-	198,923	-	1,068,011
Capital outlay:				
Capital general government	-	-	16,250	279,008
Debt service:				
Principal retirements	-	-	230,135	410,135
Interest payments and other fiscal charges	-	-	43,063	156,147
Total expenditures	9,650	198,923	2,819,052	14,197,573
Excess (deficiency) of revenues over expenditures	(6,650)	(1,197)	-	(14,982)
Other financing sources (uses)				
Transfers in	-	-	-	136,456
Transfers out	-	-	-	(45,342)
Total other financing sources (uses)	-	-	-	91,114
Net changes in fund balances	(6,650)	(1,197)	-	76,132
Fund balances - beginning	200,135	27,444	100,000	1,227,059
Fund balances - ending	$ 193,485	$ 26,247	$ 100,000	$ 1,303,191

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City/Federal/State Aid Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$ 2,365,004	$ 5,795,128	$ 4,373,713	$ (1,421,415)
Charges for services	-	57,873	547,305	489,432
Miscellaneous	26,830	179,345	399,968	220,623
Total revenues	2,391,834	6,032,346	5,320,986	(711,360)
Expenditures				
Current operating expenditures:				
General government	-	24,327	21,808	2,519
Judicial	1,110,258	1,228,730	1,095,196	133,534
Public safety	240,000	2,261,023	2,187,998	73,025
Public works	5,000	162,677	146,283	16,394
Health and human services	1,048,296	2,653,066	1,628,993	1,024,073
Community development	-	111,867	85,619	26,248
Capital outlay:				
Capital general government	-	17,295	17,295	-
Debt service:				
Principal retirements	-	-	180,000	(180,000)
Interest payments and other fiscal charges	-	-	113,084	(113,084)
Total expenditures	2,403,554	6,458,985	5,476,276	982,709
Deficiency of revenues over expenditures	(11,720)	(426,639)	(155,290)	271,349
Other financing sources (uses)				
Transfers in	11,720	137,981	136,456	(1,525)
Transfers out	-	(36,342)	(36,342)	-
Total other financing sources (uses)	11,720	101,639	100,114	(1,525)
Net changes in fund balances	-	(325,000)	(55,176)	269,824
Fund balances - beginning	220,102	220,102	220,102	-
Fund balances (deficits) - ending	$ 220,102	$ (104,898)	$ 164,926	$ 269,824

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 639,243	$ 1,772,596	$ 992,346	$ (780,250)
Charges for services	2,030	(6,710)	2,300	9,010
Total revenues	641,273	1,765,886	994,646	(771,240)
Expenditures				
Current operating expenditures:				
Community development	641,273	1,288,187	749,183	539,004
Capital Outlay:				
Capital general government	-	182,800	245,463	(62,663)
Total expenditures	641,273	1,470,987	994,646	476,341
Excess of revenues over expenditures	-	294,899	-	(294,899)
Other financing sources (uses)				
Transfers out	-	(9,000)	(9,000)	-
Total other financing sources (uses)	-	(9,000)	(9,000)	-
Net changes in fund balances	-	285,899	(9,000)	(294,899)
Fund balances - beginning	9,200	9,200	9,200	-
Fund balances - ending	$ 9,200	$ 295,099	$ 200	$ (294,899)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Forfeited Assets Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ -	$ -	$ 93,749	$ 93,749
Revenue from use of money and property	-	-	279	279
Total revenues	-	-	94,028	94,028
Expenditures				
Current operating expenditures:				
Judicial	-	30,000	22,715	7,285
Public safety	-	168,523	60,166	108,357
Total expenditures	-	198,523	82,881	115,642
Net changes in fund balances	-	(198,523)	11,147	209,670
Fund balances - beginning	215,250	215,250	215,250	-
Fund balances- ending	$ 215,250	$ 16,727	$ 226,397	$ 209,670

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Comprehensive Services Act Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 3,417,468	$ 4,675,116	$ 3,132,244	$ (1,542,872)
Charges for services	1,535,393	1,759,833	1,535,393	(224,440)
Miscellaneous	110,000	104,525	51,230	(53,295)
Total revenues	5,062,861	6,539,474	4,718,867	(1,820,607)
Expenditures				
Current operating expenditures:				
Health and human services	5,062,861	6,527,594	4,581,859	1,945,735
Total expenditures	5,062,861	6,527,594	4,581,859	1,945,735
Net changes in fund balances	-	11,880	137,008	125,128
Fund balances - beginning	329,544	329,544	329,544	-
Fund balances - ending	$ 329,544	$ 341,424	$ 466,552	$ 125,128

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
HOME Investment Trust Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 283,839	$ 855,426	$ 197,726	$ (657,700)
Total revenues	283,839	855,426	197,726	(657,700)
Expenditures				
Current operating expenditures:				
Community development	283,839	308,367	198,923	109,444
Total expenditures	283,839	308,367	198,923	109,444
Net changes in fund balances	-	547,059	(1,197)	(548,256)
Fund balances - beginning	27,444	27,444	27,444	-
Fund balances - ending	$ 27,444	$ 574,503	$ 26,247	$ (548,256)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Lynchburg Regional Juvenile Detention Center Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 1,140,120	$ 1,140,120	$ 1,166,569	$ 26,449
Charges for services	1,796,789	1,796,789	1,652,483	(144,306)
Total revenues	2,936,909	2,936,909	2,819,052	(117,857)
Expenditures				
Current operating expenditures:				
General government	3,684	3,710	3,710	-
Public safety	2,660,027	2,659,159	2,525,894	133,265
Capital outlay:				
Capital general government	-	-	16,250	(16,250)
Debt service:				
Principal retirements	230,135	230,135	230,135	-
Interest payments and other fiscal charges	43,063	43,063	43,063	-
Total expenditures	2,936,909	2,936,067	2,819,052	117,015
Net changes in fund balances	-	842	-	(842)
Fund balances - beginning	100,000	100,000	100,000	-
Fund balances - ending	$ 100,000	$ 100,842	$ 100,000	$ (842)

Balance Sheet
School Capital Projects
June 30, 2013

		School Capital Projects
Assets		
Cash and cash equivalents	$	2,287,495
Investments		2,699,441
Total assets	$	4,986,936
Liabilities		
Accounts payable and other liabilities	$	851,161
Total liabilities		851,161
Fund Balance		
Committed		4,135,775
Total fund balance		4,135,775
Total liabilities and fund balance	$	4,986,936

Statement of Revenues, Expenditures, and Changes in Fund Balances
School Capital Projects
For the Year Ended June 30, 2013

	School Capital Projects
Revenues	
Revenue from use of money and property	$ 95
Total revenues	95
Expenditures	
Current operating expenditures:	
Education	283,872
Capital outlay:	
Capital general government	2,980,521
Total expenditures	3,264,393
Deficiency of revenues over expenditures	(3,264,298)
Other financing sources	
Transfers in	4,455,000
Total other financing sources	4,455,000
Net changes in fund balance	1,190,702
Fund balance - beginning	2,945,073
Fund balance - ending	$ 4,135,775

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
School Capital Projects
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Revenue from use of money and property	$ -	$ -	$ 95	$ 95
Total revenues	-	-	95	95
Expenditures				
Current operating expenditures:				
Education	800,000	723,997	283,872	440,125
Capital outlay:				
Capital general government	175,000	3,305,455	2,980,521	324,934
Total expenditures	975,000	4,029,452	3,264,393	765,059
Deficiency of revenues over expenditures	(975,000)	(4,029,452)	(3,264,298)	765,154
Other financing sources				
Transfers in	975,000	4,455,000	4,455,000	-
Total other financing sources	975,000	4,455,000	4,455,000	-
Net changes in fund balance	-	425,548	1,190,702	765,154
Fund balances - beginning	2,945,073	2,945,073	2,945,073	-
Fund balances - ending	$ 2,945,073	$ 3,370,621	$ 4,135,775	$ 765,154

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Capital Projects
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$ 2,518,461	$ 17,180,659	$ 6,620,226	$ (10,560,433)
Revenue from use of money and property	-	81,570	33,839	(47,731)
Miscellaneous	880,000	2,332,137	1,312,138	(1,019,999)
Total revenues	3,398,461	19,594,366	7,966,203	(11,628,163)
Expenditures				
Current operating expenditures:				
Public safety	-	106,316	75,000	31,316
Public works	3,399,217	7,450,621	3,641,261	3,809,360
Culture and recreation	-	556,351	112,128	444,223
Community development	-	777,096	500,295	276,801
Capital outlay:				
Capital general government	6,943,003	34,009,513	10,918,746	23,090,767
Total expenditures	10,342,220	42,899,897	15,247,430	27,652,467
Deficiency of revenues over expenditures	(6,943,759)	(23,305,531)	(7,281,227)	16,024,304
Other financing sources (uses)				
Issuance of bonds	3,652,000	9,926,812	-	(9,926,812)
Capital contribution	-	(4,725,916)	(4,725,916)	-
Transfers in	4,291,759	4,950,827	4,950,827	-
Total other financing sources (uses)	7,943,759	10,151,723	224,911	(9,926,812)
Net changes in fund balance	1,000,000	(13,153,808)	(7,056,316)	6,097,492
Fund balances - beginning	36,476,300	36,476,300	36,476,300	-
Fund balance - ending	$ 37,476,300	$ 23,322,492	$ 29,419,984	$ 6,097,492

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

	Special Welfare	Central Virginia Regional Radio Board	Total Agency
Assets			
Cash and cash equivalents	$ 105,930	$ -	$ 105,930
Total Assets	$ 105,930	$ -	$ 105,930
Liabilities			
Accounts payable	$ 2,691	$ -	$ 2,691
Amounts held for others	103,239	-	103,239
Total Liabilities	$ 105,930	$ -	$ 105,930

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Special Welfare				
Assets				
Cash and cash equivalents	$ 77,116	$ 148,240	$ 119,426	$ 105,930
Total Assets	$ 77,116	$ 148,240	$ 119,426	$ 105,930
Liabilities				
Accounts payable	$ 674	$ 35,213	$ 33,196	$ 2,691
Amounts held for others	76,442	166,405	139,608	103,239
Total Liabilities	$ 77,116	$ 201,618	$ 172,804	$ 105,930
Central Virginia Regional Radio Board				
Assets				
Cash and cash equivalents	$ 458,258	$ 53,900	$ 512,158	$ -
Total Assets	$ 458,258	$ 53,900	$ 512,158	$ -
Liabilities				
Due to other governments	$ 81,856	$ -	$ 81,856	$ -
Amounts held for others	376,402	494,811	871,213	-
Total Liabilities	$ 458,258	$ 494,811	$ 953,069	$ -
Total All Agency Funds				
Assets				
Cash and cash equivalents	$ 535,374	$ 202,140	$ 631,584	$ 105,930
Total Assets	$ 535,374	$ 202,140	$ 631,584	$ 105,930
Liabilities				
Accounts payable	$ 674	$ 35,213	$ 33,196	$ 2,691
Due to other governments	81,856	-	81,856	-
Amounts held for others	452,844	661,216	1,010,821	103,239
Total Liabilities	$ 535,374	$ 696,429	$ 1,125,873	$ 105,930

Discretely Presented Component Unit - Lynchburg City Schools
Combining Balance Sheet
June 30, 2013

	School Operating	School Federal Aid	Governor's School	School Cafeteria	Total Governmental
Assets					
Cash and cash equivalents	$ 6,601,371	$ 78,641	$ 308,646	$ 782,067	$ 7,770,725
Receivables, net of allowance	480,825	23,030	-	26,961	530,816
Due from other funds	1,810,377	-	-	2,888	1,813,265
Due from other governments	2,144,374	2,987,030	9,750	-	5,141,154
Prepaid expenses	173,796	187	2,353	-	176,336
Inventory	-	-	-	118,869	118,869
Total assets	$ 11,210,743	$ 3,088,888	$ 320,749	$ 930,785	$ 15,551,165
Liabilities					
Accounts payable and other liabilities	$ 630,471	$ 74,776	$ 460	$ 1,976	$ 707,683
Accrued payroll and related liabilities	8,730,384	1,084,252	51,444	135,963	10,002,043
Due to other funds	1,955	1,776,370	-	34,940	1,813,265
Due to primary government - return of local funding	507,487	-	-	-	507,487
Due to primary government - other	279,818	-	-	-	279,818
Total liabilities	10,150,115	2,935,398	51,904	172,879	13,310,296
Deferred Inflows of Resources					
Unavailable revenue	850,033	67,387	16,800	-	934,220
Total deferred inflows of resources	850,033	67,387	16,800	-	934,220
Fund balances					
Nonspendable:					
Prepaid items	173,796	187	2,353	-	176,336
Inventory	-	-	-	118,869	118,869
Restricted for:					
Education	-	85,916	-	639,037	724,953
Committed for:					
Education	36,799	-	249,692	-	286,491
Total fund balances	210,595	86,103	252,045	757,906	1,306,649
Total liabilities, deferred inflows of resources, and fund balances	$ 11,210,743	$ 3,088,888	$ 320,749	$ 930,785	

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.	4,451,218
Receivables on the Statement of Net Position that do not provide current financial resources are reported as deferred revenue in the funds.	934,220
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,697,290)
Net position of governmental activities	$ 2,994,797

Discretely Presented Component Unit - Lynchburg City Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2013

	School Operating	School Federal Aid	Governor's School	School Cafeteria	Total Governmental
Revenues					
Intergovernmental:					
State and Federal	$ 43,673,776	$ 9,659,808	$ 310,406	$ 3,013,510	$ 56,657,500
City of Lynchburg	35,272,769	-	-	-	35,272,769
Revenue from use of money and property	106	-	-	604	710
Charges for services	1,468,451	-	595,788	653,791	2,718,030
Miscellaneous	590,372	174,443	10,000	29,236	804,051
Total revenues	81,005,474	9,834,251	916,194	3,697,141	95,453,060
Expenditures					
Education:					
Instruction	57,096,206	9,021,592	860,400	-	66,978,198
Administration, attendance, and health	4,193,846	3,500	-	-	4,197,346
Pupil transportation services	4,661,286	-	-	-	4,661,286
Operations and maintenance	9,643,581	12,181	46,780	-	9,702,542
Food service and other	5,633	118,841	-	3,795,151	3,919,625
Facilities	87,879	-	-	-	87,879
Technology	2,049,937	-	-	-	2,049,937
Capital outlay	3,253,181	673,142	-	94,943	4,021,266
Debt service:					
Principal retirement	264,931	-	-	-	264,931
Interest payments	8,261	-	-	-	8,261
Total expenditures	81,264,741	9,829,256	907,180	3,890,094	95,891,271
Excess (deficiency) of revenues over expenditures	(259,267)	4,995	9,014	(192,953)	(438,211)
Other financing sources (uses)					
Transfers in (out)	(26,655)	26,655	-	-	-
Net change in fund balances	(285,922)	31,650	9,014	(192,953)	(438,211)
Fund balance - beginning	496,517	54,453	243,031	950,859	
Fund balance - ending	$ 210,595	$ 86,103	$ 252,045	$ 757,906	

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 ($1,704,507) exceeded depreciation expense ($579,719).	1,124,788
Loss on the disposition of capital assets not reflected in the fund statements.	(10,767)
Compensated absences are not due and payable at June 30, and therefore are not reported in the fund statements.	(121,945)
Other postretirement benefits are not due and payable at June 30, and therefore are not reported in the fund statements.	(667,812)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	103,086
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.	264,931
Change in net position of governmental activities.	$ 254,070

Discretely Presented Component Unit - Lynchburg City Schools
School Operating Fund
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)
Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental:				
State and Federal	$ 43,972,592	$ 43,988,259	$ 43,673,776	$ (314,483)
City of Lynchburg	35,634,774	35,825,555	35,780,256	(45,299)
Revenue from use of money and property	-	-	106	106
Charges for services	1,650,828	1,641,828	1,468,451	(173,377)
Miscellaneous	103,000	545,353	590,372	45,019
Total revenues	81,361,194	82,000,995	81,512,961	(488,034)
Expenditures				
Education:				
Instruction	58,770,726	58,444,726	57,096,206	1,348,520
Administration, attendance, and health	4,758,509	4,342,023	4,193,846	148,177
Pupil transportation services	4,550,708	4,530,284	4,661,286	(131,002)
Operations and maintenance	9,290,407	9,706,483	9,643,581	62,902
Food service and other	-	-	5,633	(5,633)
Facilities	88,384	95,130	87,879	7,251
Technology	2,272,806	2,053,073	2,049,937	3,136
Capital outlay	1,322,528	2,555,778	3,253,181	(697,403)
Debt service	307,126	273,498	273,192	306
Total expenditures	81,361,194	82,000,995	81,264,741	736,254
Excess (deficiency) of revenues over expenditures	-	-	248,220	248,220
Other financing sources (uses)				
Capital lease proceeds	-	-	-	-
Transfer out	-	-	(26,655)	(26,655)
Net change in fund balances	$ -	$ -	221,565	$ 221,565
Less return of funds to the City			(507,487)	
			$ (285,922)	

Discretely Presented Component Unit - Lynchburg City Schools
Agency Fund
For the Year Ended June 30, 2013

	Agency Fund
Assets	
Investments	$ 165,975
Liabilities	
Amounts held for others	$ 165,975

Combining Statement of Net Position
Other Component Units
June 30, 2013

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 530,721	$ 989,281	$ 1,520,002
Receivables, net of allowance	1,247,690	26,112	1,273,802
Due from other governments	-	912,173	912,173
Inventory	-	175,380	175,380
Prepaid and other assets	140	77,520	77,660
Capital assets:			
Non-depreciable	-	4,921,374	4,921,374
Depreciable	4,210	15,256,349	15,260,559
Total assets	1,782,761	22,358,189	24,140,950
Liabilities			
Current liabilities:			
Accounts payable and other liabilities	184,229	1,033,929	1,218,158
Due to other governments	1,202,000	-	1,202,000
Due to primary government	125,000	746,724	871,724
Total current liabilities	1,511,229	1,780,653	3,291,882
Noncurrent liabilities:			
Other postemployment benefits	-	77,000	77,000
Compensated absences	-	74,318	74,318
Total noncurrent liabilities	-	151,318	151,318
Total liabilities	1,511,229	1,931,971	3,443,200
Net position			
Net investment in capital assets	4,210	20,177,723	20,181,933
Unrestricted	267,322	248,495	515,817
Total net position	$ 271,532	$ 20,426,218	$ 20,697,750

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Other Component Units
For the Year Ended June 30, 2013

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Operating revenues			
Charges for services and other operating revenues	$ 232,020	$ 1,188,120	$ 1,420,140
Total operating revenues	232,020	1,188,120	1,420,140
Operating expenses			
Operations	266,051	6,059,277	6,325,328
Administration	364	1,303,250	1,303,614
Maintenance and repairs	18,648	1,159,305	1,177,953
Total operating expenses	285,063	8,521,832	8,806,895
Operating loss	(53,043)	(7,333,712)	(7,386,755)
Nonoperating revenue			
Subsidy of operations - City of Lynchburg	-	622,538	622,538
Subsidy of operations - Counties	-	57,492	57,492
Subsidy of operations - Liberty University	-	1,162,567	1,162,567
Subsidy of operations - State aid for public transportation	-	1,432,987	1,432,987
Subsidy of operations - Federal operating grant	-	1,845,335	1,845,335
Donations and grants	79,946	2,831	82,777
Miscellaneous revenue	-	-	-
Gain on sale of capital assets	-	15,078	15,078
Total nonoperating revenue	79,946	5,138,828	5,218,774
Capital contributions	-	2,791,049	2,791,049
Change in net position	26,903	596,165	623,068
Total net position - beginning	244,629	19,830,053	20,074,682
Total net position - ending	$ 271,532	$ 20,426,218	$ 20,697,750

Combining Statement of Cash Flows
Other Component Units
For the Year Ended June 30, 2013

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Operating activities			
Cash received from operations	$ 512,864	$ 1,320,598	$ 1,833,462
Cash paid to employees	(147,140)	(2,819,101)	(2,966,241)
Cash paid to suppliers for goods and services	(142,335)	(3,528,569)	(3,670,904)
Cash received to fund loan pools	822,500	-	822,500
New loans disbursed	(831,950)	-	(831,950)
Net cash provided from (used in) operating activities	213,939	(5,027,072)	(4,813,133)
Noncapital financing activities			
Net change in line of credit	-	-	-
Subsidies	-	(152,384)	(152,384)
Operating grants and contributions	79,946	5,805,525	5,885,471
Net cash provided from noncapital financing activities	79,946	5,653,141	5,733,087
Capital and related financing activities			
Capital contributions received	-	2,188,739	2,188,739
Additions to capital assets	-	(2,165,489)	(2,165,489)
Proceeds from sale of capital assets	-	16,950	16,950
Net cash provided from capital and related financing activities	-	40,200	40,200
Net increase in cash and cash equivalents	293,885	666,269	960,154
Cash and cash equivalents			
Beginning of year	236,836	323,012	559,848
End of year	$ 530,721	$ 989,281	$ 1,520,002
Reconciliation of operating loss to net cash used in operating activities			
Operating loss	$ (53,043)	$ (7,333,712)	$ (7,386,755)
Adjustments to reconcile operating loss to net cash provided from (used in) operating activities:			
Depreciation	851	2,232,412	2,233,263
Decrease (increase) in receivables	(540,023)	132,478	(407,545)
Decrease (increase) in prepaid expenses and other assets	1,081	(63,858)	(62,777)
Decrease in inventory	-	6,782	6,782
Increase (decrease) in accounts payable and other current liabilities	98,073	(72,728)	25,345
Increase in compensated absences and other postemployement benefits	-	71,554	71,554
Increase in amount due to other governments	707,000	-	707,000
Net cash provided from (used in) operating activities	$ 213,939	$ (5,027,072)	$ (4,813,133)
Supplemental cash flow information			
Non-cash transactions:			
Capital assets additions financed by accounts payable	$ -	$ 856,375	$ 856,375

SUPPLEMENTAL SCHEDULES

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number		Federal Expenditures
Primary Government			
Department of Agriculture			
Passed through Commonwealth of Virginia:			
Department of Social Services:			
Supplemental Nutrition Assistance Program	10.561	$	1,054,866
National School Lunch Program	10.555		22,395
National School Breakfast Program	10.553		30,922
Department of Health and Human Services			
Passed through Commonwealth of Virginia:			
Department of Social Services:			
Family Preservation and Support	93.556		20,480
TANF Block Grant	93.558		1,104,770
Refugee and Entrant Assistance State - Administered Programs	93.566		3,939
Low Income Energy Assistance	93.568		67,956
Child Care Development Fund	93.596		142,351
Chafee Education and Training Vouchers Program (ETV)	93.599		6,558
Child Welfare Services	93.645		5,145
Foster Care - Title IV-E	93.658		982,242
Adoption Assistance	93.659		1,415,350
Social Services Block Grant	93.667		863,385
Independent Living	93.674		15,057
Children's Insurance Program	93.767		22,330
Medicaid Assistance	93.778		626,265
Department of Housing and Urban Development			
Direct Payments:			
Community Development Block Grant Program, Entitlement Grants	14.218		994,646
Shelter Plus Care	14.238		85,484
Home Investment Partnership Program	14.239		183,273
Department of Justice			
Direct Payments:			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590		185,583
Bulletproof Vest Partnership	16.607		15,987
Passed through Commonwealth of Virginia:			
Department of Criminal Justice Services:			
Victim-Witness Services	16.575		169,418
Violence Against Women Formula Grant	16.588		72,224
Byrne Memorial Justice Assistance Grant	16.738		105,760
Department of Labor			
Passed through Commonwealth of Virginia:			
Employment and Training Administration:			
WIA Adult Program	17.258		474,260
WIA Youth Activities	17.259		477,451
WIA Dislocated Workers (after 7/1/10)	17.278		295,200

(Continued)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012
(Continued)

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Federal Expenditures
Department of Homeland Security		
Direct Payments:		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	$ 548,883
Transportation Security Administration:		
Airport LEO Cooperative Agreement	97.090	107,446
Department of Energy		
Direct Payments:		
Energy Efficiency and Conservation Block Grant Program	81.128	149,046
Department of Transportation		
Direct Payments:		
Highway Planning and Construction	20.205	3,420,818
Passed through Commonwealth of Virginia:		
Department of Motor Vehicles:		
Alcohol Impaired Driving Grants	20.600	42,327
Alcohol Open Container Requirements Grants	20.607	6,222
Environmental Protection Agency		
Passed through Commonwealth of Virginia:		
Virginia Resources Authority:		
Revolving Loan	66.458	13,157,148
Federal Aviation Administration		
Direct Payments:		
Department of Aviation:		
Airport Improvement Program	20.106	1,867,318
Federal Emergency Management Agency		
Direct Payments:		
Department of Homeland Security:		
Assistance to Firefighters	97.044	445,712
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.083	138,228
Passed through Commonwealth of Virginia:		
Department of Emergency Services:		
Homeland Security	97.073	157,906
Component Unit - Lynchburg Schools		
Department of Agriculture		
Passed through Commonwealth of Virginia:		
Department of Education:		
National School Lunch Program	10.555	2,176,674
National School Breakfast Program	10.553	759,924
Fresh Fruit and Vegetables	10.582	134,206
Department of Education		
Passed through Commonwealth of Virginia:		
Title I - Educationally Deprived Children - LEA	84.010	3,713,694
Title I - Neglected and Delinquent Children	84.013	2,885

(Continued)

CITY OF LYNCHBURG, VIRGINIA

SCHEDULE 1
(Continued)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012
(Continued)

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Federal Expenditures
Department of Education (Continued)		
Elementary and Secondary Education Act (ESEA):		
Title IV-B - Elementary and Secondary Education Act of 1965	84.287	$ 1,240,717
Title VI-B - Special Education	84.027	1,987,246
Special Education Preschool Grants	84.173	79,626
Technology Literacy Challenge Fund Grants	84.318	12,204
English Language Acquisition Grants	84.365	26
Title II - Part A Funds	84.367	531,877
Vocational Education:		
Basic Grants to States	84.048	166,049
McKenney-Vento Homeless Education Assistance Improvements Act of 2001:		
Title X-C -No Child Left Behind Act	84.000	20,168
TOTAL		**$ 40,309,647**

		Donated Food Received
Primary Government		
Department of Agriculture		
Passed through Commonwealth of Virginia:		
Department of Social Services:		
Juvenile Detention Home (Commodities)	10.555	$ 2,545
Opportunity House (Commodities)	10.555	68
Sparc House (Commodities)	10.555	320
Component Unit - Lynchburg Schools		
Department of Agriculture		
Passed through Commonwealth of Virginia:		
Department of Education:		
National School Lunch Program (Commodities)	10.555	220,960
TOTAL		**$ 223,893**

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
	$ 495,000	$ 40,000	$ 125,000

Note 3. Non-monetary Assistance

Non-monetary assistance is reported in the Schedule of Federal Awards at the fair market value of the food commodities.

Note 4. 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
Bluffwalk Section 108 Loan	$ 263,084	$ -	$ -
City Administration	93,562	17,861	-
City Projects - Fifth Street	254,715	-	-
Habitat for Humanity	-	51,000	-
Lynchburg Community Action Group	129,346	108,012	-
Lynchburg Neighborhood Development	-	6,400	-
Lynchburg Redevelopment & Housing Authority	211,664	-	-
Rebuilding Together	42,275	-	-
Region 2000 Local Governmental Council	-	-	1,246,911
	$ 994,646	$ 183,273	$ 1,246,911

Note 5. Program Income

In accordance with terms of the Community Development Block Grant Program, program income totaling $2,300 was used 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, 2013, the City had an outstanding loan balance through the Virginia Revolving Loan Fund in the amount of $122,875,994 which includes $39,114,261 of federal funded loans. Expenditures associated with the federally funded loans totaled $13,157,148 in FY 2013.

SCHEDULE 2

CITY OF LYNCHBURG, VIRGINIA

Schedule of Passenger Facility Charges
As of June 30, 2013

Passenger Facility Charges:

Federal Agency/Program Name/Application Number	PFC Balance July 1, 2012	Adjustments	PFC Collected	Interest Earnings	Expenditures	PFC Balance June 30, 2013
FEDERAL AVIATION ADMINISTRATION						
Passenger facility charges (12-06-C-00-LYH)	$ 119,534	$ -	$ 337,814	$ 121	$ 432,276	$ 25,193
	$ 119,534	$ -	$ 337,814	$ 121	$ 432,276	$ 25,193

SCHEDULE 3

Schedule of Expenditures of Passenger Facility Charges
As of June 30, 2013

Expenditures of Passenger Facility Charges:

Project	PFC Expenditures
Application 6 (12-06-C-00-LYH)	
Local share reimbursement (non-AIP) PFC development and administrative costs	$ 5,974
Local share reimbursement – "Local" expense	84,443
Local share reimbursement – "State Entitlements" expense	341,859
Total PFC expenditures	$ 432,276

The accompanying schedule of expenditures of passenger facility charges includes the passenger facility charge activity of the City, and is presented on the cash basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in preparation of, the basic financial statements.

STATISTICAL SECTION

STATISTICAL SECTION

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the government's overall financial condition.

CONTENTS **Pages**

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, 2013

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 2009 (1)	75,204
United States Census 2010 (1)	75,826
United States Census 2011 (1)	76,448
United States Census 2012 (1)	77,203

(1) Source: Weldon Cooper Center for Public Service, www.coopercenter.org

FORM OF GOVERNMENT

Lynchburg is organized under the Council – Manager form of government. The City Council, comprised of seven members, is elected on either an at-large (3 members) or ward (4 members) representative basis for four-year staggered terms of office. From among the elected City Council members, they choose on or near July 1 of each election year by simple majority vote a Mayor, who serves a two-year term.

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

SEGREGATION OF TAXABLE SUBJECTS FOR LOCAL TAXATION ONLY

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

ASSESSMENTS

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

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

(Continued)

MISCELLANEOUS STATISTICAL DATA
June 30, 2013
(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
- $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: 2005-2013
- $3.30 per $100 assessed value: 1990-2004

Machinery and Tools:

- $3.00 per $100 assessed value: 1990-2013

Local Sales Tax:

- 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

TAX RATES
(Continued)

Motor Vehicle License:

- $29.50 for vehicles weighing 4,000 pounds or less: 2005-2013
- $34.50 for vehicles weighing greater than $4,000 pounds: 2005-2013
- $25.00 for all types of vehicles: 1990-2004

Tobacco Tax:

- $0.35 on pack of twenty cigarettes: 2004-2013
- $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. Of the total lodging taxes, $1,324,170 is allocated for tourism.

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.

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 2008, revised in 2011, and re-adopted in 2013, 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 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% over five 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.

DEBT MANAGEMENT POLICY

The City council adopted a resolution on August 10, 1999, which was reaffirmed in 2008, revised in 2011, and revised and re-adopted in 2013, 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 2011, and re-adopted in 2013.

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, Comprehensive Services Act, and Lynchburg Regional Juvenile Detention Center Funds.

Third Quarter Review

In mid-March, City staff will evaluate all expenditures and revenues as compared to budget and make recommendations to City Council regarding possible adjustments. Section 15.2-2507 of the *Code of Virginia* requires that a public hearing be held prior to City Council action when the potential increases in the appropriation are greater than one percent of the total expenditures shown in the currently adopted budget.

INVESTMENT POLICY

The City council adopted an investment policy on September 25, 2001, which was revised in 2008, and re-adopted in 2013, 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.

CITY OF LYNCHBURG, VIRGINIA **TABLE 1**

NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Governmental activities										
Net investment in capital assets	$ 135,832,636	$ 140,548,447	$ 139,205,720	$ 139,856,317	$ 143,158,392	$ 155,791,105	$ 161,777,277	$ 164,804,823	$ 166,830,517	$ 175,165,215
Restricted	-	-	171,844	-	19,975,370	20,149,056	18,733,893	23,708,274	18,760,659	16,805,325
Unrestricted	32,330,375	33,754,620	46,486,579	56,819,180	58,219,507	64,928,380	65,970,506	61,798,935	71,824,701	73,963,009
Total governmental activities net position	$ 168,163,011	$ 174,303,067	$ 185,864,143	$ 196,675,497	$ 221,353,269	$ 240,868,541	$ 246,481,676	$ 250,312,032	$ 257,415,877	$ 265,933,549
Business-type activities										
Net investment in capital assets	$ 112,022,931	$ 119,234,122	$ 125,543,179	$ 134,385,674	$ 146,157,075	$ 152,089,577	$ 167,081,709	$ 180,332,606	$ 182,791,158	$ 189,456,676
Restricted	-	-	-	1,765	4,708	8,786	5,213	10,312	119,534	25,193
Unrestricted	22,972,124	26,928,368	29,667,849	35,582,153	33,515,192	18,461,675	20,419,761	18,709,510	19,388,092	19,764,741
Total business-type activities net position	$ 134,995,055	$ 146,162,490	$ 155,211,028	$ 169,969,592	$ 179,676,975	$ 170,560,038	$ 187,506,683	$ 199,052,428	$ 202,298,784	$ 209,246,610
Primary government										
Net investment in capital assets	$ 247,855,567	$ 259,782,569	$ 264,748,899	$ 274,241,991	$ 289,315,467	$ 307,880,682	$ 328,858,986	$ 345,137,429	$ 349,621,675	$ 364,621,891
Restricted	-	-	171,844	1,765	19,980,078	20,157,842	18,739,106	23,718,586	18,880,193	16,830,518
Unrestricted	55,302,499	60,682,988	76,154,428	92,401,333	91,734,699	83,390,055	86,390,267	80,508,445	91,212,793	93,727,750
Total primary government net position	$ 303,158,066	$ 320,465,557	$ 341,075,171	$ 366,645,089	$ 401,030,244	$ 411,428,579	$ 433,988,359	$ 449,364,460	$ 459,714,661	$ 475,180,159

CITY OF LYNCHBURG, VIRGINIA **TABLE 2**

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General Government	$ 9,474,943	$ 10,120,602	$ 11,727,655	$ 12,148,875	$ 13,397,520	$ 14,572,569	$ 14,710,937	$ 13,623,646	$ 14,209,838	$ 15,116,426
Judicial	4,336,165	4,717,917	5,099,725	5,471,591	5,626,570	5,707,528	5,633,105	6,329,475	6,546,970	6,406,888
Public Safety	33,858,886	35,823,077	39,639,402	40,397,195	43,152,656	43,233,506	42,794,498	44,365,150	44,743,484	47,390,090
Public Works	17,638,226	18,764,769	20,760,247	19,643,233	21,511,617	28,957,020	26,790,420	25,504,881	25,535,985	26,539,357
Health and Human Services	20,391,462	21,328,976	20,095,986	23,439,351	27,078,262	26,097,589	24,935,622	24,577,656	24,620,381	25,274,269
Culture and Recreation	7,895,722	8,195,390	8,943,345	9,432,337	10,247,701	10,364,636	9,852,641	10,247,781	8,413,428	8,503,945
Community Development	10,373,473	6,375,560	6,469,555	6,759,110	5,284,797	4,974,659	5,024,903	5,490,368	7,757,830	5,076,676
Education	27,680,572	28,638,013	32,618,426	33,539,288	36,727,401	35,807,016	33,876,792	35,171,968	36,667,051	40,568,308
Interest payments and fiscal charges	3,520,381	4,634,912	4,999,355	5,444,098	5,821,141	5,605,088	6,286,182	5,625,344	5,481,482	5,005,302
Issuance costs	-	192,828	173,943	-	216,051	-	483,236	170,210	28,450	29,815
Total governmental activities expenses	135,169,830	138,792,044	150,527,639	156,275,078	169,063,716	175,319,611	170,388,336	171,106,479	174,004,899	179,911,076
Business-type activities:										
Solid Waste Management	6,902,366	5,794,660	5,599,954	6,436,950	8,240,113	206,551	-	-	-	-
Stormwater (1)	-	-	-	-	-	-	-	-	-	2,038,265
Airport	3,623,207	3,405,121	3,505,550	3,545,346	3,882,343	4,062,502	4,308,441	4,374,509	4,394,934	4,151,032
Water	8,859,383	8,743,519	9,273,940	9,846,038	11,406,440	11,274,496	12,600,109	12,231,617	11,881,318	12,822,767
Sewer	13,165,634	11,800,236	12,431,230	12,757,627	14,431,645	14,976,951	15,069,642	15,889,515	16,705,588	16,195,043
Total business-type activities expenses	32,550,590	29,743,536	30,810,674	32,585,961	37,960,541	30,520,500	31,978,192	32,495,641	32,981,840	35,207,107
Total primary government expenses	$ 167,720,420	$ 168,535,580	$ 181,338,313	$ 188,861,039	$ 207,024,257	$ 205,840,111	$ 202,366,528	$ 203,602,120	$ 206,986,739	$ 215,118,183

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

(Continued)

TABLE 2
(Continued)

CITY OF LYNCHBURG, VIRGINIA

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

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Program Revenues (see Table 3)										
Governmental Activities:										
Charges for services:										
General government	$ 416,760	$ 401,099	$ 466,636	$ 398,188	$ 556,888	$ 548,729	$ 437,468	$ 424,127	$ 523,344	$ 530,988
Judicial	625,331	620,348	741,266	730,625	716,313	737,613	846,930	686,417	781,941	917,900
Public safety	3,124,914	3,185,126	4,917,707	5,398,675	5,059,318	4,104,152	4,452,849	5,343,055	5,875,575	6,090,401
Public works	209,994	140,291	185,474	98,025	198,841	993,935	989,613	786,813	813,474	1,711,835
Health and human services	709,578	2,386,199	1,685,316	1,817,260	2,458,875	2,385,901	2,037,083	2,364,654	2,462,151	2,631,082
Cultural and Recreational	1,350,148	1,675,398	1,810,243	1,888,695	1,916,356	2,126,732	2,069,822	2,092,744	647,929	660,626
Community development	1,097,437	693,244	1,093,999	887,401	916,926	600,480	544,603	340,847	622,156	936,595
Operating Grants and Contributions	34,083,736	29,927,625	32,475,807	33,925,919	36,346,157	32,423,390	29,398,177	29,639,955	30,194,337	39,851,381
Capital Grants and Contributions	2,062,659	4,119,640	2,435,928	2,217,419	24,914,181	12,940,905	13,954,135	11,833,437	11,546,586	4,320,470
Total governmental activities program services	43,680,557	43,148,970	45,812,376	47,362,207	73,083,855	56,861,837	54,730,680	53,512,049	53,467,493	57,651,278
Business-type activities:										
Charges for services:										
Solid Waste Management	6,352,423	6,985,739	7,219,229	7,276,645	6,313,555	-	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-	-	3,355,267
Airport	1,480,543	1,637,730	1,762,826	1,848,109	1,839,685	1,967,871	2,152,132	2,093,668	2,011,159	2,124,073
Water	9,001,806	9,488,676	10,352,303	10,397,780	11,269,882	11,705,595	12,029,026	12,462,594	12,314,865	12,985,275
Sewer	13,919,612	14,682,219	15,405,174	16,040,587	17,861,892	17,716,586	18,536,169	18,023,990	18,520,421	18,913,651
Operating Grants and Contributions	272,894	311,173	415,801	398,850	406,261	178,948	203,659	202,704	158,129	951,522
Capital Grants and Contributions	7,203,733	5,562,333	3,066,896	8,918,563	7,490,370	4,826,469	15,197,159	10,563,426	2,007,777	2,827,806
Total business-type activities program revenues	38,231,011	38,667,870	38,222,229	44,880,534	45,181,645	36,395,469	48,118,145	43,346,382	35,012,351	41,157,594
Total primary government program revenues	$ 81,911,568	$ 81,816,840	$ 84,034,605	$ 92,242,741	$ 118,265,500	$ 93,257,306	$ 102,848,825	$ 96,858,431	$ 88,479,844	$ 98,808,872
Net (Expense) Revenue										
Governmental Activities	$ (91,489,273)	$ (95,643,074)	$ (104,715,263)	$ (108,912,871)	$ (95,979,861)	$ (118,457,774)	$ (115,657,656)	$ (117,594,430)	$ (120,537,406)	$ (122,259,798)
Business-type Activities	5,680,421	8,924,334	7,411,555	12,294,573	7,221,104	5,874,969	16,139,953	10,850,741	2,030,511	5,950,487
Total Primary Government Net Expenses	$ (85,808,852)	$ (86,718,740)	$ (97,303,708)	$ (96,618,298)	$ (88,758,757)	$ (112,582,805)	$ (99,517,703)	$ (106,743,689)	$ (118,506,895)	$ (116,309,311)

(Continued)

TABLE 2
(Continued)

CITY OF LYNCHBURG, VIRGINIA

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

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	$ 47,696,680	$ 49,831,096	$ 60,191,431	$ 57,241,907	$ 63,187,947	$ 65,185,656	$ 67,786,672	$ 69,849,510	$ 70,054,855	$ 74,446,360
Local sales and use taxes	11,528,820	12,221,811	13,319,691	14,481,096	14,266,750	13,056,829	12,675,632	13,290,563	13,440,973	13,589,747
Meals taxes	7,561,387	8,666,117	9,423,830	10,000,796	10,326,953	10,477,061	10,477,700	10,975,580	11,658,371	11,916,522
Consumer utility taxes	6,892,926	8,397,849	6,840,948	5,835,367	4,793,431	4,739,261	4,700,202	4,692,477	4,475,316	4,628,647
Business license taxes	6,507,848	7,032,917	7,675,284	7,922,666	8,010,597	7,913,270	7,818,381	7,263,543	7,885,841	8,057,554
Communications sales and use tax	-	-	-	1,669,968	3,893,158	3,537,283	3,552,028	3,534,449	3,462,621	3,471,805
Other taxes	6,509,095	6,096,139	6,794,113	6,697,407	5,827,855	5,719,878	6,070,900	6,377,684	7,299,554	5,823,989
Unrestricted intergovernmental	8,450,138	8,405,457	9,434,886	9,687,718	6,227,484	5,601,254	5,576,232	5,418,525	5,940,422	6,052,604
Interest	235,434	954,317	1,785,705	3,082,813	3,522,533	1,716,449	794,471	601,999	438,375	201,735
IRS interest subsidy - Build America bonds	-	-	-	-	-	-	283,891	146,839	293,680	293,680
Miscellaneous	1,234,747	1,090,845	1,605,259	1,919,538	1,026,286	3,827,687	1,683,037	1,498,803	1,162,435	1,606,926
Transfers	(217,924)	(469,136)	(304,924)	11,134	(577,893)	16,198,418	(261,260)	(259,950)	(417,961)	(336,330)
Gain (loss) on sale of assets	(22,450)	(705,032)	-	-	152,532	-	112,905	95,976	73,749	1,024,231
Total governmental activities	96,376,701	101,522,380	116,766,223	118,550,410	120,657,633	137,973,046	121,270,791	123,485,998	125,768,231	130,777,470
Business-type activities:										
Interest	340,736	582,522	1,248,981	2,382,245	1,784,508	825,779	207,953	206,665	210,782	108,977
IRS interest subsity - Build America Bonds	-	-	-	-	-	-	287,632	148,776	297,551	297,550
Miscellaneous	331,018	105,329	83,078	92,880	123,878	297,033	49,847	79,613	148,571	45,232
Transfers	217,924	469,136	304,924	(11,134)	577,893	(16,198,418)	261,260	259,950	-	336,330
Gain on sale of assets	(334,742)	(363,989)	-	-	-	83,700	-	-	417,961	209,250
Total business-type activities	554,936	792,998	1,636,983	2,463,991	2,486,279	(14,991,906)	806,692	695,004	1,074,865	997,339
Total primary government	$ 96,931,637	$ 102,315,378	$ 118,403,206	$ 121,014,401	$ 123,143,912	$ 122,981,140	$ 122,077,483	$ 124,181,002	$ 126,843,096	$ 131,774,809
Changes in Net Position										
Governmental activities	$ 4,887,428	$ 5,879,306	$ 12,050,960	$ 9,637,539	$ 24,677,772	$ 19,515,272	$ 5,613,135	$ 5,891,568	$ 5,230,825	$ 8,517,672
Business-type activities	6,235,357	9,717,332	9,048,538	14,758,564	9,707,383	(9,116,937)	16,946,645	11,545,745	3,105,376	6,947,826
Total primary government	$ 11,122,785	$ 15,596,638	$ 21,099,498	$ 24,396,103	$ 34,385,155	$ 10,398,335	$ 22,559,780	$ 17,437,313	$ 8,336,201	$ 15,465,498

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
Governmental Activities:										
General Government	$ 716,128	$ 726,708	$ 785,105	$ 734,876	$ 942,144	$ 900,082	$ 784,656	$ 733,374	$ 842,476	$ 842,595
Judicial	2,790,371	3,716,905	3,907,807	3,978,858	4,477,871	4,319,914	4,434,426	4,405,123	4,685,775	4,369,390
Public Safety	6,588,169	6,235,060	8,551,169	8,489,027	11,106,642	11,638,433	10,221,136	11,507,560	10,901,882	12,249,088
Public Works	7,557,688	8,821,426	9,246,609	9,143,028	31,409,029	13,461,837	14,184,338	12,761,729	13,637,579	16,225,091
Health and Human Services	15,501,010	15,273,759	15,728,602	17,439,083	20,030,396	20,093,434	19,645,184	19,710,295	19,756,196	20,786,993
Culture and Recreation	2,143,741	1,973,444	2,085,063	2,125,708	2,117,677	2,332,948	2,266,212	2,335,925	842,913	932,261
Community Development	7,060,174	3,114,730	3,658,669	3,239,533	2,134,843	3,322,867	2,217,737	2,027,021	2,445,719	2,216,576
Education	1,323,276	3,286,938	1,849,352	2,212,094	865,253	792,322	976,991	31,022	354,953	29,284
Subtotal governmental activities	43,680,557	43,148,970	45,812,376	47,362,207	73,083,855	56,861,837	54,730,680	53,512,049	53,467,493	57,651,278
Business-type activities:										
Solid Waste Management (1)	6,554,259	7,185,377	7,423,363	7,478,380	6,517,869	-	-	-	-	-
Stormwater (2)	-	-	-	-	-	-	-	-	-	4,005,267
Airport	4,004,944	3,213,025	3,468,328	10,159,028	7,283,243	2,889,032	4,917,589	4,331,554	3,452,187	5,046,920
Water	9,001,806	9,697,544	10,352,303	10,397,780	11,269,882	11,705,595	12,029,026	12,462,594	12,338,865	13,067,064
Sewer	18,670,002	18,571,924	16,978,235	16,845,346	20,110,651	21,800,842	31,171,530	26,552,234	19,221,299	19,038,343
Subtotal business-type activities	38,231,011	38,667,870	38,222,229	44,880,534	45,181,645	36,395,469	48,118,145	43,346,382	35,012,351	41,157,594
Total primary government	$ 81,911,568	$ 81,816,840	$ 84,034,605	$ 92,242,741	$ 118,265,500	$ 93,257,306	$ 102,848,825	$ 96,858,431	$ 88,479,844	$ 98,808,872

(1) The Solid Waste Management fund was closed during FY 2009.
(2) The Stormwater fund was created in FY 2013.

TABLE 4

FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Pre-GASB 54						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	$ 933,133	$ 1,131,403	$ 879,657	$ 1,236,149	$ 2,406,773	$ 719,850	$ 1,457,305
Unreserved	22,830,309	25,356,742	35,906,892	31,541,207	32,158,992	36,459,043	44,287,091
Total General Fund	$ 23,763,442	$ 26,488,145	$ 36,786,549	$ 32,777,356	$ 34,565,765	$ 37,178,893	$ 45,744,396
All Other Governmental Funds							
Reserved	$ 14,416,749	$ 6,941,128	$ 6,687,005	$ 5,430,322	$ 44,832,256	$ 31,264,091	$ 9,752,227
Unreserved, reported in:							
Special revenue funds	3,901,971	3,464,014	4,071,768	3,219,576	1,082,960	4,263,967	4,265,193
Capital projects funds	730,434	(2,600,639)	9,825,526	13,985,011	6,697,269	11,646,868	31,943,779
Total All Other Governmental Funds	$ 19,049,154	$ 7,804,503	$ 20,584,299	$ 22,634,909	$ 52,612,485	$ 47,174,926	$ 45,961,199

		Post-GASB 54	
	2011	2012	2013
General Fund			
Committed	$ 13,707,762	$ 13,992,915	$ 14,610,825
Assigned	4,077,230	5,574,299	3,128,072
Unassigned	29,215,575	28,835,650	31,675,248
Total General Fund	$ 47,000,567	$ 48,402,864	$ 49,414,145
All Other Governmental Funds			
Nonspendable	$ 500,000	$ 500,000	$ 450,000
Restricted	23,708,274	18,760,659	16,805,325
Committed	18,396,943	21,518,899	17,761,570
Assigned	121,599	126,818	100,000
Unassigned	(539,488)	(257,944)	(257,945)
Total All Other Governmental Funds	$ 42,187,328	$ 40,648,432	$ 34,858,950

Note: Seven years of data is available for GASB 34 compliance. Three years of data is available for GASB 54 compliance.
GASB 54 was adopted in FY 2011.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	$ 86,781,006	$ 92,733,402	$103,986,837	$102,976,887	$110,668,029	$ 110,330,014	$ 112,551,637	$ 115,044,676	$ 116,760,078	$ 122,436,720
Regulatory licenses, permits, and privilege fees	738,887	635,880	1,025,782	887,272	849,742	650,514	664,028	683,712	916,546	991,098
Intergovernmental	42,590,744	40,066,285	43,636,173	45,511,572	67,254,109	50,772,908	48,877,101	46,663,521	47,320,286	50,245,714
Fines and forfeitures	551,716	552,797	593,518	581,986	586,661	612,595	667,756	598,424	721,839	726,438
Revenue from use of money and property	1,473,169	2,236,442	3,092,260	4,438,852	4,843,948	3,113,910	2,177,785	1,962,064	749,017	506,030
Charges for services	8,384,511	9,968,139	10,362,547	10,480,891	11,155,656	11,782,655	11,846,063	11,977,908	11,467,834	13,687,367
Miscellaneous	3,125,934	1,880,832	2,158,618	2,019,557	1,035,977	2,317,772	2,281,001	1,863,720	1,828,931	2,863,553
Total revenues	143,645,967	148,073,777	164,855,735	166,897,017	196,394,122	179,580,368	179,065,371	178,794,025	179,764,531	191,456,920
Expenditures										
General government	12,130,482	12,772,780	13,236,092	14,284,594	14,978,175	16,046,197	16,125,721	15,157,924	15,499,218	16,130,210
Judicial	4,134,506	4,573,231	4,875,257	5,279,455	5,359,727	5,478,171	5,347,422	5,553,219	5,790,132	5,767,935
Public Safety	33,129,964	35,179,870	36,850,835	38,394,220	40,564,072	41,723,778	40,379,295	42,216,297	42,427,687	46,421,193
Public Works	10,271,407	16,347,027	14,294,952	13,054,801	14,583,441	22,154,990	18,834,896	17,746,056	17,681,810	19,474,530
Health and human services	26,853,682	20,883,082	20,815,071	22,886,119	26,320,281	25,693,662	24,400,078	23,992,172	24,172,488	25,059,481
Cultural and recreational	7,549,794	7,770,918	8,291,783	8,753,747	9,197,360	9,496,115	8,915,422	9,114,228	7,383,687	7,672,890
Community development	8,514,631	6,352,211	6,333,310	6,716,287	5,097,359	4,990,958	5,200,664	5,507,839	7,734,642	5,072,557
Education (1)	26,005,227	27,714,269	30,057,224	30,330,939	33,170,354	32,191,853	29,472,854	30,343,130	31,830,468	35,590,981
Capital Outlay										
Capital general government (2)	25,350,920	13,049,200	13,958,226	14,285,864	14,477,202	33,101,444	37,055,272	12,891,432	10,688,906	14,864,174
Debt Services										
Principal Retirement	18,957,684	7,431,610	18,870,007	8,428,304	8,400,119	8,582,070	17,214,799	10,872,412	10,119,044	10,103,234
Interest payments and other fiscal charges	4,417,364	4,584,994	4,554,384	5,113,526	5,519,494	5,455,250	5,619,800	5,671,296	5,399,200	4,985,875
Issuance costs	-	192,826	173,943	-	216,051	-	483,236	170,210	28,450	29,815
Total expenditures	177,315,661	156,852,018	172,311,084	167,527,856	177,883,635	204,914,488	209,049,459	179,236,215	178,755,732	191,172,875
Excess (deficiency) of revenues over expenditures	(33,669,694)	(8,778,241)	(7,455,349)	(630,839)	18,510,487	(25,334,120)	(29,984,088)	(442,190)	1,008,799	284,045
Other financing sources (uses)										
Proceeds from debt issues	47,234,898	-	31,725,694	-	16,788,389	6,156,611	36,180,000	-	-	-
Premium on debt proceeds	-	-	732,486	-	167,163	-	993,827	-	-	-
Discount on debt proceeds	-	-	-	-	-	-	(959,560)	-	-	-
Issuance of refunding bonds	-	26,322,927	-	-	4,824,128	-	6,103,649	18,591,517	-	4,129,625
Issuance of refunding capital lease	-	1,679,825	-	-	-	-	-	-	-	-
Refunded bond principal payments	-	-	-	-	(4,756,894)	-	-	-	-	-
Payments to escrow agent	-	(28,063,727)	-	-	-	-	(6,046,285)	(18,397,260)	-	(4,129,625)
Capital contributions	-	1,938,525	-	-	-	-	-	-	-	(4,725,916)
Transfers in	6,857,148	4,731,105	4,969,990	14,494,290	7,790,103	25,197,199	5,962,962	10,739,030	11,057,987	9,560,807
Transfers out	(8,544,661)	(6,550,242)	(6,894,621)	(16,995,849)	(11,557,391)	(8,844,121)	(4,898,729)	(10,947,585)	(12,203,385)	(9,897,137)
Total other financing sources (uses)	45,547,385	58,413	30,533,549	(2,501,559)	13,255,498	22,509,689	37,335,864	(14,298)	(1,145,398)	(5,062,246)
Net Change in fund balances	$ 11,877,691	$ (8,719,828)	$ 23,078,200	$ (3,132,398)	$ 31,765,985	$ (2,824,431)	$ 7,351,776	$ (456,488)	$ (136,599)	$ (4,778,201)
Debt Service as a percentage of noncapital expenditures	15.38%	8.49%	14.90%	8.84%	8.65%	8.17%	13.56%	10.05%	9.25%	8.58%

(1) Education was included in transfers to component units prior to FY 2003
(2) Beginning with restating FY 2006, and going forward, capital outlay was adjusted to reflect all capital expenditures. The functional categories of current expenditures were adjusted to reflect the reduction for capital expenditures already reported.

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Revenues:										
Taxes	$ 85,774,800	$ 91,739,497	$ 103,012,216	$ 102,480,268	$ 110,636,590	$ 110,297,053	$ 112,519,658	$ 115,009,873	$ 116,760,078	$ 122,436,720
Regulatory licenses, permits, and privilege fees	738,887	635,880	1,025,782	887,272	849,742	650,514	664,028	683,712	916,546	991,098
Intergovernmental	27,295,898	27,321,323	30,391,990	31,311,980	33,410,321	33,646,195	33,239,946	33,199,440	35,030,474	33,669,141
Fines & forfeitures	551,716	552,797	593,518	581,986	586,661	612,595	667,756	598,424	721,839	726,438
Revenues from use of money & property	797,531	1,373,658	2,130,172	3,377,730	3,308,104	1,403,024	995,450	840,217	690,069	437,531
Charges for services	6,371,250	6,442,510	7,376,311	7,083,847	7,198,099	7,593,070	7,905,479	7,907,113	7,676,012	9,949,886
Miscellaneous	666,969	955,066	1,261,164	387,005	452,272	1,168,236	1,132,221	945,324	871,056	1,097,217
Total revenues	122,197,051	129,020,731	145,791,153	146,110,088	156,441,789	155,370,687	157,124,538	159,184,103	162,666,074	169,308,031
Expenditures:										
Current operating expenditures:										
General government	11,960,240	12,499,485	13,176,072	14,111,441	14,561,922	15,808,721	15,896,808	15,453,014	15,908,597	16,408,318
Judicial	3,303,952	3,536,008	3,827,095	4,182,946	4,423,005	4,457,959	4,342,042	4,426,215	4,421,907	4,650,024
Public safety	29,178,810	31,113,303	32,782,350	34,640,217	36,703,695	36,981,993	36,756,234	38,405,071	38,845,495	42,026,411
Public works	10,244,342	10,616,660	11,801,684	11,565,845	11,257,662	17,209,120	14,432,901	15,139,289	14,436,170	15,547,537
Health and human services	21,317,811	15,744,061	16,111,220	16,577,034	18,890,171	19,126,038	18,532,152	18,713,485	18,268,410	18,905,329
Cultural & recreational	6,427,237	6,466,171	6,926,949	7,287,216	7,691,627	7,794,603	7,311,064	7,397,754	7,383,687	7,560,762
Community development	3,102,768	3,874,987	3,559,260	4,034,373	3,936,251	3,730,495	3,604,356	3,883,971	3,930,173	3,504,251
Education	26,005,227	27,125,060	29,894,763	30,418,183	32,932,233	32,150,370	29,443,654	30,310,602	31,696,712	35,308,205
Debt service:										
Principal retirements	17,839,066	7,024,174	18,326,124	7,702,865	7,812,969	8,152,512	16,708,675	10,354,910	9,706,899	9,693,099
Interest payments and other fiscal charges	3,848,634	4,246,388	4,273,525	4,794,314	5,212,231	5,121,995	5,307,936	5,380,142	5,225,436	4,829,728
Issuance costs	-	161,433	146,165	-	127,866	-	186,536	162,757	28,450	29,815
Total expenditures	133,228,087	122,407,730	140,825,207	135,314,434	143,549,632	150,533,806	152,522,358	149,627,210	149,851,936	158,463,479
Excess (deficiency) of revenues over expenditures	(11,031,036)	6,613,001	4,965,946	10,795,654	12,892,157	4,836,881	4,602,180	9,556,893	12,814,138	10,844,552
Other financing sources (uses):										
Issuance of bonds	19,063,115	-	10,644,739	-	69,980	-	7,082,817	-	-	-
Premium on debt proceeds	-	-	361,837	-	-	-	540,631	-	-	-
Issuance of refunding bonds	-	24,393,868	-	-	4,106,224	-	5,929,460	16,605,512	-	4,129,625
Refunded bond principal payments	-	-	-	-	(4,048,996)	-	-	-	-	-
Payments to escrow agent	-	(24,152,140)	-	-	-	-	(5,872,800)	(16,418,708)	-	(4,129,625)
Transfers in	927,197	994,616	504,783	126,333	26,150	6,450,066	464,020	546,826	283,272	18,524
Transfers out	(7,065,218)	(5,182,642)	(6,178,901)	(15,241,180)	(11,257,106)	(8,673,819)	(4,180,805)	(10,170,259)	(11,695,113)	(9,851,795)
Total other financing sources (uses)	12,925,094	(3,946,298)	5,332,458	(15,114,847)	(11,103,748)	(2,223,753)	3,963,323	(9,436,629)	(11,411,841)	(9,833,271)
Net changes in fund balances	1,894,058	2,666,703	10,298,404	(4,319,193)	1,788,409	2,613,128	8,565,503	120,264	1,402,297	1,011,281
Fund balance - beginning, as restated (1)	21,869,384	23,821,442	26,488,145	37,096,549	32,777,356	34,565,765	37,178,893	46,880,303	47,000,567	48,402,864
Fund balance - ending	$ 23,763,442	$ 26,488,145	$ 36,786,549	$ 32,777,356	$ 34,565,765	$ 37,178,893	$ 45,744,396	$ 47,000,567	$ 48,402,864	$ 49,414,145

(1) Beginning fund balance restated as of June 30, 2004, June 30, 2006 and June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report, June 30, 2005, 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									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Revenues:										
Intergovernmental	$ 63,603,079	$ 67,442,823	$ 71,207,508	$ 78,033,072	$ 82,325,106	$ 86,283,375	$ 82,233,197	$ 71,983,645	$ 74,046,427	$ 78,946,545
Revenue from use of money & property	1,643	2,100	32,611	31,600	34,279	6,748	1,314	527	136	106
Charges for services	386,744	324,097	395,382	1,344,909	1,380,153	1,367,940	1,228,196	1,504,368	1,556,187	1,468,451
Miscellaneous	203,831	392,233	343,074	159,662	208,542	111,542	230,075	804,264	1,197,197	590,372
Total revenues	64,195,297	68,161,253	71,978,575	79,569,243	83,948,080	87,769,605	83,692,782	74,292,804	76,799,947	81,005,474
Expenditures:										
Education:										
Instruction	49,693,140	52,327,742	55,484,371	60,849,179	63,943,555	66,182,342	61,342,226	54,022,173	54,189,572	57,096,206
Administration, attendance, and health	2,062,680	2,128,927	2,424,016	2,821,351	4,301,683	4,962,843	4,069,394	3,820,833	3,767,196	4,193,846
Pupil transportation services	3,001,085	3,214,586	3,774,716	4,112,219	4,698,221	4,122,671	3,508,602	3,786,131	4,418,735	4,661,286
Operations and maintenance	7,575,110	7,976,868	8,890,256	10,086,015	9,876,043	10,336,820	9,885,883	9,347,596	9,287,310	9,643,581
Food service and other	-	-	-	-	-	528	-	-	-	5,633
Facilities	858,962	-	-	-	-	55,414	64,784	48,403	40,563	87,879
Technology	-	-	-	-	-	-	2,048,301	2,037,654	2,362,774	2,049,937
Capital outlay	1,471,364	2,698,587	1,956,743	1,373,409	1,779,204	1,942,808	1,683,684	709,526	1,999,266	3,253,181
Debt service:										
Principal retirements	737,511	724,075	782,024	867,874	834,058	947,970	920,908	642,489	480,697	264,931
Interest payments	58,727	48,412	92,951	80,702	93,842	89,419	72,838	44,389	22,256	8,261
Total expenditures	65,458,579	69,119,197	73,405,077	80,190,749	85,526,606	88,640,815	83,596,620	74,459,194	76,568,369	81,264,741
Excss (deficiency) of revenues over expenditures	(1,263,282)	(957,944)	(1,426,502)	(621,506)	(1,578,526)	(871,210)	96,162	(166,390)	231,578	(259,267)
Other financing sources (uses):										
Capital lease proceeds	-	1,500,000	750,000	1,000,000	1,000,000	1,000,000	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	(433,046)	(23,726)	-	(26,655)
Total other financing sources (uses)	-	1,500,000	750,000	1,000,000	1,000,000	1,000,000	(433,046)	(23,726)	-	(26,655)
Net change in fund balances	(1,263,282)	542,056	(676,502)	378,494	(578,526)	128,790	(336,884)	(190,116)	231,578	(285,922)
Fund balance - beginning	2,260,909	997,627	1,539,683	863,181	1,241,675	663,149	791,939	455,055	264,939	496,517
Fund balance - ending	$ 997,627	$ 1,539,683	$ 863,181	$ 1,241,675	$ 663,149	$ 791,939	$ 455,055	$ 264,939	$ 496,517	$ 210,595

CITY OF LYNCHBURG, VIRGINIA **TABLE 8**

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
SOLID WASTE MANAGEMENT FUND (2)
FINAL SIX FISCAL YEARS

	Fiscal Year					
	2004	**2005**	**2006**	**2007**	**2008**	**2009**
Operating revenues:						
Charges for services and other operating revenues	$ 6,352,423	$ 6,985,739	$ 7,219,229	$ 7,276,645	$ 6,313,555	$ -
Total operating revenues	6,352,423	6,985,739	7,219,229	7,276,645	6,313,555	-
Operating expenses: (1)						
Personal services and benefits	-	1,704,262	1,780,192	1,836,677	1,735,135	-
Operation and maintenance	4,882,140	481,135	539,736	789,615	1,182,370	-
Supplies and materials	-	735,989	675,795	915,039	809,041	-
Administration	67,791	1,046,949	968,816	809,909	752,468	-
Landfill closure and postclosure care	348,643	147,355	(10,680)	492,408	1,404,613	-
Other charges	-	68,429	45,333	62,399	58,990	-
Depreciation	905,666	836,599	816,017	770,892	1,523,214	-
Total operating expenses	6,204,240	5,020,718	4,815,209	5,676,939	7,465,831	-
Operating income (loss)	148,183	1,965,021	2,404,020	1,599,706	(1,152,276)	-
Nonoperating revenues (expenses):						
Interest income	77,098	193,886	464,624	788,040	714,888	363,207
Governmental grants	201,836	199,638	204,134	201,735	204,314	-
Miscellaneous	113,451	67,665	43,347	65,594	81,774	889
Gain (loss) on disposition of assets	(95,876)	(49,893)	(14,922)	(12,540)	(805)	83,700
Interest on long-term debt	(327,127)	(303,528)	(301,809)	(238,168)	(243,528)	(118,078)
Total nonoperating revenues (expenses)	(30,618)	107,768	395,374	804,661	756,643	329,718
Income before contributions and transfers	117,565	2,072,789	2,799,394	2,404,367	(395,633)	329,718
Transfers in	284,282	732,529	732,529	732,529	1,572,529	-
Transfers out	-	(371,855)	(532,855)	(582,000)	(813,500)	(16,494,268)
Change in net assets	401,847	2,433,463	2,999,068	2,554,896	363,396	(16,164,550)
Total net assets - beginning	7,411,880	7,813,727	10,247,190	13,246,258	15,801,154	-
Ending net assets:						
Invested in capital assets, net of related debt	2,035,525	2,271,866	2,467,438	2,543,907	4,399,040	-
Restricted	-	-	-	-	-	-
Unrestricted	5,778,202	7,975,324	10,778,820	13,257,247	11,765,510	-
Total net assets - ending	$ 7,813,727	$ 10,247,190	$ 13,246,258	$ 15,801,154	$ 16,164,550	$ -

(1) Beginning in FY 2005, operation and maintenance expenses reported in more detail.
(2) In FY 2009 the Solid Waste Management Fund was closed.

CITY OF LYNCHBURG, VIRGINIA

TABLE 9

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Operating revenues:										
Charges for services and other operating revenues	$ 9,001,806	$ 9,488,676	$ 10,352,303	$ 10,397,780	$ 11,269,882	$ 11,705,595	$ 12,029,026	$ 12,462,594	$ 12,314,865	$ 12,985,275
Total operating revenues	9,001,806	9,488,676	10,352,303	10,397,780	11,269,882	11,705,595	12,029,026	12,462,594	12,314,865	12,985,275
Operating expenses: (2)										
Personal services and benefits	-	2,830,609	2,953,729	3,175,057	3,696,365	3,886,560	4,010,326	4,253,120	3,835,816	4,385,357
Operation and maintenance	3,752,474	1,120,155	1,052,595	1,086,665	1,439,712	1,296,658	1,839,617	1,234,608	1,158,818	1,460,251
Supplies and materials	-	650,421	833,802	915,748	1,409,039	1,451,738	1,353,184	1,471,159	1,296,768	1,220,000
Administration	2,129,563	1,318,927	1,359,399	1,329,083	1,299,889	1,227,113	1,084,407	1,174,601	1,182,821	1,220,437
Other charges	-	48,269	68,637	57,613	55,342	61,621	52,684	67,481	60,133	65,424
Depreciation	1,952,385	1,743,936	1,771,749	1,796,958	2,072,079	2,090,517	2,468,788	2,519,349	2,701,356	2,711,581
Total operating expenses	7,834,422	7,712,317	8,039,911	8,361,124	9,972,426	10,014,207	10,809,006	10,720,318	10,235,712	11,063,050
Operating income	1,167,384	1,776,359	2,312,392	2,036,656	1,297,456	1,691,388	1,220,020	1,742,276	2,079,153	1,922,225
Nonoperating revenues (expenses):										
Interest income	57,640	123,527	264,029	629,409	343,836	82,842	22,207	30,674	40,275	2,729
Governmental grants	-	-	-	-	-	-	-	-	-	72,289
Miscellaneous	17,052	26,984	3,902	8,468	28,142	25,223	29,613	19,585	10,847	16,535
Loss on disposition of assets	(238,743)	(8,422)	(17,683)	(12,880)	-	-	-	(293)	-	-
Interest on long-term debt	(971,932)	(963,889)	(1,135,500)	(1,382,240)	(1,331,124)	(1,267,391)	(1,796,575)	(1,520,334)	(1,643,503)	(1,751,114)
IRS interest subsidy - Build America Bonds	-	-	-	-	-	-	243,211	125,799	251,598	251,598
Total nonoperating revenues (expenses)	(1,135,983)	(821,800)	(885,252)	(757,243)	(959,146)	(1,159,326)	(1,501,544)	(1,344,569)	(1,340,783)	(1,407,963)
Income before contributions and transfers	31,401	954,559	1,427,140	1,279,413	338,310	532,062	(281,524)	397,707	738,370	514,262
Capital contributions	-	208,868	-	-	-	-	-	-	24,000	9,500
Transfers out	(161,000)	(147,123)	(182,846)	(77,000)	(215,500)	-	-	-	-	-
Change in net position	(129,599)	1,016,304	1,244,294	1,202,413	122,810	532,062	(281,524)	397,707	762,370	523,762
Total net position - beginning, as restated (1)	31,108,943	30,979,344	31,995,648	33,239,942	34,442,355	34,565,165	35,097,227	34,815,703	35,273,830	36,036,200
Ending net position:										
Net investment in capital assets	24,348,833	25,767,489	27,805,400	27,457,812	28,835,542	29,577,116	29,406,782	28,353,428	28,177,375	27,787,795
Unrestricted	6,630,511	6,228,159	5,434,542	6,984,543	5,729,623	5,520,111	5,408,921	6,859,982	7,858,825	8,772,167
Total net position - ending	$ 30,979,344	$ 31,995,648	$ 33,239,942	$ 34,442,355	$ 34,565,165	$ 35,097,227	$ 34,815,703	$ 35,213,410	$ 36,036,200	$ 36,559,962

(1) Total net position - beginning, was restated as of June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report for FY 2012 for an explanation.
(2) Beginning in FY 2005, operation and maintenance expenses reported in more detail.

CITY OF LYNCHBURG, VIRGINIA **TABLE 10**

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Operating revenues:										
Charges for services and other operating revenues	$ 13,919,612	$ 14,682,219	$ 15,405,174	$ 16,040,587	$ 17,861,892	$ 17,716,586	$ 18,536,169	$ 18,023,990	$ 18,520,421	$ 18,913,651
Total operating revenues	13,919,612	14,682,219	15,405,174	16,040,587	17,861,892	17,716,586	18,536,169	18,023,990	18,520,421	18,913,651
Operating expenses: (2)										
Personal services and benefits	-	1,894,076	1,919,958	2,094,012	2,497,423	2,580,269	2,690,817	2,821,960	2,963,550	2,731,139
Operation and maintenance	5,749,871	1,684,070	1,942,779	1,776,185	2,653,861	2,922,473	2,648,489	2,756,734	3,054,420	2,493,078
Supplies and materials	-	773,012	836,684	841,857	906,778	988,444	1,120,551	1,142,833	1,119,265	1,040,125
Administration	858,727	1,744,083	1,798,976	1,863,792	2,025,740	2,370,470	2,222,341	2,599,513	2,337,126	2,273,339
Other charges	-	23,902	40,887	34,347	35,078	35,903	45,466	39,915	70,699	33,447
Depreciation	3,662,382	3,777,969	3,954,820	4,108,561	4,296,493	4,430,958	4,857,843	5,035,336	5,819,288	6,147,918
Total operating expenses	10,270,980	9,897,112	10,494,104	10,718,754	12,415,373	13,328,517	13,585,507	14,396,291	15,364,348	14,719,046
Operating income	3,648,632	4,785,107	4,911,070	5,321,833	5,446,519	4,388,069	4,950,662	3,627,699	3,156,073	4,194,605
Nonoperating revenues (expenses):										
Interest income	200,511	248,236	456,342	858,384	691,799	363,942	182,548	173,319	167,849	102,589
Governmental grants	38,500	38,500	38,500	38,500	38,500	38,500	93,000	93,000	-	93,667
Miscellaneous	103,553	5,157	29,183	6,558	5,800	257,943	15,985	15,936	125,336	11,999
Gain (loss) on disposition of assets	2,080	(305,674)	(24,334)	-	-	-	-	-	-	(160,294)
Interest on long-term debt	(2,818,973)	(1,777,877)	(1,777,407)	(1,901,244)	(1,838,986)	(1,632,263)	(1,496,908)	(1,477,230)	(1,359,726)	(1,234,971)
IRS interest subsidy - Build America Bonds	-	-	-	-	-	-	44,421	22,977	45,953	45,952
Total nonoperating revenues (expenses)	(2,474,329)	(1,791,658)	(1,277,716)	(997,802)	(1,102,887)	(971,878)	(1,160,954)	(1,171,998)	(1,020,588)	(1,141,058)
Income before contributions and transfers	1,174,303	2,993,449	3,633,354	4,324,031	4,343,632	3,416,191	3,789,708	2,455,701	2,135,485	3,053,547
Capital contributions	4,711,890	3,851,205	1,534,561	766,259	2,210,259	4,045,756	12,542,361	8,435,244	700,878	31,025
Transfers out	(396,189)	(164,394)	(110,389)	(452,000)	(325,000)	-	-	-	(3,401)	-
Change in net position	5,490,004	6,680,260	5,057,526	4,638,290	6,228,891	7,461,947	16,332,069	10,890,945	2,832,962	3,084,572
Total net position - beginning, as restated (1)	68,706,621	75,646,728	82,326,988	87,384,514	92,022,804	98,251,695	105,713,642	122,045,711	132,997,076	135,830,038
Ending net position:										
Net investment in capital assets	63,406,634	69,171,836	73,629,641	74,801,294	78,570,747	89,162,429	103,867,512	118,483,855	122,482,265	128,264,125
Unrestricted	10,789,991	13,155,152	13,754,873	17,221,510	19,680,948	16,551,213	18,178,199	14,452,801	13,347,773	10,650,485
Total net position - ending	$ 74,196,625	$ 82,326,988	$ 87,384,514	$ 92,022,804	$ 98,251,695	$ 105,713,642	$ 122,045,711	$ 132,936,656	$ 135,830,038	$ 138,914,610

(1) Total net position - beginning, was restated as of June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report for FY 2012 for an explanation.
(2) Beginning in FY 2005, operation and maintenance expenses reported in more detail.

CITY OF LYNCHBURG, VIRGINIA

TABLE 11

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
STORMWATER FUND
CURRENT FISCAL YEAR

	2013
Operating revenues:	
Charges for services and other operating revenues	$ 3,355,267
Intergovernmental	650,000
Total operating revenues	4,005,267
Operating expenses:	
Personal services and benefits	281,160
Operation and maintenance	651,189
Supplies and materials	50,358
Administration	1,109,817
Other charges	4,804
Total operating expenses	2,097,328
Operating income	1,907,939
Nonoperating revenue:	
Miscellaneous	1
Total nonoperating revenue	1
Change in net position	1,907,940
Total net position - beginning	-
Ending net position:	
Net investment in capital assets	99,062
Unrestricted	1,808,878
Total net position - ending	$ 1,907,940

The Stormwater Fund was created in FY 2013.

CITY OF LYNCHBURG, VIRGINIA **TABLE 12**

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

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Operating revenues:										
Charges for services and other operating revenues	$ 1,480,514	$ 1,637,730	$ 1,762,826	$ 1,848,109	$ 1,839,685	$ 1,967,871	$ 2,152,132	$ 2,093,668	$ 2,011,159	$ 2,124,073
Intergovernmental	32,588	71,309	146,198	129,582	132,487	178,948	179,276	168,209	158,129	135,566
Total operating revenues	1,513,102	1,709,039	1,909,024	1,977,691	1,972,172	2,146,819	2,331,408	2,261,877	2,169,288	2,259,639
Operating expenses: (2)										
Personal services and benefits	-	1,009,935	795,052	867,626	954,186	912,723	940,547	962,868	917,266	942,087
Operation and maintenance	1,665,851	424,166	695,575	751,314	710,025	825,665	962,156	993,088	979,812	1,008,265
Supplies and materials	-	88,525	111,521	96,152	117,270	99,852	107,755	118,586	122,848	113,371
Administration	558,515	191,387	231,161	235,657	231,223	203,813	242,702	233,300	263,522	243,385
Other charges	-	19,803	17,678	16,004	15,683	17,935	20,088	15,794	21,416	18,000
Depreciation	1,492,120	1,546,691	1,545,339	1,568,656	1,720,304	1,911,836	1,964,051	1,969,925	2,035,816	1,782,786
Total operating expenses	3,716,486	3,280,507	3,396,326	3,535,409	3,748,691	3,971,824	4,237,299	4,293,561	4,340,680	4,107,894
Operating loss	(2,203,384)	(1,571,468)	(1,487,302)	(1,557,718)	(1,776,519)	(1,825,005)	(1,905,891)	(2,031,684)	(2,171,392)	(1,848,255)
Nonoperating revenues (expenses):										
Interest income	5,487	16,873	63,986	106,412	33,985	15,788	3,198	2,672	2,658	3,659
Governmental grants	-	1,726	26,969	29,033	30,960	-	24,383	34,495	-	
Passenger facility charges **(3)**	230,179	256,800	246,981	223,331	185,815	319,360	377,504	350,002	321,031	-
Miscellaneous	96,961	5,523	6,646	12,260	8,162	11,508	4,249	44,092	12,388	16,697
Gain (loss) on disposition of assets	(2,203)	-	-	117,431	-	-	-	(17,651)	-	137,762
Interest on long-term debt	(120,904)	(107,691)	(89,365)	(103,910)	(108,456)	(86,964)	(73,265)	(64,581)	(54,416)	(45,020)
Total nonoperating revenues (expenses)	209,520	173,231	255,217	384,557	150,466	259,692	336,069	349,029	281,661	113,098
Loss before contributions and transfers	(1,993,864)	(1,398,237)	(1,232,085)	(1,173,161)	(1,626,053)	(1,565,313)	(1,569,822)	(1,682,655)	(1,889,731)	(1,735,157)
Capital contributions	2,491,843	1,245,460	1,285,354	7,928,973	5,094,296	422,853	2,184,294	1,685,180	961,868	2,452,072
Passenger facility charges **(3)**	-	-	-	-	-	-	-	-	-	335,209
Transfers in	490,831	419,980	398,485	367,337	359,364	295,850	261,260	259,950	421,362	336,330
Change in net position	988,810	267,203	451,754	7,123,149	3,827,607	(846,610)	875,732	262,475	(506,501)	1,388,454
Total net position - beginning - as restated (1)	22,033,667	23,022,477	23,289,680	23,741,434	30,864,583	34,692,190	33,845,580	34,721,312	35,003,927	34,497,426
Ending net position:										
Net investment in capital assets	22,231,939	22,022,931	21,640,700	29,582,661	34,351,746	33,350,032	33,807,415	33,495,323	32,131,518	33,305,694
Restricted	-	-	312,049	1,765	4,708	8,786	5,213	10,312	119,534	25,193
Unrestricted	790,538	1,266,749	1,788,685	1,280,157	335,736	486,762	908,684	1,478,152	2,246,374	2,554,993
Total net position - ending	$ 23,022,477	$ 23,289,680	$ 23,741,434	$ 30,864,583	$ 34,692,190	$ 33,845,580	$ 34,721,312	$ 34,983,787	$ 34,497,426	$ 35,885,880

(1) Total net position - beginning, was restated as of June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report for FY 2012 for an explanation.
(2) Beginning in FY 2005, operation and maintenance expenses reported in more detail.
(3) Beginning in FY 2013, 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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Real Estate	$ 34,033,120	$ 34,949,790	$ 39,116,533	$ 40,449,499	$ 45,992,171	$ 47,630,637	$ 50,063,382	$ 50,443,704	$ 50,575,233	$ 54,258,297
PSC Taxes	2,440,156	2,441,684	2,123,037	2,084,337	1,859,402	2,092,537	2,156,835	2,231,177	2,188,113	2,333,580
Personal Property Tax	10,643,759	12,337,162	18,512,544	13,601,986	15,404,439	14,888,406	14,735,238	15,452,280	16,138,693	16,757,814
Penalties & Interest	663,897	682,712	819,079	665,421	711,491	896,215	862,989	954,397	1,032,498	1,142,986
Sales & Use Tax	11,528,820	12,221,813	13,319,691	14,481,096	14,266,750	13,056,829	12,686,171	13,290,563	13,440,973	13,589,747
Utility Tax (1)	6,892,926	7,087,224	6,870,716	5,919,376	4,861,021	4,813,312	4,758,781	5,035,929	4,817,306	4,975,084
Business License Tax	6,507,848	7,371,507	7,237,403	7,569,060	7,649,395	7,324,838	7,297,765	6,999,206	7,197,936	7,463,878
Franchise License Tax (1)	570,921	574,721	584,346	316,824	4,277	500	4,527	8,554	4,527	500
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
Motor Vehicles Licenses	1,246,702	1,498,014	856,406	1,491,186	1,511,831	1,572,792	1,601,123	1,621,362	1,629,845	1,643,420
Bank Stock Taxes	590,123	545,221	598,733	503,322	442,123	500,385	685,879	901,240	817,990	722,734
Taxes on Recordation and Wills	414,598	561,009	786,799	809,424	661,671	401,833	525,417	381,719	461,835	549,056
Tobacco Taxes	1,083,020	1,087,358	972,337	1,002,130	1,014,759	1,044,465	953,513	936,648	974,864	1,025,289
Admission and Amusement Taxes	261,647	344,161	368,680	409,473	407,024	400,835	576,139	610,625	644,842	660,558
Hotel and Motel Room Taxes	1,363,085	1,392,866	1,491,943	1,565,191	1,698,848	1,742,232	1,667,064	1,738,042	1,787,719	1,967,393
Restaurant Food Taxes	7,561,387	8,666,119	9,382,349	9,974,012	10,289,669	10,426,915	10,424,786	10,904,781	11,585,083	11,874,579
Emergency Telephone Service Tax (1)	978,995	972,043	946,241	464,582	-	-	-	-	-	-
Total General Government Tax Revenues	$ 86,781,004	$ 92,733,404	$ 103,986,837	$ 102,976,887	$ 110,668,029	$ 110,330,014	$ 112,551,637	$ 115,044,676	$ 116,760,078	$ 122,436,720

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 FY 2007 and future years.

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
2004	$ 2,027,995,200	$ 811,633,000	$ 276,950,200	$ 3,116,578,400	$ 1.11
2005	2,091,324,700	827,888,000	271,014,300	3,190,227,000	1.11
2006	2,380,565,600	911,430,500	266,308,500	3,558,304,600	1.11
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

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.

CITY OF LYNCHBURG, VIRGINIA — TABLE 15

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

	Real Propery (1)					Personal Property (3)				Machinery and Tools			
Fiscal Year	Residential Property (2)(7)	Commercial Property (2)(8)	Public Service Corporation	Total	Tax Rate	Personal Property	Public Service Corporation	Total	Tax Rate	Machinery and Tools (2)	Tax Rate	Total Assessed Value of Taxable Property	Total Direct Tax Rate (10)
2004	$ 2,027,995,200	$ 1,088,583,200	$ 185,826,527	$ 3,302,404,927	$ 1.11	$ 458,996,765	$ 28,684,711	$ 487,681,476	$ 3.30	$ 125,639,040	$ 3.00	$ 3,915,725,443	$ 7.41
2005	2,091,324,700	1,098,902,300	191,327,640	3,381,554,640	1.11	441,221,304	25,901,179	467,122,483	3.80	106,245,785	3.00	3,954,922,908	7.91
2006	-	-	-	-	-	464,880,808 (4)	-	464,880,808	3.80	113,654,354 (4)	3.00	578,535,162	6.80
2006	2,380,565,600	1,177,739,000	166,819,698	3,725,124,298	1.11	497,307,627 (5)	21,891,230	519,198,857	3.80	112,864,422 (5)	3.00	4,357,187,577	7.91
2007	2,454,171,000 (9)	1,217,460,100	163,455,331	3,835,086,431	1.11	514,804,057 (5)	22,435,903	537,239,960	3.80	128,776,059 (5)	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 (5)	24,595,702	579,175,983	3.80	129,957,629 (5)	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 (5)	23,990,045	529,100,410	3.80	138,538,171 (5)	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 (5)	26,216,286	557,034,291	3.80	138,218,372 (5)	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 (5)	26,206,858	573,218,840	3.80	142,664,977 (5)	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 (5)	24,189,993	597,874,313	3.80	158,999,951 (5)	3.00	5,888,731,217	7.85
2013	3,349,936,800	1,636,110,200	184,575,507	5,170,622,507	1.11	499,827,352 (6)	23,632,441	523,459,793	3.80	150,154,720 (6)	3.00	5,844,237,020	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) 2005 Personal Property Tax Levy in FY 2006.
(5) These figures have been updated to reflect all billings associated with the levy.
(6) 2013 Personal Property Tax Levy in FY 2013. These figures only reflect two of the four billings associated with this levy. These figures will be updated in FY 2014 to reflect all four billings.
(7) These figures are net of land use exemptions. Title 58.1-3230 through 3244 of the *Code of Virginia* provides for the assesment 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.
(8) Commercial property also includes industrial property.
(9) The residential property amount for 2007 has been updated from the Fiscal Year 2007 CAFR to reflect net of land use exemption.
(10) When a government's individual direct rates apply to the same proportion of the revenue base, and does not apply to only a portion (such as residential, commercial, industrial) the Total Direct Rate is the sum of individual direct rates.

CITY OF LYNCHBURG, VIRGINIA **TABLE 16**

PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO

		2013					2004				
Taxpayer	**Type of Business**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**2013 Total Tax Levy**	**Percentage of Total Tax Levy**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**2003 Total Tax Levy**	**Percentage of Total Tax Levy**
AEP	Utility	$ 75,753,034	1	1.30 %	$ 846,368	1.04 %	$ 50,109,632	2	1.28 %	$ 554,335	1.03 %
Areva NP Inc.	Nuclear Power Design & Fuel	55,975,543	2	0.96	1,222,896	1.51	35,898,479	6	0.92	692,353	1.28
Frito Lay, Inc.	Food Manufacturer	52,766,043	3	0.90	1,101,133	1.36	25,170,225	7	0.64	279,979	0.52
Verizon Va, Inc.	Utility	52,485,054	4	0.90	596,808	0.74	93,468,473	1	2.39	1,059,291	1.96
River Ridge, Ltd.	Shopping Mall	46,604,400	5	0.80	517,309	0.64	38,115,914	5	0.97	420,529	0.78
Genworth Financial, Inc.	Life Insurance	41,561,923	6	0.71	735,646	0.91	38,947,294	4	0.99	657,807	1.22
Meredith-Burda (fmr R R Donnelley)	Periodical Publication Printing	36,208,130	7	0.62	723,538	0.89	46,441,709	3	1.19	1,024,796	1.90
Wal-Mart Real Estate Business Trust	Real Estate Company	35,151,800	8	0.60	390,185	0.48	-		-	-	-
CCRC, Inc.	Nursing Home/Assisted Living	18,802,100	9	0.32	208,703	0.26	-		-	-	-
LU Candlers Station Holdings LLC	Shopping Mall	17,588,400	10	0.30	195,231	0.24	-		-	-	-
C.B. Fleet Co.	Pharmaceuticals	-	-	-	-	-	14,536,889	9	0.37	258,286	0.48
Rock-Tenn Company Mill Div.	Paperboard Manufacturer	-	-	-	-	-	13,557,512	10	0.35	348,098	0.64
Columbia Gas of Virginia, Inc.	Utility	-	-	-	-	-	22,737,383	8	0.58	252,640	0.47
Total		$ 432,896,427		7.41 %	$ 6,537,817	8.07 %	$ 378,983,510		9.68 %	$ 5,548,114	10.28 %
Total Assessed Valuation:		$ 5,844,237,020					$ 3,915,725,443				

Tax Levy:	
Real Estate	$ 55,299,746
Railroads and Pipelines	255,873
Public Service Corporations	2,077,707
Personal Property	23,388,916
Total Tax Levy:	$ 81,022,242

Source: Real Estate Assessor and Commissioner of Revenue, City of Lynchburg, Virginia

CITY OF LYNCHBURG, VIRGINIA

TABLE 17

PROPERTY TAX LEVIES AND COLLECTIONS, LAST TEN FISCAL YEARS

Fiscal Year	Tax Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections (3)	Total Collections to Date	
		Amount	Percentage of Levy (2)		Amount	Percentage of Levy (2)
2004	$ 54,014,300	$ 52,095,333	96.45%	$ 1,166,867	$ 53,262,200	98.61%
2005	55,674,712	54,679,067	98.21%	1,115,795	55,794,862	100.22%
2006	67,559,478	64,525,107	95.51%	2,605,098	67,130,205	99.36%
2007	63,281,557	60,579,970	95.73%	1,502,899	62,082,869	98.11%
2008	69,302,787	67,913,137	97.99%	2,010,586	69,923,723	100.90%
2009	70,934,803	68,912,258	97.15%	1,808,276	70,720,534	99.70%
2010	73,855,430	71,488,683	96.80%	2,024,773	73,513,456	99.54%
2011	75,345,301	72,759,636	96.57%	1,376,520	74,136,156	98.40%
2012	75,852,982	73,256,961	96.58%	2,222,051	75,479,012	99.51%
2013	80,180,463	77,536,743	96.70%	-	77,536,743	96.70%

Source: Director of Financial Services, City of Lynchburg, Virginia

(1) Total tax levy is calculated based on the sum of Real Estate Tax and Personal Property Tax levies and any supplemental bills. Due to the implementation of a new personal property tax billing system these figures will be updated each year to reflect the supplemental bills attributable to the year the tax should have been levied.
(2) These columns represent the amount and percentage on the tax levy within the respective tax year reporting period.
(3) This column represents delinquent taxes collected within the respective reporting period. Beginning with fiscal year 2004 this column represents collections in subsequent years for the tax levied in the noted fiscal year.

Notes:

a) The increase in the FY 2006 levy is a result of the change in personal property tax billing to a two installment billing system. Both installments were levied in May 2006 for calendar year 2006 personal property tax. However, only the first installment was due in June 2006 with the second installment due in December 2006. Future fiscal years will include a May levy with installments due June 5 and December 5.

b) Fiscal Years 2005 and 2008 show more collected than levied due to subsequent adjustments to the tax owed.

PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(per $100 of assessed valuation)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Real Estate										
Locally Assessed	$ 1.11	$ 1.11	$ 1.11	$ 1.11	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.11
Personal Property										
Locally Assessed	3.30	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	3.30	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Public Service Corporations										
Equalized	1.11	1.11	1.11	1.11	1.05	1.05	1.05	1.05	1.05	1.11
Automobiles and Trucks	3.30	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Total Direct Tax Rate	7.41	7.91	7.91	7.91	7.85	7.85	7.85	7.85	7.85	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 2013
Commissioner of the Revenue for City of Lynchburg, Virginia www.lynchburgva.gov

CITY OF LYNCHBURG, VIRGINIA **TABLE 19**

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

	Governmental Activities						Business-type Activities					Total Primary Government - Net Outstanding Debt Ratios		
Fiscal Year	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 (Principal Only)	Total Primary Government - Net (Includes Net Deferred Amounts)	Percentage of Personal Income[2]	Total Primary Government - Net Bonded Debt Per Capita[2]
2004	$ 100,251	$ 166	$ 7,500	$ 3,200	$ 8,396	$ 291	$ 66,896	$ -	$ 59,152	$ (707)	$ 245,561	$ 245,145	12.71%	$ 3,588
2005	93,990	127	7,500	3,200	7,747	(288)	61,935	-	63,526	(626)	238,025	237,111	11.72%	3,420
2006	116,709	87	-	3,200	7,287	527	57,532	16,500	70,543	(487)	271,858	271,898	12.47%	3,857
2007	108,593	68	-	3,020	6,810	574	52,295	16,500	74,985	(383)	262,271	262,462	11.28%	3,629
2008	117,407	49	1,343	2,840	6,316	792	63,550	-	84,426	(128)	275,931	276,595	11.29%	3,746
2009	112,011	30	7,500	2,660	5,804	851	56,831	4,000	100,328	(47)	289,164	289,968	12.12%	3,856
2010	139,180	11	-	2,480	5,274	771	71,749	-	109,907	269	328,601	329,641	13.39%	4,347
2011	129,807	-	-	2,300	4,723	(14)	68,005	-	125,601	(55)	330,436	330,367	12.84%	4,321
2012	120,078	-	-	2,120	4,285	(7)	63,936	80	127,973	(62)	318,472	318,403	12.25%	4,124
2013	114,209	-	-	1,940	-	(1)	59,864	5,194	122,876	(69)	304,083	304,013	11.70%	3,938

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, Discounts and Loss of Refundings.
(2) See Table 23 for population and per capita personal income information. For FY 2012 and FY 2013, the FY 2011 amount for per capita personal income of $33,664 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)	Bonded Debt Payable From Enterprise Revenues (2)	Net 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)
2004	68,319	$ 3,915,725	$ 174,813	$ 66,896	$ 107,917	$ (416)	$ 107,501	2.75%	$ 1,574
2005	69,340	3,954,923	163,552	61,935	101,617	(914)	100,703	2.55%	1,452
2006	70,491	4,935,723	190,828	74,032	116,796	40	116,836	2.37%	1,657
2007	72,331	4,501,102	177,456	68,795	108,661	191	108,852	2.42%	1,505
2008	73,834	5,330,939	182,350	63,550	118,800	664	119,464	2.24%	1,618
2009	75,204	5,463,547	180,372	60,831	119,541	804	120,345	2.20%	1,600
2010	75,826	5,764,489	210,940	71,749	139,191	1,040	140,231	2.43%	1,849
2011	76,448	5,864,104	197,812	68,005	129,807	(69)	129,738	2.21%	1,697
2012	77,203	5,888,731 (4)	184,094	64,016	120,078	(69)	120,009	2.04%	1,554
2013	77,203	5,844,237 (5)	179,267	65,058	114,209	(70)	114,139	1.95%	1,478

Source: Director of Financial Services, City of Lynchburg, Virginia.

(1) See Table 15 for Assessed Valuations and Table 23 for population information.
(2) Includes principal only and excludes City of Lynchburg Public Utility Revenue Bonds.
(3) Net Deferred Amounts include Premiums, Discounts, and Loss of Refundings.
(4) These figures have been updated to reflect all billings associated with the personal property tax levy.
(5) These figures only reflect two of the four billings associated with the personal property tax levy.
These figures will be updated in FY 2014 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 2013

Real Property Assessed Value	$ 4,986,047
Public Service Corporations Real Property Assessed Value	184,576
Total Real Property Assessed Value (1)	5,170,623
Debt limit (10% of assessed value)	517,062
Debt applicable to limit:	
Less: General Obligation Debt	(179,267)
Legal Debt Margin	$ 337,795

Description	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	$ 330,240	$ 338,155	$ 372,512	$ 383,509	$ 462,181	$ 479,591	$ 506,924	$ 514,821	$ 513,186	$ 517,062
Total net debt applicable to limit (2)	174,813	163,552	190,828	177,456	182,350	180,372	210,940	197,812	184,094	179,267
Legal debt margin	$ 155,427	$ 174,603	$ 181,684	$ 206,053	$ 279,831	$ 299,219	$ 295,984	$ 317,009	$ 329,092	$ 337,795
Total net debt applicable to the limit as a percentage of the debt limit	52.94%	48.37%	51.23%	46.27%	39.45%	37.61%	41.61%	38.42%	35.87%	34.67%

Source: Director of Financial Services, City of Lynchburg, '

(1) See Table 15 for Real Property Assessed Value information.
(2) For fiscal years 2004 through 2005, the total net debt applicable to limit amounts were revised to include bond anticipation notes.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sewer Fund Operating Income	$ 3,648,632	$ 4,785,102	$ 4,911,070	$ 5,321,833	$ 5,446,519	$ 4,388,069	$ 4,950,662	$ 3,627,699	$ 3,156,073	$ 4,194,605
Plus:										
Depreciation & amortization	3,662,382	3,777,969	3,954,820	4,108,561	4,296,493	4,430,958	4,857,843	5,035,336	5,819,288	6,147,918
Interest income received	200,511	248,236	456,342	858,384	691,799	363,942	226,969	173,319	167,849	102,589
Capital contributions from members										
Regional Sewerage Treatment Plant	272,336	383,901	384,746	385,623	386,530	394,761	431,486	474,581	451,645	480,922
Governmental grants & miscellaneous income	142,053	43,657	67,683	45,058	44,300	296,443	108,985	108,936	125,336	105,666
Intergovernmental transfer (4)	-	-	-	-	-	-	-	-	688,036	-
Capitalized cost (3)	-	-	-	-	-	-	-	229,662	258,186	220,691
Net Revenue per Indenture (1)	$ 7,925,914	$ 9,238,865	$ 9,774,661	$10,719,459	$ 10,865,641	$ 9,874,173	$10,575,945	$ 9,649,533	$10,666,413	$ 11,252,391
Debt Service										
General obligation bonds										
Principal (2)	$ 1,775,308	$ 2,217,270	$ 2,210,090	$ 2,386,638	$ 4,207,969	$ 1,810,056	$ 2,103,851	$ 2,259,476	$ 2,061,150	$ 2,053,469
Interest	1,319,116	1,415,544	1,204,587	1,445,911	1,411,626	1,233,745	1,128,126	1,139,108	1,053,216	961,054
Total	3,094,424	3,632,814	3,414,677	3,832,549	5,619,595	3,043,801	3,231,977	3,398,584	3,114,366	3,014,523
Revenue bonds										
Principal	2,320,353	2,391,300	2,433,438	2,557,922	2,909,118	3,097,845	3,520,797	3,757,168	4,627,820	5,096,949
Interest	541,101	773,675	537,820	455,333	427,360	398,518	368,782	338,122	306,510	273,917
Total	2,861,454	3,164,975	2,971,258	3,013,255	3,336,478	3,496,363	3,889,579	4,095,290	4,934,330	5,370,866
Total Debt Service Principal and Interest	$ 5,955,878	$ 6,797,789	$ 6,385,935	$ 6,845,804	$ 8,956,073	$ 6,540,164	$ 7,121,556	$ 7,493,874	$ 8,048,696	$ 8,385,389
Debt Coverage	1.33	1.36	1.53	1.57	1.21	1.51	1.49	1.29	1.33	1.34

(1) In August 1994, the Virginia Department of Environmental Quality (DEQ) 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 does not contain fixed dates for implementing the CSO Control Plan, but rather provides for implementation that reflects the City's financial capability. The debt coverage calculation above is utilized to determine the City's financial capability for Consent Order compliance based on a minimum debt coverage ratio of 1.2.

(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 FY 2012, the General Fund transferred $688,036 to the Sewer Fund for maintenance and operation of the City's storm sewer system.

CITY OF LYNCHBURG, VIRGINIA **TABLE 23**

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)
2004	68,319	$ 1,929,329	$ 28,240	35.1	8,775	5.6
2005	69,340	2,023,411	29,181	35.1	8,620	5.2
2006	70,491	2,180,569	30,934	35.1	8,808	4.0
2007	72,331	2,327,105	32,173	35.1	8,883	4.3
2008	73,834	2,450,846	33,194	35.1	8,715	5.6
2009	75,204	2,393,367	31,825	35.1	8,634	9.3
2010	75,826	2,461,009	32,456	30.3	8,597	9.2
2011	76,448	2,573,545	33,664	30.3	8,646	9.1
2012	77,203	*	*	30.3	8,688	8.9
2013	77,203	*	*	30.3	8,576	8.4

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 is based on a July 1, 2010 estimate, 2011 is based on a July 1, 2011 estimate and 2012 is based on a July 1, 2012 estimate.
(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
New estimates for 2011 and revisions for 2009 - 2010 were released on November 26, 2012. 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 2013
2012 Unemployment Rate has been adjusted to reflect the most current data available.

* Information unavailable

PRINCIPAL EMPLOYERS ,
CURRENT YEAR AND NINE YEARS AGO

	2013			2004		
Employer	**Ownership**	**Employees (4)**	**Rank**	**Ownership**	**Employees (5)**	**Rank**
Liberty University (3)	Private	5000+	1	Private	1,000	7
Centra Health, Inc.	Public	5000+	2	Public	4,000	1
Areva (2)	Public	1500-1999	3	Public	1,700	2
Lynchburg City Schools	Local Government	1500-1999	4	Local Government	1,554	4
J. Crew Outfitters	Private	1000-1499	5	Private	-	-
City of Lynchburg	Local Government	1000-1499	6	Local Government	1,150	6
Genworth Financial Inc. (1)	Public	1000-1499	7	Public	1,200	5
Central Virginia Community Svcs	Private	500-999	8	Private		
Kroger	Public	500-999	9	Public	674	9
Walmart	Public	500-999	10	Public	-	-
Southern Air, Inc.		-	-	Private	680	8
Central Virginia Training Center		-	-	Private	1,600	3
R.R. Donnelley		-	-	Public	600	10

Employed Civilian Labor Force (June 2013) Lynchburg City - Virginia Employment Commission	35,128
Employed Civilian Labor Force (June 2004) Lynchburg City - Virginia Employment Commission	31,101

Source: FY 2013 numbers are derived from Office of Economic Development, City of Lynchburg, VA, or employer contact, as of June 30, 2013.

Source: FY 2004 numbers are derived from Official Statement for bond issue dated June 1, 2004.

(1) Formerly First Colony Life Insurance Co. and GE Financial Assurance
(2) Formerly Framatome
(3) Liberty University operates an online higher education institution, and as a result a number employees live outside of the City.
(4) Beginning in FY 2013 ranges will be used for employee count due to privacy issues as well as availabilty of data from employers.
(5) Numbers as reported in the Official Statement.

CITY OF LYNCHBURG **TABLE 25**

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

	Full-Time Equivalent Employees as of June 30									
Functions/Programs	**Actual 2004**	**Actual 2005**	**Actual 2006**	**Actual 2007**	**Actual 2008**	**Actual 2009**	**Actual 2010**	**Actual 2011**	**Actual 2012**	**Adopted 2013 [1]**
Primary government:										
Council Manager Offices	8	8	7	9	8	9	8	8	8.0	6.0
Parking Divison[5]	-	-	-	-	-	-	3	4	4.5	4.5
City Assessor	11	13	13	12	12	12	12	10	10.0	10.3
City Attorney	7	7	7	7	7	7	7	7	6.9	6.9
Commissioner of Revenue	15	16	16	16	15	15	13	12	10.4	10.4
Communications & Marketing	3	3	3	3	3	4	4	4	4.0	4.0
Local Government Channel	-	-	-	-	2	2	2	2	2.0	2.0
Citizens First	3	4	2	2	4	4	4	3	3.5	3.5
Financial Services	51	50	49	49	47	46	44	42	42.0	42.0
Financial Services-Human Services	-	-	-	12	12	12	10	10	8.8	7.8
Human Resources	10	12	11	12	13	11	11	10	10.0	10.0
Information Technology	25	27	28	28	28	29	30	31	31.0	30.0
Internal Audit	3	3	3	2	2	2	2	2	2.0	-
Registrar and Electoral Board	2	3	3	3	3	3	2	2	2.3	2.3
State Treasurer (State)	3	2	2	2	2	2	2	2	2.0	2.0
Risk Management Fund	3	3	3	3	3	3	3	3	3.0	3.0
Circuit Court Clerk (State)	13	13	13	13	13	13	13	13	13.0	13.0
Circuit Court Judges	2	2	2	2	2	2	2	2	2.0	2.0
Commonwealth Attorney	37	36	35	14	16	16	17	17	16.7	16.7
Sheriff	27	31	31	31	31	31	31	29	30.4	29.4
Regional Juvenile Detention Center Fund	51	51	48	50	50	50	50	47	47.3	47.3
Police Department	192	199	200	198	207	204	204	203	202.7	198.0
Emergency Communications	31	31	31	31	31	31	36	35	32.0	35.0
Fire Department	182	183	180	180	185	186	186	187	187.0	185.0
Public Works Administration	6	6	6	-	-	11	11	11	11.0	10.0
Buildings & Grounds Maintenance	78	98	92	88	88	83	78	74	76.3	77.0
Engineering Division [2]	31	36	35	-	-	-	38	31	32.8	30.8
Geographic Information System	3	3	3	-	-	-	-	-		
Street, Traffic & Refuse Maintenance [3]	40	42	42	36	38	57	53	50	52.4	49.8
Health & Human Services	186	178	181	188	188	184	175	169	169.9	167.4
Cultural and recreational	83	97	101	102	101	99	99	99	96.7	100.3
Community Planning & Economic Development [2]	36	38	38	78	77	84	33	32	26.8	25.0
Fleet Services Fund	13	13	13	13	12	12	13	11	11.0	11.5
Business-type activities:										
Airport Fund	20	21	18	21	21	20	18	18	17.7	17.7
Water Fund	61	60	64	65	68	65	68	67	68.4	66.2
Sewer Fund	44	47	47	47	46	46	50	50	55.0	50.5
Stormwater Fund [6]	-	-	-	-	-	-	-	-	-	5.8
Solid Waste Fund [4]	42	42	46	43	43	-	-	-	-	-
	1,322	1,378	1,373	1,360	1,378	1,355	1,332	1,297	1,299.5	1,283.1

Source: Budget Office, City of Lynchburg, Virginia

(1) FY 2013 actual will be available with the FY 2014 adopted budget.
(2) During FY 2007 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 FY 2010.
(6) The Stormwater Fund began in FY 2013.

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

	Fiscal Year									
Function/Program	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Police										
Physical Arrests	6,449	6,717	6,996	6,634	6,813	6,662	6,605	7,039	6,879	6,835
Traffic Violations	9,628	11,477	10,926	10,634	11,327	14,489	12,672	11,437	12,506	12,483
Parking Violations	7,308	6,806	6,306	7,741	7,786	6,370	4,599	3,943	6,338	4,481
Fire (5)										
Number of Fire calls answered (per month)	227 (est)	328 (est)	463 (est)	501	517	506	518	574	511	315
Number of inspections conducted (3)	1,280	1,089	293	253	368	641	567	767	469	254
Number of EMS calls	12,197	12,782	13,032	13,764	14,660	15,279	15,124	14,731	14,393	20,612
Sanitation and Refuse										
Refuse collected (tons/day) (1)	62.30	66.45	70.74	72.22	69.68	69.03	69.35	69.74	70.14	72.96
Recyclables collected (tons/day)	7.60	6.42	5.34	5.34	6.73	7.45	7.23	7.31	6.85	6.46
Airport										
Total number of passengers	109,940	128,811	124,093	115,560	98,423	142,569	178,387	169,174	152,064	157,450
Sewage										
Number of service connections (4)	17,595	17,768	18,179	18,310	18,486	18,549	18,606	18,706	18,785	18,916
Average daily treatment in million gallons (2)	13.90	12.60	12.20	12.35	10.86	10.68	12.99	11.09	10.57	10.35
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 (4)	21,341	21,522	21,930	22,044	22,158	22,290	22,265	22,361	22,422	22,517
Average daily consumption of plant in million gallons	11	11	11	10	12	11	12	11	10	10
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 FY 2004-2006 differ from those previously reported and reflect the actual data based on the information provided by the Public Works Department.
(2) The numbers stated for FY 2004-2007 differ from those previously reported and reflect the actual data based on the information provided by the Regional Wastewater Treatment Plant.
(3) Fire had additional personnel conducting inspections beginning in Fiscal Year 2009.
(4) The amounts for FY 2012 have been revised to exclude stormwater accounts.
(5) The City implemented an enhanced reporting system in FY 2013. The new system more accurately reports fire calls, inspections and EMS calls.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	53	53	54	55	57	57	57	57	57	57
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection Trucks	15	15	16	16	16	16	16	16	16	22
Highways and Streets										
Street (miles) (1)	368.23	372.23	373.28	374.42	374.42	377.37	378.26	378.26	378.61	378.61
Streetlights (2)	9,672	9,747	9,822	9,899	9,926	9,990	9,966	9,982	9,982	10,167
Traffic signals	110	113	117	117	118	119	119	119	119	120
Culture and Recreation										
Community centers	7	7	7	7	7	7	7	7	7	6
Senior centers	-	1	1	1	1	1	1	1	1	1
Parks (10)	20	20	20	20	20	20	20	21	21	21
Parks acreage (3) (10)	917	917	917	917	917	917	917	948	948	948
Swimming pools	1	1	1	1	1	1	1	2	2	2
Tennis courts (4)	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) (5)	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped
Water										
Fire hydrants	2,451	2,788	2,799	2,800	2,887	2,892	3,080	3,111	3,156	3,177
Storage capacity (thousands of gallons)	not specified	not specified	33,000	33,000	33,000	31,000	33,000	33,000	33,000	33,000
Sewer										
Average daily sewage treatment (MGD) (6)	13.90	12.60	12.20	12.35	10.86	10.68	12.99	11.09	10.57	10.35
Maximum daily sewage treatment (MGD)	28.28	27.11	27.11	33.44	26.37	28.65	33.69	29.54	31.68	31.03
Transit - route service buses (7)	29	29	29	29	37	37	38	38	39	39
Transit - paratransit service buses (8)	-	-	-	-	7	11	11	11	10	14
Facility and service not included in the reporting entity:										
Education										
Number of elementary schools (9)	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	554	554	587	587	575	575	513	519	519	519

Source: City Departments, City of Lynchburg, Virginia

(1) The numbers stated for FY 2003-2006 differ from previously reported and reflect the actual data based on the information provided by Public Works Department.
(2) The numbers stated for FY 2002-2006 differ from previously reported and reflect the actual data reported by American Electric Power.
(3) Including Blackwater Creek Natural Area.
(4) 10 locations with a total of 40 courts - including schools.
(5) Mapping is under development. Complete information is not available.
(6) The numbers stated for FY 1999-2007 differ from previously reported and reflect the actual data based on the information provided by the Regional Wastewater Treatment Plant.
(7) The increase in the number of route service buses is due to additional route covered according to the agreement with Liberty University.
(8) GLTC purchased new parantransit buses to better serve the elderly population.
(9) Kizer Elementary School used for Special Education, therefore, excluded from total number of elementary schools for reporting purposes.
(10) The numbers stated for FY 2002-2010 differ from previously reported and reflect the actual data based on the information provided by the Parks & Recreation Department.

TABLE 28

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	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Elementary School Membership	3,910	3,840	3,793	3,877	3,916	3,936	3,934	3,968	3,987	3,975
Secondary School Membership	4,872	4,785	4,809	4,745	4,447	4,583	4,438	4,359	4,317	4,133
Total Membership	8,782	8,625	8,602	8,622	8,363	8,519	8,372	8,327	8,304	8,108
Teachers and Administrators (1)	762	753	776	772	774	780	759	977	851	836
Other Employees	467	471	470	482	482	482	449	250	223	195
Total Employees	1,229	1,224	1,246	1,254	1,256	1,262	1,208	1,227	1,074	1,031
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	16	16	16	16	16	16	16	16	16	16

(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	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
K	700	666	670	722	732	732	718	696	740	735
1	651	628	655	675	673	673	702	726	705	720
2	608	647	634	629	648	648	648	670	676	662
3	641	583	628	629	653	653	632	620	643	643
4	690	630	593	625	606	608	639	629	615	601
5	620	686	613	597	604	622	595	627	608	614
6	689	658	707	618	613	635	598	605	621	609
7	661	680	664	694	581	604	619	593	586	608
8	697	660	687	662	625	614	581	622	593	567
9	856	857	823	867	777	797	706	642	669	629
10	740	772	726	661	647	732	719	666	580	623
11	656	627	669	621	654	702	619	672	625	534
12	573	531	533	622	550	499	596	559	643	563
Total	8,782	8,625	8,602	8,622	8,363	8,519	8,372	8,327	8,304	8,108

Source: Superintendent of Schools, City of Lynchburg, Virginia.

Note: The enrollment numbers reported for 2009 in the FY2009 CAFR were actually the enrollment numbers for 2010. These numbers have been updated.

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, as of and for the year ended June 30, 2013, 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 12, 2013.

Other auditors audited the financial statements of the Business Development Centre, Inc. as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or on compliance and other matters that are reported on separately by those auditors.

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 import 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.**

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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 instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Items 13-1, 13-2, and 13-3.**

City of Lynchburg, Virginia's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 12, 2013

BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. 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.

The City's basic financial statements include the operations of the discretely presented component unit referred to as the Business Development Centre, Inc., which received $530,653 in federal awards which is not included in the schedule during the year ended June 30, 2013. Our audit, described below, did not include the operations of the Centre because it engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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.

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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, 2013.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 12, 2013

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 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, 2013.

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 requirements referred to above that are applicable to the Program for the year ended June 30, 2013.

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Report 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, 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, as defined above. However, material weaknesses may exist that have not been identified.**

The purpose of this report on internal control over compliance in accordance with the Guide 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 12, 2013

CITY OF LYNCHBURG, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS
June 30, 2013

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, 2013

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 OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to major programs**.
7. The major programs of the City are:

Name of Program	CFDA #
Highway Planning and Construction	20.205
National School Lunch Program	10.555
National School Breakfast Program	10.553
Title IV-B – Special Education – Grants to States	84.027
Title IV-B – Special Education – Preschool Grants	84.173
Title I – Educationally Deprived Children – Local Education Agencies	84.010

8. The **threshold for** distinguishing Type A and B programs was **$1,216,006**.
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 Passenger Facility Charge Program**.

(Continued)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – COMMONWEALTH OF VIRGINIA

13-1: Social Services Annual Review of Access – City

Condition:

The access to OASIS, VaCMS, ADAPT, and EAS for three out of five employees tested was not reviewed in the past year.

Recommendation:

Employees' access to each application should be reviewed quarterly to ensure their access aligns with their respective job responsibilities.

Management's Response:

Management recognizes the importance of reviewing employees' access to each application. The City is currently reviewing the access quarterly but has not documented the review in the employee file. Going forward, the City will ensure the review is properly documented.

13-2: Social Services Compliance with Information Security Policy – City

Condition:

One out of five employees tested did not sign the 2012 VDSS Information Security Program and Acceptable Use Awareness Acknowledgement Form until after the November 30, 2012 deadline.

Recommendation:

Steps should be taken to ensure that all Information Security Program and Acceptable Use Awareness Acknowledgement Forms are signed and filed prior to November 30.

Management's Response:

The City agrees with the recommendation. Steps have been taken to ensure that all employees sign the acknowledgement form before the deadline. Further, the information must be documented in the SAMS system for the employee to access State systems. Failure to document this requirement in SAMS will result in suspension of employee access. All new employees will have 30 days to comply with this requirement.

(Continued)

C. FINDINGS AND QUESTIONED COSTS – COMMONWEALTH OF VIRGINIA (Continued)

13-3: Timely Disclosure Statement Submission – City

Condition:

One out of seventy-nine members of City appointed boards did not file the official disclosure statement by the January 15 deadline as set forth by the *Code of Virginia*.

Recommendation:

Steps should be taken to ensure that these statements are filed in a timely manner.

Management's Response:

Management recognizes the importance of filing the disclosure statements in a timely manner. Procedures are in place to send out an initial notification, first reminder notice, and second reminder notice. Failure to respond to the notices results in phone calls to the individuals until the disclosure statements are filed.

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

None.

E. FINDINGS AND QUESTIONED COSTS – PASSENGER FACILITY CHARGE PROGRAM

None.

BROWNEDWARDS
certified public accountants

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

During the audit of the financial statements of the City of Lynchburg, Virginia (the "City") for the year ended June 30, 2013, 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.

ACCOUNTING AND OTHER MATTERS

GASB STATEMENT NO. 68

On June 25, 2012, the Governmental Accounting Standards Board (GASB) approved **GASB Statement No. 68**, *Accounting and Financial Reporting for Pensions,* which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits.

According to GASB Chairman Robert H. Attimore, "The new standards will improve the way state and local governments report their pension liabilities and expenses, resulting in a more faithful representation of the full impact of these obligations. Among other improvements, net pension liabilities will be reported on the balance sheet, providing citizens and other users of these financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees for past services rendered".

A significant factor in this change relates to the downward trends in pension funding. During the third quarter of 2011, there was a substantial decrease in the amount of pension funds held by state and local governments. According to *The Hill's On the Money* article "Public Pension Holdings Take a Fall," census bureau data shows a decrease, from $2.77 trillion in retirement funds at the end of June 2011 to $2.53 trillion at the end of September 2011. This decrease was due to the declines in corporate stock and bond holdings, in addition to international securities.

With these continued trends, the underfunded status of governmental pension plans remains a significant issue. As indicated in the spring 2012 edition of *Forefront*, in the article "Public Pensions Under Stress," based on the funding status measure prescribed by the GASB, the nation's 126 largest public pensions were underfunded by at least $800 billion in 2010. In addition, 54 percent of the country's state and local plans will have exhausted their funds as early as 2034.

Under current GASB standards, neither the total obligation for pensions nor the unfunded portion is reported as a liability in a government's financial statements. A liability is reported if a government contributes less than the annual required contribution (ARC) calculated by an actuary. According to the article, the calculations of the unfunded portion could be as much as $4 trillion for the pension fund shortfall. The article states that even though governments are required to publish the percentage of ARC payment, not all states enforce those payments. With overall state revenue on a continued downturn, the average share of ARC paid has decreased from 92 percent to 87 percent according to the Center for Retirement Research.

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GASB STATEMENT NO. 68 (Continued)

In response to this issue, GASB issued **Statement No. 68**, which replaces the requirements of **Statement No. 27**, *Accounting for Pensions by State and Local Governmental Employers* and **Statement No. 50**, *Pension Disclosures,* as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. **Statement No. 68** requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

Defined Benefit Pension Plans. The Statement requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

The Statement calls for immediate recognition of more pension expense than is currently required. This includes immediate recognition of annual service cost and interest on the pension liability and immediate recognition of the effect on the net pension liability of changes in benefit terms. Other components of pension expense will be recognized over a closed period that is determined by the average remaining service period of the plan members (both current and former employees, including retirees). These other components include the effects on the net pension liability of (a) changes in economic and demographic assumptions used to project benefits and (b) differences between those assumptions and actual experience. Lastly, the effects on the net pension liability of differences between expected and actual investment returns will be recognized in pension expense over a closed five-year period.

Statement No. 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also is intended to improve the comparability and consistency of how governments calculate the pension liabilities and expense. These changes include:

- **Projections of Benefit Payments.** Projections of benefit payments to employees will be based on the then-existing benefit terms and incorporate projected salary changes and projected service credits (if they are factors in the pension formula), as well as projected automatic postemployment benefit changes (those written into the benefit terms), including automatic cost-of-living-adjustments (COLAs). For the first time, projections also will include ad hoc postemployment benefit changes (those not written into the benefit terms), including ad hoc COLAs, if they are considered to be substantively automatic.
- **Discount Rate.** The rate used to discount projected benefit payments to their present value will be based on a single rate that reflects (a) the long-term expected rate of return on plan investments as long as the plan net position is projected under specific conditions to be sufficient to pay pensions of current employees and retirees and the pension plan assets are expected to be invested using a strategy to achieve that return; and (b) a yield or index rate on tax-exempt 20-year, AA-or-higher rated municipal bonds to the extent that the conditions for use of the long-term expected rate of return are not met.
- **Attribution Method.** Governments will use a single actuarial cost allocation method – "entry age," with each period's service cost determined as a level percentage of pay.

GASB STATEMENT NO. 68 (Continued)

Note Disclosures and Required Supplementary Information. Statement No. 68 also requires employers to present more extensive note disclosures and RSI, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. Single and agent employers will disclose additional information, such as the composition of the employees covered by the benefit terms and the sources of changes in the components of the net pension liability for the current year. A single or agent employer will also present RSI schedules covering the past 10 years regarding:

- Sources of changes in the components of the net pension liability.
- Ratios that assist in assessing the magnitude of the net pension liability.
- Comparisons of actual employer contributions to the pension plan with actuarially determined contribution requirements, if an employer has actuarially determined contributions.
- Cost-sharing employers also will present the RSI schedule of net pension liability, information about contractually required contributions, and related ratios.

Defined Contribution Pensions. The existing standards for governments that provide defined contribution pensions are largely carried forward in the new Statement. These governments will recognize pension expenses equal to the amount of contributions or credits to employees' accounts, absent forfeited amounts. A pension liability will be recognized for the difference between amounts recognized as expense and actual contributions made to a defined contribution pension plan.

Special Funding Situations. Certain governments are legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another government. For example, a state is legally required to contribute to a pension plan that covers local school districts' teachers. In specific circumstances called special funding situations, the Statement requires governments that are nonemployer contributing entities to recognize in their own financial statements their proportionate share of the other governmental employers' net pension liability and pension expense.

GASB Statement No. 68 is effective for periods beginning after June 15, 2014. Earlier application is encouraged.

GASB STATEMENT NO. 69

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

GASB STATEMENT NO. 69 (Continued)

The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.

In addition, this Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

GASB Statement No. 69 is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged.

GASB STATEMENT NO. 70

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, addresses situations where a government extends financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range.

GASB STATEMENT NO. 70 (Continued)

This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees.

GASB Statement No. 70 is effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively.

OFFICE OF MANAGEMENT AND BUDGET (OMB) PROPOSED CHANGES TO SINGLE AUDITS

OMB recently issued updated proposed guidance related to Circular A-133. The most significant proposed changes are as follows:

Proposed single audit threshold increase. The audit threshold would be raised from $500,000 to $750,000 of federal expenditures. In addition, the Type A program threshold would be increased from $300,000 to $500,000. Finally, the percentage coverage of federal expenditures required for testing would be decreased from 50% to 40% for not-low risk auditees, and from 25 percent to 20 percent for low-risk auditees.

Proposed changes to major program determination process. The criteria is to be considered a high-risk Type A program would include failure to have an unmodified opinion on the program, a material weakness in internal control, or questioned costs exceeding 5% of the program's expenditures. In addition, there would also be a reduction in the number of high-risk Type B programs that must be tested from one-half to at least one-fourth of low-risk Type A programs.

Proposed reduction of compliance requirements subject to testing. Compliance testing would be limited to the following areas:

- Activities allowed or not allowed and allowable costs/cost principles
- Cash management
- Eligibility
- Reporting
- Subrecipient monitoring
- Special tests and provisions

OFFICE OF MANAGEMENT AND BUDGET (OMB) PROPOSED CHANGES TO SINGLE AUDITS (Continued)

This would result in the removal of the following compliance requirements or the incorporation of these requirements, with other existing requirements:

- *Davis-Bacon Act*
- Equipment and real property management
- Level of effort and earmarking
- Procurement, suspension, and debarment
- Program income
- Real property acquisition and relocation assistance
- Period of availability of federal funds
- Matching

CURRENT GASB PROJECTS

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

- ***Conceptual Framework—Recognition and Measurement Approaches.*** This project has two primary objectives. The objectives will be addressed in two subprojects. One 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. Another objective is to consider the measurement concepts, both the measurement approach or approaches (for example, initial amounts or remeasured amounts) that conceptually should be used in governmental financial statements and measurement attributes (the feature of the assets or liabilities that is measured). This project ultimately will lead to a Concepts Statement on measurement and a Concepts Statement on recognition of elements of financial statements. An exposure draft document on measurement approaches is expected to be issued for public comment in mid-2013 and an exposure draft on the recognition in early 2014.
- ***Economic Condition Reporting: Financial Projections.*** The objective of this project is to consider whether guidance or guidelines should be provided for additional information about economic condition, particularly financial projections, as part of general purpose external financial reporting. This project also will include consideration of the information users identified as necessary to assess the risks associated with a government's intergovernmental financial dependencies. The project is currently being deliberated. This project is currently on hold pending resolution of GASB scope.
- ***Fair Value Measurement and Application****.* The objective of this project is to review and consider alternatives for the further development of the definition of *fair value*, the methods used to measure fair value, and potential disclosures about fair value measurements. Within this review, specific issues, including fair value measurement of alternative investments, such as private placements and hedge funds, real estate investment trusts, state land trusts, and partnership interests are to be addressed. An exposure draft document is expected to be issued for in May 2014.

CURRENT GASB PROJECTS (Continued)

- ***GAAP Hierarchy.*** This project would consider possible modifications to the GAAP hierarchy, as set forth in **GASB Statement No. 55**, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* It would reexamine the hierarchy levels to assess whether the standards-setting process and the governmental financial reporting environment have sufficiently evolved since the establishment of the original hierarchy by the AICPA in 1992 to warrant reconsideration or reconfiguration of certain aspects of the structure. An exposure draft document is expected to be issued for public comment in February 2014.

- ***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 is expected to be issued for public comment in December 2014.

- ***Other Postemployment Benefit Accounting and Financial Reporting.*** The Board will consider the possibility of improvements to the existing standards of accounting and financial reporting for other postemployment benefits (OPEB)—by state and local governmental employers and by the trustees, administrators, or sponsors of OPEB plans. One objective of this project is to improve *accountability* and the transparency of financial reporting in regard to the financial effects of employers' commitments and actions related to OPEB. Another objective of this project is to improve the *usefulness* of information for decisions or judgments of the various users of the general-purpose external financial reports of governmental employers and OPEB plans. This project also will address accounting and financial reporting for postemployment benefits that are not provided through a qualified trust (as defined in paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*). An exposure draft document is expected to be issued for public comment in April 2014.

BROWN EDWARDS
certified public accountants

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, collectively hereafter referred to as the "City", for the year ended June 30, 2013. 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 July 8, 2013. 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. During the year ended June 30, 2013, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The impact of the implementation of this standard is discussed fully in the notes to the financial statements. We noted no other significant new accounting policies and the application of existing policies was not otherwise changed. 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 City's financial statements were:

- Management's estimate of the useful lives of the capital assets, which is based on management's experience and understanding of those assets.
- Management's estimate of health insurance claims incurred but not reported as of June 30, 2013, which is based on data provided by the health insurance plan administrator.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

- The estimate of 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.
- Management's estimate of the liability for other post-employment benefits, which is based on actuarial calculations and a variety of assumptions as disclosed in the notes to the financial statements.

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, employee benefits, 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 our judgment, the following audit adjustment we proposed, which was recorded by the City, indicates matters that had a significant effect on the City's financial reporting process. All amounts are rounded to the nearest thousand.

- $1.5 million reduction in the loss on disposition of sewer assets and a corresponding reduction in accumulated depreciation to correct five assets that were partially written off.

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

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 assets of the governmental and business-type activities by approximately $1,300,000 and $2,471,000, respectively. The effects of this misstatement are reduced each year by an insignificant amount of overstated depreciation.

Significant Audit Findings (Continued)

Corrected and Uncorrected Misstatements (Continued)

	Governmental Activities		Business-Type Activities/Enterprise Funds		Governmental Funds	
	Effect on					
Uncorrected Misstatements	**Change in Net Position**	**Net Position**	**Change in Net Position**	**Net Position**	**Change in Fund Balances**	**Fund Balances**
Current year:						
• Additional accounts payable	$ -	$ -	$ (48,000)	$ (48,000)	$ (267,000)	$ (267,000)
• Allen Morrison cleanup estimate of property (prior year carry forward)	-	(284,000)	-	-	-	(284,000)
	$ -	$ (284,000)	$ (48,000)	$ (48,000)	$ (267,000)	$ (551,000)

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 12, 2013, 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

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.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 12, 2013

THE CITY OF LYNCHBURG, VIRGINIA

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FINANCIAL SERVICES DEPARTMENT

November 12, 2013

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

This representation letter is provided in connection with your audit of the financial statements of City of Lynchburg, Virginia, 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, 2013, and the respective changes in financial position and, where applicable, cash flows for the period 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 12, 2013, 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 June 10, 2013, including our responsibility for the preparation and fair presentation of the financial statements 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 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 the requirements of U.S. GAAP.

Financial Statements (Continued)

7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. 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 or in the schedule of findings and questioned costs.

8) The effects of uncorrected misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. In addition, you have proposed adjusting journal entries that we agree with and have posted.

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, if applicable.

    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:

    a) Management,

    b) Employees who have significant roles in internal control, or

    c) 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 City'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 City's related parties and all the related party relationships and transactions of which we are aware.

Government – Specific

20) We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources, if applicable.

21) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

22) We have taken timely and appropriate steps to remedy fraud, violations of laws, regulations, contracts, or grant agreements, or abuse that you have reported to us, if applicable.

23) We have a process to track the status of audit findings and recommendations, if applicable.

24) 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.

25) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report, if applicable.

26) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

27) 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 we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

28) 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.

29) The City 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.

30) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

31) We have reviewed and agree with the assumptions used and calculations derived from those assumptions of specialists in evaluating the annual required contribution and resulting other post-employment benefit liability estimate and have adequately considered the qualifications of the specialist 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.

32) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

33) The financial statements include all component units, if applicable 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.

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.

Government – Specific (Continued)

36) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts 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) Liabilities recorded for self insurance are adequate, but not excessive.

41) 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.

42) With respect to the EDA Revolving Loan program at the Business Development Centre, Inc., the City does not retain liability on loans defaulted on by businesses that benefit from the program.

43) 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, as applicable.

44) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

45) Special and extraordinary items are appropriately classified and reported, if applicable.

46) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

47) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

48) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board Statements (GASBS) 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 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, if applicable.

50) We have appropriately disclosed the City'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 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.

52) 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.

Government – Specific (Continued)

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.

53) With respect to federal award programs:

a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards.

b) We have prepared the schedule of expenditures of federal awards in accordance with OMB Circular A–133, and have identified and disclosed in the schedule expenditures made during the audit period for all awards provided by federal agencies in the form of grants, 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.

c) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b. 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.

d) 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.

e) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, 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.

f) 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 each of our federal programs 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 each major program.

g) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

h) 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 federal programs and related activities.

i) We have received no requests from a federal agency to audit one or more specific programs as a major program.

Government – Specific (Continued)

j) 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 Circular A-133 Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.

k) 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.

l) 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.

m) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.

n) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

o) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

p) 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.

q) 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.

r) 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 in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.

s) 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.

t) 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.

u) We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133, if applicable.

v) We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and have ensured that subrecipients have taken the appropriate and timely corrective action on findings, if applicable.

w) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.

x) We have charged costs to federal awards in accordance with applicable cost principles.

Government – Specific (Continued)

y) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

z) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.

aa) We are responsible for preparing and implementing a corrective action plan for each audit finding.

bb) 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.

54) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter.

55) 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 expenditures of federal awards, or the schedule of findings and questioned costs.

Signed: Kimball Payne
L. Kimball Payne, III, City Manager
City of Lynchburg

Signed: Bonnie Svrcek
Bonnie Svrcek, Deputy City Manager
City of Lynchburg

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

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

Signed: __________
Dr. Scott Brabrand, Superintendent
Lynchburg City Schools

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

	Governmental Activities		Business-Type Activies/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
Uncorrected Misstatements						
· Additional accounts payable	$ -	$ -	$ (48,000)	$ (48,000)	$ (267,000)	$ (267,000)
· Allen Morrison cleanup estimate of property	-	(284,000)	-	-	-	(284,000)
	$ -	$ (284,000)	$ (48,000)	$ (48,000)	$ (267,000)	$ (551,000)

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 assets of the governmental and business-type activities by approximately $1,300,000 and $2,471,000, 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, 2013. 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.

<u>Court Support Services</u>

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 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.

Court Support Services (Continued)

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.
   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 sales less the costs of the auction and the 10% Sheriff's commission.)

Note: For the year ended June 30, 2013, the Sheriff has represented to us that there were no sales or levies.

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 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, 2013, the Sheriff has represented to us that there were not any sales of unclaimed property.

Findings: None noted.

Credit Cards/Small Purchase Cards

1. Obtain the sign-out log, authorized cardholders listing, 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.

   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 inquires of the City's finance department and the 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 9, 2013

LYNCHBURG CITY SCHOOLS

COMMENTS ON INTERNAL CONTROL AND OTHER SUGGESTIONS FOR YOUR CONSIDERATION

June 30, 2013

CONTENTS

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON COMMENTS AND SUGGESTIONS

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

In planning and performing our audit of the financial statements of the Lynchburg City Schools (the "Schools") for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and to comply with *Government Auditing Standards* and the regulations set forth in OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Schools' 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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Management's written responses to the items identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the School Board, management, others within the Schools, and appropriate regulatory agencies, if applicable, 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
November 12, 2013

319 McClanahan Street, S.W. • P.O. Box 12388 • Roanoke, VA 24025-2388 • 540-345-0936 • Fax: 540-342-6181 • www.BEcpas.com

LYNCHBURG CITY SCHOOLS

SUMMARY OF THE STATUS OF PRIOR YEAR COMMENTS AND SUGGESTIONS
June 30, 2013

GRANT REIMBURSEMENT REQUESTS

During the audit we were made aware that a significant amount of grant requests were delayed in filing for reimbursement; this was in most ways related to some staffing issues, and there was turnover in the grant accountant position near year end. While items were delayed, management recognized the problem prior to year end and this did not result in any audit entries. Therefore, we do not consider this a significant deficiency or material weakness. However, we suggest that management ensure that monitoring will occur to prevent reoccurrence.

Status: *As of July 1, 2012, Management restructured the accounting staff to allow for cross training of the grant accountant responsibilities. They also implemented an electronic grant tracking worksheet which is updated by the financial analysts and can be viewed by the Grants Coordinator, Assistant Director of Finance, and the CFO at any time. Also, the finance office previously did not have access to the Omega grant system, as grants were sent to the superintendent's office for approval. The CFO, Assistant Director of Finance, and Grant Coordinator now have access to Omega to allow for proper review and reconciliation to the general ledger prior to submission. We did not note any delays in grant reimbursements around June 30, 2013.*

SEGREGATION OF DUTIES – JOURNAL ENTRY REVIEW

A fundamental concept in a good system of internal control is the segregation of duties. Ideally, no individual would perform more than one duty in connection with any transaction or series of transactions. In particular, no one individual should have access to both physical assets and the related accounting records or also have authorization responsibilities. Such access may allow errors or fraud to occur and remain undetected. As we conduct our audits from year to year, we shift procedures and inquiries in order that our testing not become predictable, and may note new suggestions for improvements in internal controls. We noted that the Assistant Director of Finance not only was responsible for reviewing journal entries, but also had the ability to post and edit entries within the general ledger. This could allow for the posting of fictitious entries. We recommend that journal entries be reviewed by someone with no access to the general ledger.

Status: *During our 2013 audit work, we noted several journal entries prepared by the Assistant Director of Finance which were not reviewed by the CFO. While someone other than the Assistant Director of Finance is now posting most entries, we recommend that the CFO review any journal entries prepared by the Assistant Director of Finance.*

In this section, we would like to make you aware of certain confirmed and potential changes that are on the horizon that may affect your financial reporting and audit.

GASB STATEMENT NO. 68

On June 25, 2012, the Governmental Accounting Standards Board (GASB) approved **GASB Statement No. 68**, *Accounting and Financial Reporting for Pensions,* which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits.

According to GASB Chairman Robert H. Attimore, "The new standards will improve the way state and local governments report their pension liabilities and expenses, resulting in a more faithful representation of the full impact of these obligations. Among other improvements, net pension liabilities will be reported on the balance sheet, providing citizens and other users of these financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees for past services rendered".

A significant factor in this change relates to the downward trends in pension funding. During the third quarter of 2011, there was a substantial decrease in the amount of pension funds held by state and local governments. According to *The Hill's On The Money* article "Public Pension Holdings Take a Fall," census bureau data shows a decrease, from $2.77 trillion in retirement funds at the end of June 2011 to $2.53 trillion at the end of September 2011. This decrease was due to the declines in corporate stock and bond holdings, in addition to international securities.

With these continued trends, the underfunded status of governmental pension plans remains a significant issue. As indicated in the spring 2012 edition of *Forefront*, in the article "Public Pensions Under Stress," based on the funding status measure prescribed by the GASB, the nation's 126 largest public pensions were underfunded by at least $800 billion in 2010. In addition, 54% of the country's state and local plans will have exhausted their funds as early as 2034.

Under current GASB standards, neither the total obligation for pensions nor the unfunded portion is reported as a liability in a government's financial statements. A liability is reported if a government contributes less than the annual required contribution (ARC) calculated by an actuary. According to the article, the calculations of the unfunded portion could be as much as $4 trillion for the pension fund shortfall. The article states that even though governments are required to publish the percentage of ARC payment, not all states enforce those payments. With overall state revenue on a continued downturn, the average share of ARC paid has decreased from 92% to 87% according to the Center for Retirement Research.

In response to this issue, GASB issued **Statement No. 68**, which replaces the requirements of **Statement No. 27**, *Accounting for Pensions by State and Local Governmental Employers* and **Statement No. 50**, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. **Statement No. 68** requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

(Continued)

GASB STATEMENT NO. 68 (Continued)

Defined Benefit Pension Plans. The Statement requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

The Statement calls for immediate recognition of more pension expense than is currently required. This includes immediate recognition of annual service cost and interest on the pension liability and immediate recognition of the effect on the net pension liability of changes in benefit terms. Other components of pension expense will be recognized over a closed period that is determined by the average remaining service period of the plan members (both current and former employees, including retirees). These other components include the effects on the net pension liability of (a) changes in economic and demographic assumptions used to project benefits and (b) differences between those assumptions and actual experience. Lastly, the effects on the net pension liability of differences between expected and actual investment returns will be recognized in pension expense over a closed five-year period.

Statement No. 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also is intended to improve the comparability and consistency of how governments calculate the pension liabilities and expense. These changes include:

- **Projections of Benefit Payments.** Projections of benefit payments to employees will be based on the then-existing benefit terms and incorporate projected salary changes and projected service credits (if they are factors in the pension formula), as well as projected automatic postemployment benefit changes (those written into the benefit terms), including automatic cost-of-living-adjustments (COLAs). For the first time, projections also will include ad hoc postemployment benefit changes (those not written into the benefit terms), including ad hoc COLAs, if they are considered to be substantively automatic.

- **Discount Rate.** The rate used to discount projected benefit payments to their present value will be based on a single rate that reflects (a) the long-term expected rate of return on plan investments as long as the plan net position is projected under specific conditions to be sufficient to pay pensions of current employees and retirees and the pension plan assets are expected to be invested using a strategy to achieve that return; and (b) a yield or index rate on tax-exempt 20-year, AA-or-higher rated municipal bonds to the extent that the conditions for use of the long-term expected rate of return are not met.

- **Attribution Method.** Governments will use a single actuarial cost allocation method – "entry age," with each period's service cost determined as a level percentage of pay.

(Continued)

GASB STATEMENT NO. 68 (Continued)

Note Disclosures and Required Supplementary Information. **Statement No. 68** also requires employers to present more extensive note disclosures and RSI, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. Single and agent employers will disclose additional information, such as the composition of the employees covered by the benefit terms and the sources of changes in the components of the net pension liability for the current year. A single or agent employer will also will present RSI schedules covering the past 10 years regarding:

- Sources of changes in the components of the net pension liability.
- Ratios that assist in assessing the magnitude of the net pension liability.
- Comparisons of actual employer contributions to the pension plan with actuarially determined contribution requirements, if an employer has actuarially determined contributions.
- Cost-sharing employers also will present the RSI schedule of net pension liability, information about contractually required contributions, and related ratios.

Defined Contribution Pensions. The existing standards for governments that provide defined contribution pensions are largely carried forward in the new Statement. These governments will recognize pension expenses equal to the amount of contributions or credits to employees' accounts, absent forfeited amounts. A pension liability will be recognized for the difference between amounts recognized as expense and actual contributions made to a defined contribution pension plan.

Special Funding Situations. Certain governments are legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another government. For example, a state is legally required to contribute to a pension plan that covers local school districts' teachers. In specific circumstances called special funding situations, the Statement requires governments that are nonemployer contributing entities to recognize in their own financial statements their proportionate share of the other governmental employers' net pension liability and pension expense.

GASB Statement No. 68 is effective for periods beginning after June 15, 2014. Earlier application is encouraged.

GASB STATEMENT NO. 69

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

GASB STATEMENT NO. 69 (Continued)

The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.

In addition, this Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

GASB Statement No. 69 is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged.

GASB STATEMENT NO. 70

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees,* addresses situations where a government extends financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range.

(Continued)

GASB STATEMENT NO. 70 (Continued)

This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees.

GASB Statement No. 70 is effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively.

OFFICE OF MANAGEMENT AND BUDGET (OMB) PROPOSED CHANGES TO SINGLE AUDITS

OMB recently issued updated proposed guidance related to Circular A-133. The most significant proposed changes are as follows:

Proposed single audit threshold increase. The audit threshold would be raised from $500,000 to $750,000 of federal expenditures. In addition, the Type A program threshold would be increased from $300,000 to $500,000. Finally, the percentage coverage of federal expenditures required for testing would be decreased from 50% to 40% for regular auditees, and from 25% to 20% for low-risk auditees.

Proposed changes to major determination process. The criteria for to be considered a high-risk Type A program would include failure to have an unqualified opinion on the program, a material weakness in internal controls, or questioned costs exceeding 5% of the program's expenditures. In addition, there would also be a reduction in the number of high-risk Type B programs that must be tested from one-half to at least one-fourth of low-risk Type A programs.

Proposed reduction of compliance requirements subject to testing. Compliance testing would be limited to the following areas:

- Activities allowed or not allowed and allowable costs/cost principles
- Cash management
- Eligibility
- Period of availability of federal funds
- Matching
- Reporting
- Subrecipient monitoring
- Special tests and provisions

OFFICE OF MANAGEMENT AND BUDGET (OMB) PROPOSED CHANGES TO SINGLE AUDITS (Continued)

This would result in the removal of the following compliance requirements:

- *Davis-Bacon Act*
- Equipment and real property management
- Level of effort and earmarking
- Procurement, suspension, and debarment
- Program income
- Real property acquisition and relocation assistance

CURRENT GASB PROJECTS

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

- ***Conceptual Framework – Recognition and Measurement Approaches.*** This project has two primary objectives. The objectives will be addressed in two subprojects. One 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. Another objective is to consider the measurement concepts, both the measurement approach or approaches (for example, initial amounts or remeasured amounts) that conceptually should be used in governmental financial statements and measurement attributes (the feature of the assets or liabilities that is measured). This project ultimately will lead to a Concepts Statement on measurement and a Concepts Statement on recognition of elements of financial statements. An exposure draft document on measurement approaches is expected to be issued for public comment in mid-2013 and an exposure draft on the recognition in early 2014.
- ***Economic Condition Reporting: Financial Projections.*** The objective of this project is to consider whether guidance or guidelines should be provided for additional information about economic condition, particularly financial projections, as part of general purpose external financial reporting. This project also will include consideration of the information users identified as necessary to assess the risks associated with a government's intergovernmental financial dependencies. The project is currently being deliberated. This project is currently on hold pending resolution of GASB scope.
- ***Fair Value Measurement and Application***. The objective of this project is to review and consider alternatives for the further development of the definition of *fair value*, the methods used to measure fair value, and potential disclosures about fair value measurements. Within this review, specific issues, including fair value measurement of alternative investments, such as private placements and hedge funds, real estate investment trusts, state land trusts, and partnership interests are to be addressed. An exposure draft document is expected to be issued for in May 2014.
- ***GAAP Hierarchy.*** This project would consider possible modifications to the GAAP hierarchy, as set forth in **GASB Statement No. 55**, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* It would reexamine the hierarchy levels to assess whether the standards-setting process and the governmental financial reporting environment have sufficiently evolved since the establishment of the original hierarchy by the AICPA in 1992 to warrant reconsideration or reconfiguration of certain aspects of the structure. An exposure draft document is expected to be issued for public comment in February 2014.

CURRENT GASB PROJECTS (Continued)

- ***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 is expected to be issued for public comment in December 2014.
- ***Other Postemployment Benefit Accounting and Financial Reporting.*** The Board will consider the possibility of improvements to the existing standards of accounting and financial reporting for other postemployment benefits (OPEB) – by state and local governmental employers and by the trustees, administrators, or sponsors of OPEB plans. One objective of this project is to improve *accountability* and the transparency of financial reporting in regard to the financial effects of employers' commitments and actions related to OPEB. Another objective of this project is to improve the *usefulness* of information for decisions or judgments of the various users of the general-purpose external financial reports of governmental employers and OPEB plans. This project also will address accounting and financial reporting for postemployment benefits that are not provided through a qualified trust (as defined in paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*). An exposure draft document is expected to be issued for public comment in April 2014.

BROWN EDWARDS
certified public accountants

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 the Lynchburg City Schools (the "Schools") for the year ended June 30, 2013. 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 July 8, 2013. 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. No new accounting policies of significance were adopted and the application of existing policies was not changed during 2013. 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 are described below.

- 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 insurance carrier.

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.

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Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

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 related to:

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

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 each opinion unit's financial statements taken as whole.

Management has determined that the following unrecorded adjustment is immaterial to the financial statements taken as a whole.

Unposted Adjustments:

- An increase of approximately $57,000 in accrued vacation current liabilities and an accompanying increase in expenditures at the fund statement level.

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 12, 2013, 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

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.

****

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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 12, 2013

THE CITY OF LYNCHBURG, VIRGINIA

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

FINANCIAL SERVICES DEPARTMENT

November 12, 2013

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

This representation letter is provided in connection with your audit of the financial statements of City of Lynchburg, Virginia, 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, 2013, and the respective changes in financial position and, where applicable, cash flows for the period 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 12, 2013, 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 June 10, 2013, including our responsibility for the preparation and fair presentation of the financial statements 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 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 the requirements of U.S. GAAP.

Financial Statements (Continued)

7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. 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 or in the schedule of findings and questioned costs.

8) The effects of uncorrected misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. In addition, you have proposed adjusting journal entries that we agree with and have posted.

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, if applicable.

    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:

    a) Management,

    b) Employees who have significant roles in internal control, or

    c) 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 City'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 City's related parties and all the related party relationships and transactions of which we are aware.

Government – Specific

20) We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources, if applicable.

21) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

22) We have taken timely and appropriate steps to remedy fraud, violations of laws, regulations, contracts, or grant agreements, or abuse that you have reported to us, if applicable.

23) We have a process to track the status of audit findings and recommendations, if applicable.

24) 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.

25) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report, if applicable.

26) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

27) 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 we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

28) 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.

29) The City 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.

30) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

31) We have reviewed and agree with the assumptions used and calculations derived from those assumptions of specialists in evaluating the annual required contribution and resulting other post-employment benefit liability estimate and have adequately considered the qualifications of the specialist 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.

32) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

33) The financial statements include all component units, if applicable 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.

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.

Government – Specific (Continued)

36) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts 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) Liabilities recorded for self insurance are adequate, but not excessive.

41) 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.

42) With respect to the EDA Revolving Loan program at the Business Development Centre, Inc., the City does not retain liability on loans defaulted on by businesses that benefit from the program.

43) 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, as applicable.

44) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

45) Special and extraordinary items are appropriately classified and reported, if applicable.

46) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

47) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

48) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board Statements (GASBS) 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 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, if applicable.

50) We have appropriately disclosed the City'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 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.

52) 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.

Government – Specific (Continued)

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.

53) With respect to federal award programs:

a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards.

b) We have prepared the schedule of expenditures of federal awards in accordance with OMB Circular A–133, and have identified and disclosed in the schedule expenditures made during the audit period for all awards provided by federal agencies in the form of grants, 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.

c) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b. 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.

d) 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.

e) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, 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.

f) 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 each of our federal programs 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 each major program.

g) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

h) 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 federal programs and related activities.

i) We have received no requests from a federal agency to audit one or more specific programs as a major program.

Government – Specific (Continued)

j) 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 Circular A-133 Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.

k) 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.

l) 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.

m) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.

n) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

o) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

p) 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.

q) 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.

r) 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 in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.

s) 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.

t) 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.

u) We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133, if applicable.

v) We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and have ensured that subrecipients have taken the appropriate and timely corrective action on findings, if applicable.

w) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.

x) We have charged costs to federal awards in accordance with applicable cost principles.

Government – Specific (Continued)

y) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

z) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.

aa) We are responsible for preparing and implementing a corrective action plan for each audit finding.

bb) 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.

54) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter.

55) 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 expenditures of federal awards, or the schedule of findings and questioned costs.

Signed: Kimball Payne
L. Kimball Payne, III, City Manager
City of Lynchburg

Signed: Bonnie Svrcek
Bonnie Svrcek, Deputy City Manager
City of Lynchburg

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

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

Signed: ____________________
Dr. Scott Brabrand, Superintendent
Lynchburg City Schools

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

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 2

CONSENT: REGULAR: WORK SESSION: **X** CLOSED SESSION: (Confidential)

ACTION: INFORMATION: **X**

ITEM TITLE: **Presentation of Lynch's Landing Annual Report**

RECOMMENDATION: No action required.

SUMMARY: Lynch's Landing Executive Director Anna Bentson will present that organization's annual report to City Council.

PRIOR ACTION(S): N/A

FISCAL IMPACT: N/A

CONTACT(S): Anna Bentson, 528-3950

ATTACHMENT(S): Lynch's Landing 2013/14 Work Plan

REVIEWED BY: lkp

184K

2013-2014 Lynch's Landing Work Plan Summary

Lynch's Landing: Lynchburg's Leader for Downtown Revitalization

We GET Downtown

Our downtown is the heart and soul of our community. Each year, Lynch's Landing works to save our historic buildings, revive the commercial core, strengthen businesses and support Downtown as a vital center for community life in Lynchburg. We really do GET Downtown.

Our mission is to identify opportunities and develop resources that position and sustain downtown and the riverfront as a vital economic, cultural, historic, recreational and residential center for our community. We envision a downtown environment where people, businesses, organizations and events can be successful.

Successful downtown strengthening doesn't just happen. It requires bold and committed leadership in both the public and private sectors, focused and consistent actions, and collaborative involvement from Downtown stakeholders. Lynch's Landing is governed by a Board of Directors, comprised of 18 members representing retail, restaurant, professional, industrial businesses, and property owners in downtown Lynchburg and the Central Virginia region.

Lynch's Landing, relying heavily on its partnerships and the commitment and involvement of individuals and businesses, conducts its business through committees and staff support. The decision-making and implementation structure of Lynch's Landing and its committees allows for input in ongoing downtown management, development, and promotional efforts. It produces meaningful involvement and ownership on the part of the participants and assures that diverse and representative groups are given an opportunity to impact decisions. Lynch's Landing has a cooperative agreement with the City of Lynchburg to provide downtown management and support.

Lynch's Landing is a national Main Street™ program, accredited by the National Trust for Historic Preservation Main Street™ Center, and a designated Virginia Main Street community. The Main Street Approach® is a unique preservation-based economic development tool that enables communities to revitalize downtown and neighborhood business districts by leveraging local assets - from historic, cultural, and architectural resources to local enterprises and community pride. It is a comprehensive strategy that addresses the variety of issues and problems that challenge traditional commercial districts.

Locally, we center our annual work plan around five strategies:

- Sustaining a Healthy Non-Profit Organization
- Marketing Downtown as an Arts & Entertainment District
- Creating a Successful Environment for Businesses and Events
- Ensuring Safe, Attractive and Inviting Public Spaces
- Serving as a Source of Information and Communication for and about Downtown

Lynch's Landing believes in:

- Promoting Downtown Lynchburg as a unique and vibrant place to live, work and play
- Providing positive quality of life experiences for people living in or visiting Downtown Lynchburg
- Acting as a conduit for information sharing about Downtown Lynchburg
- Promoting and supporting the arts in Downtown Lynchburg

- Supporting redevelopment and preservation projects in the Downtown area
- Working closely with the City of Lynchburg, local leaders, and partner organizations to streamline communication and efforts to improve Downtown Lynchburg
- Providing forums for downtown merchants and business owners to learn, communicate and share information

STRATEGY #1:
Sustaining a Healthy Non-Profit Organization
Committee Responsible: Organization

- Fundraising Events (Friday Cheers, etc.)
- Grant Identification and Applications
- Downtown Partnership Campaign
- Sponsorship Management and Development
- Measurement and Reporting to Stakeholders
- Downtown Branding and Messaging Campaign
- Downtown Awards Program
- Annual Meeting and Report
- Volunteer Recruitment, Retention and Training

STRATEGY #2:
Marketing Downtown as an Arts & Entertainment Destination
Committees Responsible: ER, Promotion

- First Fridays Communication & Coordination
- Launch of the James River Batteau Festival
- Friday Cheers Summer Concert Series
- Get!Downtown Street Festival
- Support for Public Art Efforts
- Downtown Youth Art Crawl

STRATEGY #3:
Creating a Successful Environment for Businesses and Events
Committees Responsible: ER, Promotion

- Training and Professional Development for Downtown Businesses
- Educate & Engage target audiences (college students, downtown residents, downtown employees)
- Retail Promotion (Small Business Saturday, Holiday Traditions)
- Cooperative Advertising for Restaurant, Retail, Corporate and Non-Profit Partners
- Support for Lynchburg Restaurant Week

STRATEGY #4:
Serving as a Source of Information and Communication for and about Downtown
Committees Responsible: Promotion, Organization

- Downtown Branding and Messaging Campaign
- Comprehensive, mobile-friendly Website
- Social Media
- Advertising Plan
- E-Mail Communication and Downtown Calendar

STRATEGY #5:
Ensuring a Safe, Attractive and Inviting Space
Committee Responsible: Design

- Beautification and Amenity Program
- Winter Lights
- Support and Coordination on Public Infrastructure Improvements
- Support and Coordination on Pedestrian and Bike Amenities and Policies
- Support and Coordination on Downtown & Gateway Signage, Banners
- Historic Preservation Education
- Volunteer Clean-Up Projects

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 3

CONSENT: REGULAR: WORK SESSION: **X** CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Adopt FY 2015 Strategies to Support Council's Vision of "A Great Place to Live, Work, and Play"**

RECOMMENDATION: Review results of citizen and employee survey regarding strategies for FY 2015 that support Council's Vision of "A Great City to Live, Work, and Play". Adopt proposed strategies for each supporting pillar for use in FY 2015 budget and Capital Improvement Program (CIP) development.

SUMMARY: On October 8, 2013, City Council adopted a Vision for the City – "A Great Place to Live, Work, and Play" along with goal statements for twelve pillars that support the Vision. The twelve pillars are Arts and Culture, Citizen Engagement and Social Capital, Economic Development, Healthy and Active Living, Infrastructure, Land Use, Lifelong Learning, Natural Resources, Neighborhoods, Safe Community, Social Equity, and Transportation.

During the past several weeks, past participants in the annual Citizens Academy, volunteers for Boards and Commission, and City employees were asked to review priority strategies for each pillar and identify one strategy per element for staff and community stakeholders to focus on during FY 2015 (July 1, 2014 – June 30, 2015).

Following Council's adoption of these strategies, the Strategic Planning Action Team will meet with stakeholders to identify metrics that will help us know if we are successful or making progress on each strategy.

PRIOR ACTION(S): August 12, 2008: Introduction of Sustainable City Initiative
August 3, 2009: Sustainable Lynchburg Update
October 18, 2011: Sustainable Lynchburg Update
October 19, 2012: Sustainable Lynchburg Summary Report
January 8, 2013: Sustainable Lynchburg Progress and Survey Report
September 3, 2013: Council Retreat Regarding Vision and Supporting Statements
October 8, 2013: Adoption of Vision and Supporting Statements

FISCAL IMPACT: To be determined during FY 2015 budget development.

CONTACT(S): Bonnie Svrcek, Deputy City Manager, 455-3987

ATTACHMENT(S): Resolution
Attachment A: FY 2015 Proposed Strategies
Attachment B: Vision, Mission, Values, Pillars, Foundation Graphic

REVIEWED BY: lkp

RESOLUTION:

Be it resolved that City Council hereby adopts the recommended strategies related to Council's Vision as stated in Attachment A for use in FY 2015 Budget and CIP development.

Adopted:

Certified: ______________________________
Clerk of Council

183K

Proposed FY 2015 Strategies

Lynchburg, Virginia

A Great Place to Live, Work and Play!

December 10, 2013

Attachment A

Survey Background

- **Respondents:** Boards and Commissions, Citizens Academy graduates, and City employees
- **Response rate:** 82/311 or 33% Boards and Commissions/Citizens Academy respondents; 216/1150 or 19% City employee respondents
- **Instruction:** Identify one objective for each goal that the City should give priority to in FY 2015

Survey Participants

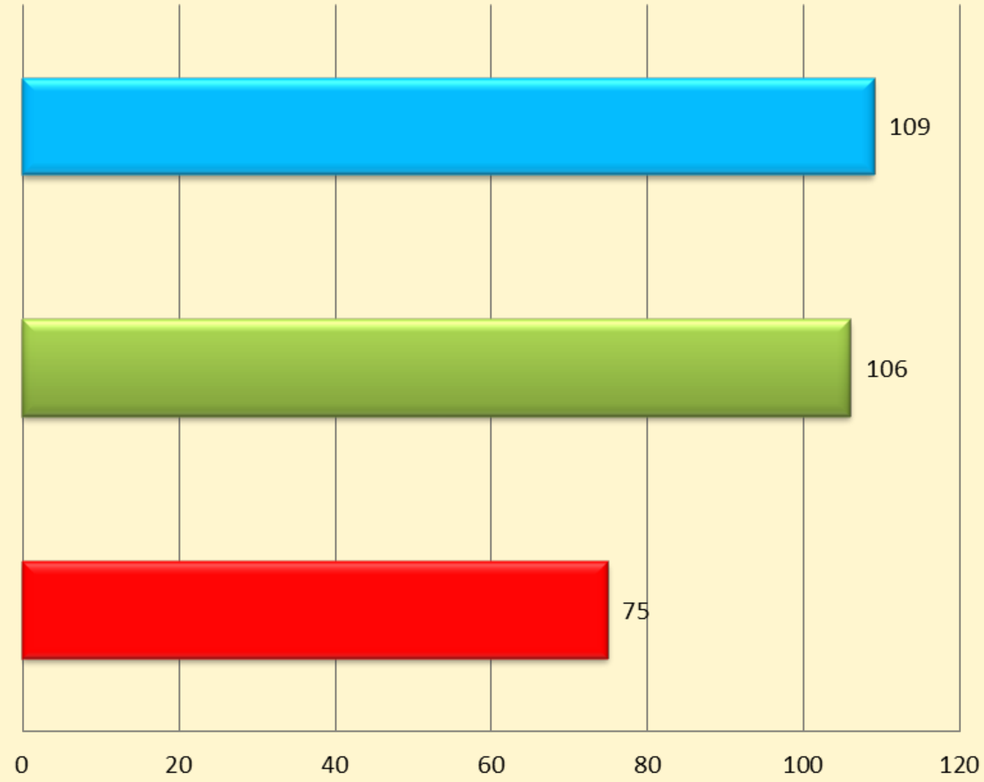
Arts & Culture

The City is a place to discover and enjoy arts, history, and culture.

A. Improve the City's role as facilitator and champion of local and regional efforts to promote preservation, the arts, and heritage development.

B. Support arts and cultural opportunities for everyone.

C. Continue support for and participation in regional heritage tourism planning and promotional efforts.



Total Respondents: 290

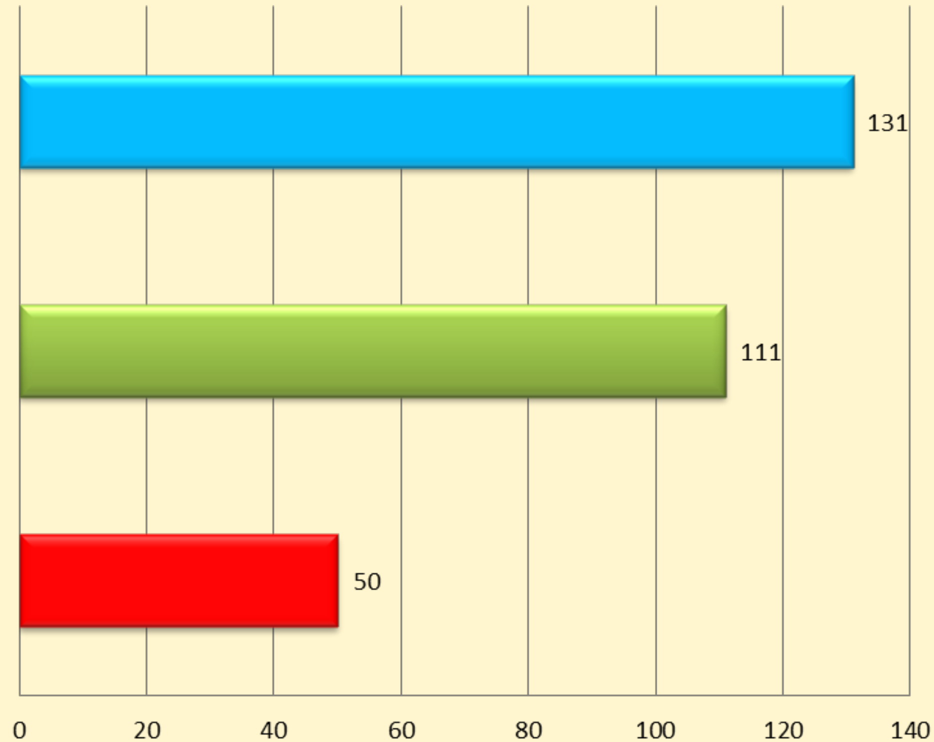
Citizen Engagement

Lynchburg citizens are engaged in participative democracy, interact with each other, learn from each other and together make the community more than the sum of its parts.

A. Promote active and effective participation in civic affairs, democratic process, and community improvement efforts.

B. Increase awareness of the quantity and quality of the public and private facilities and services to City residents.

C. Free wireless in the Central Business District (Downtown)



Total Respondents: 292

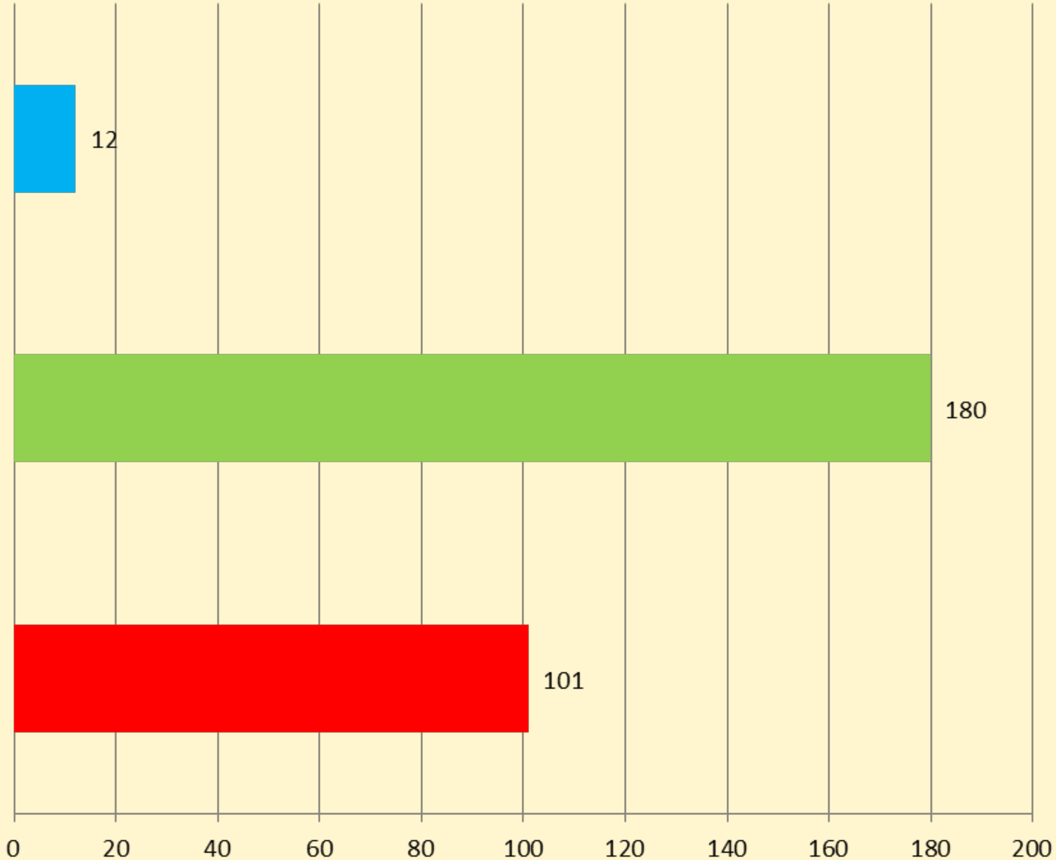
Economic Development

Lynchburg fosters an environment where businesses develop, thrive and compete in the global marketplace.

A. Tell the City's economic story more effectively to the most appropriate audiences.

B. Focus on areas that will directly impact economic growth and ensure Lynchburg is in a competitive position to attract, retain, and grow the types of companies and industries it desires.

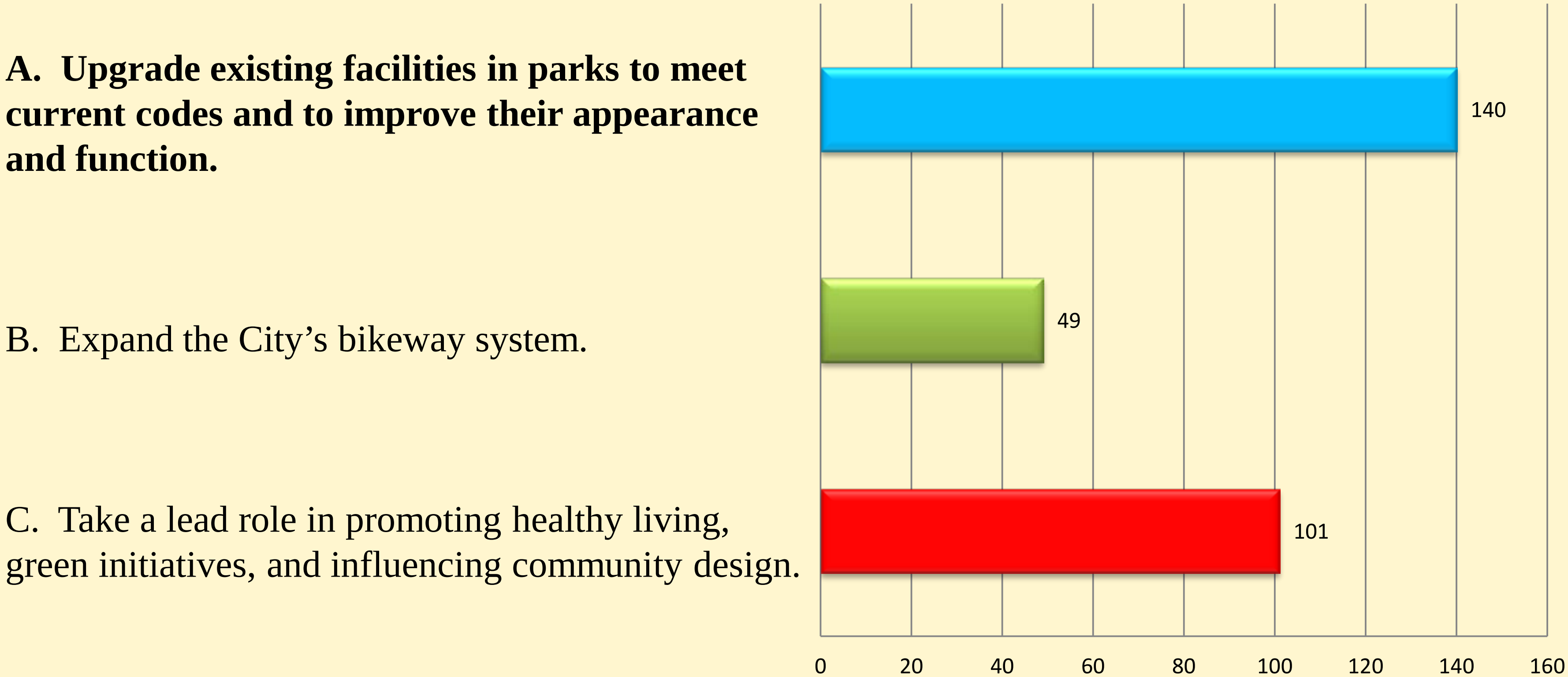
C. Support economic development efforts which will expand job opportunities & retention.



Total Respondents: 293

Healthy & Active Living

Lynchburg supports healthy and active living.



Total Respondents: 290

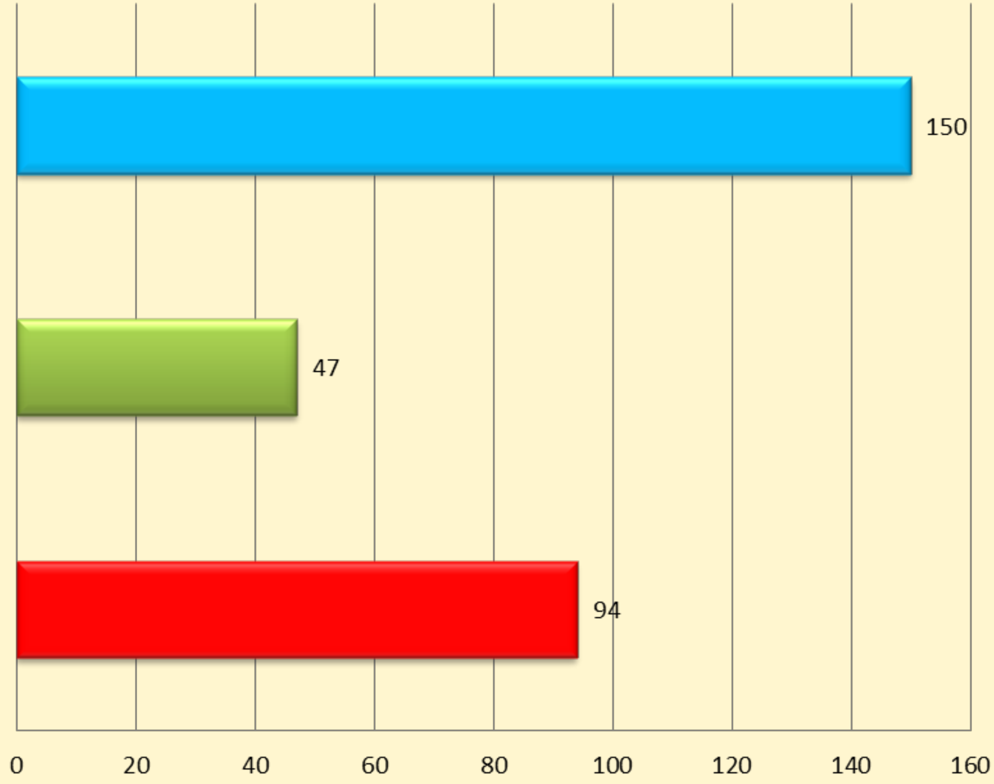
Infrastructure

Develop, renew and replace the City's infrastructure in a manner that is cost-effective, efficient, and sensitive to the community's needs.

A. Provide the citizens of Lynchburg with dependable, modern, high-quality roads, utilities and public spaces to meet the City's long-term requirements.

B. Maintain the priority of and commitment to execution of the City's CSO elimination program with a goal of completion by 2020.

C. Commit adequate resources to the operation and maintenance of existing & future transportation facilities.



Total Respondents: 291

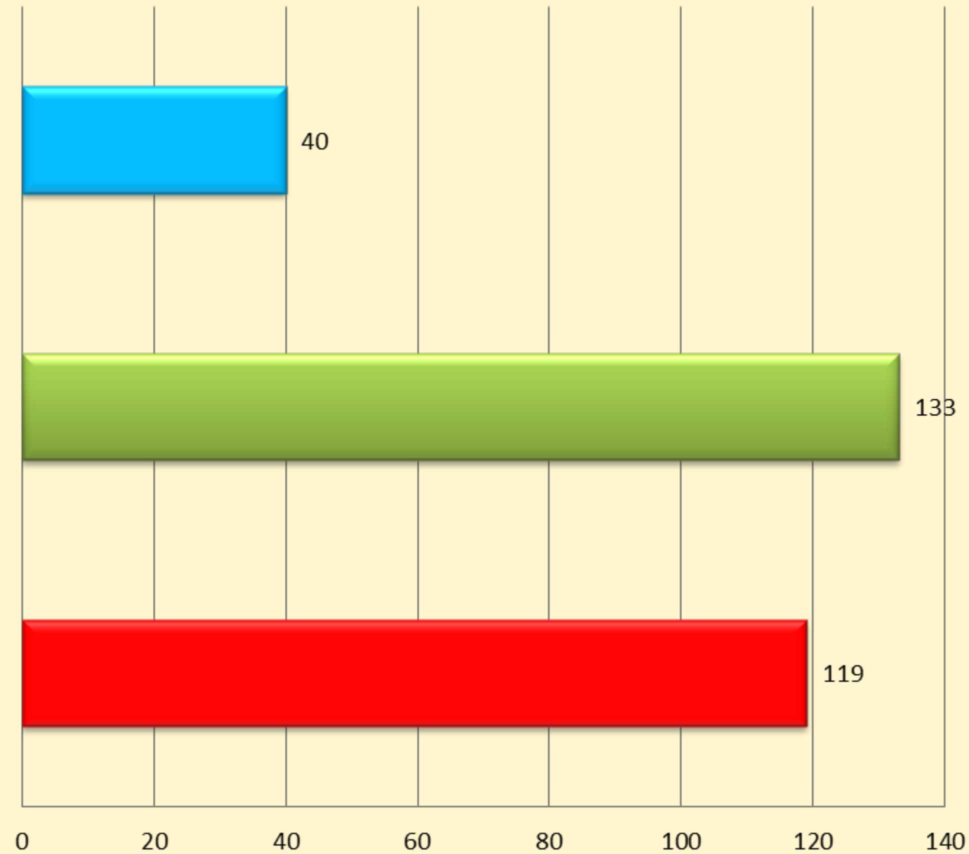
Land Use

The City optimizes the use of land and resources within its 50 square miles.

A. Remove existing and potential conflicts between land uses and zoning.

B. Encourage development that maximizes the use of limited land resources, while being sensitive to cultural and natural resources and surrounding land uses.

C. Promote public and private strategies that allow for dense, transit and pedestrian-oriented, mixed-use development opportunities, especially within designated redevelopment areas.



Total Respondents: 292

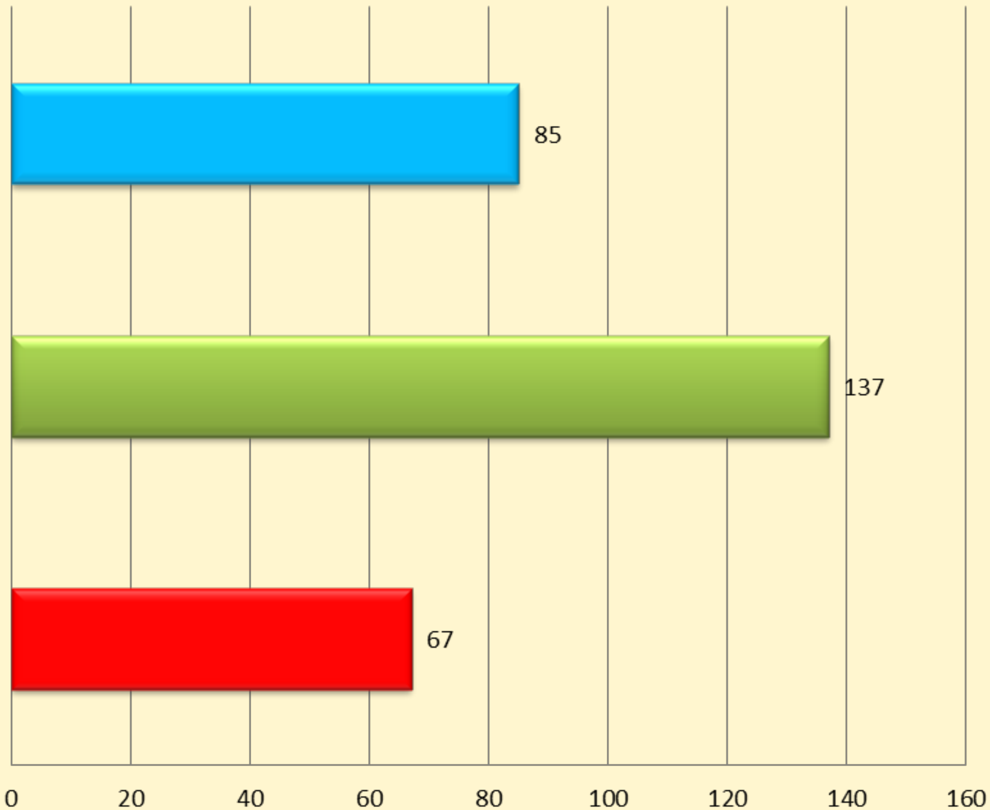
Lifelong Learning

Lynchburg is a community that values, encourages, and supports the pursuit of learning opportunities at all stages of life.

A. Excellence in Achievement through graduation rates, advanced class enrollment, reading proficiency, SOL results, and grade distribution.

B. Create partnerships with the business community and other organizations to support workforce development.

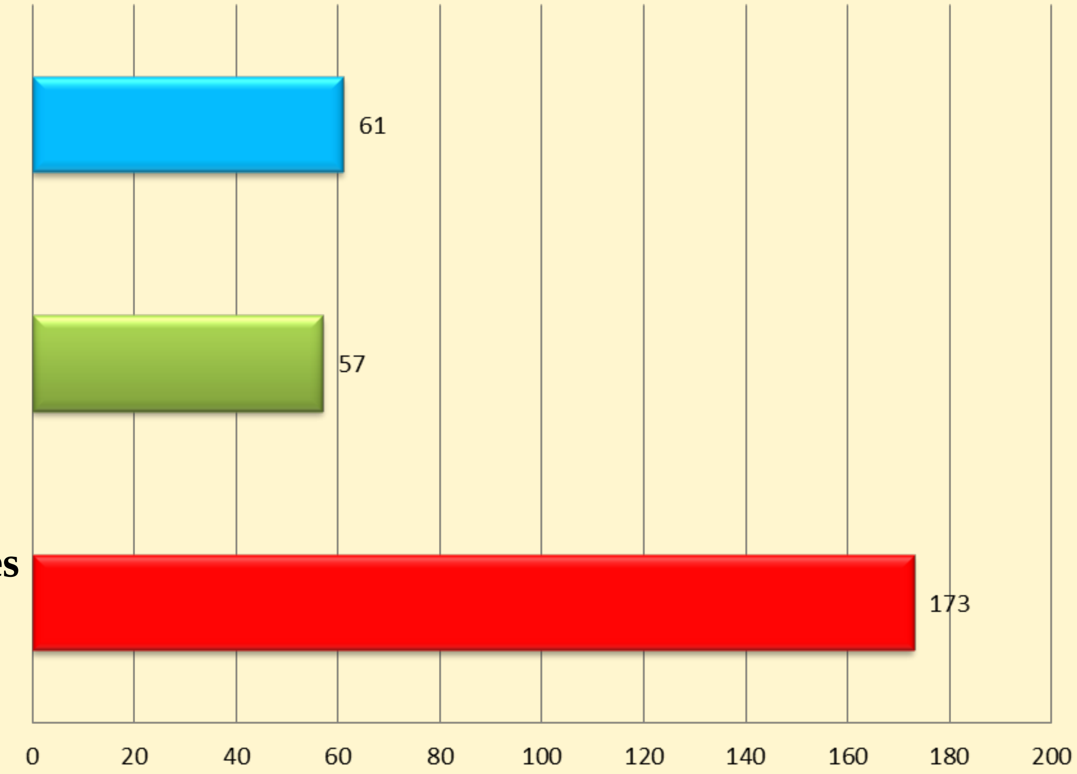
C. Develop an empowered and educated City workforce that embraces technology.



Total Respondents: 289

Natural Resources

Lynchburg protects, preserves and restores the natural environment.



A. Improve and maintain the health of our watersheds.

B. Maintain a comprehensive approach to stormwater management with a focus on addressing regional stormwater issues.

C. Encourage development that maximizes the use of limited land resources, while being sensitive to cultural and natural resources and surrounding land uses.

Total Respondents: 291

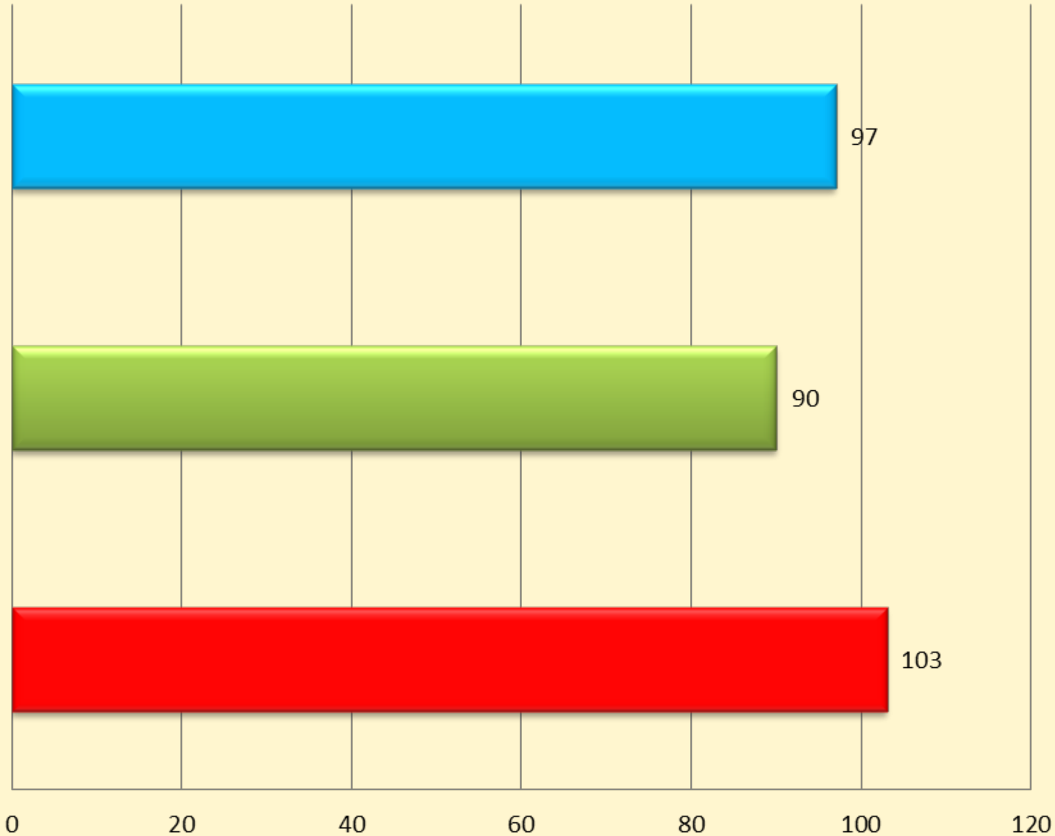
Neighborhoods

Lynchburg is a community of vibrant, healthy, and diverse neighborhoods.

A. Support mixed-use neighborhoods with accessible green space.

B. Encourage innovative, safe, and affordable housing choices.

C. Connect neighborhoods through infrastructure and public services.



Total Respondents: 290

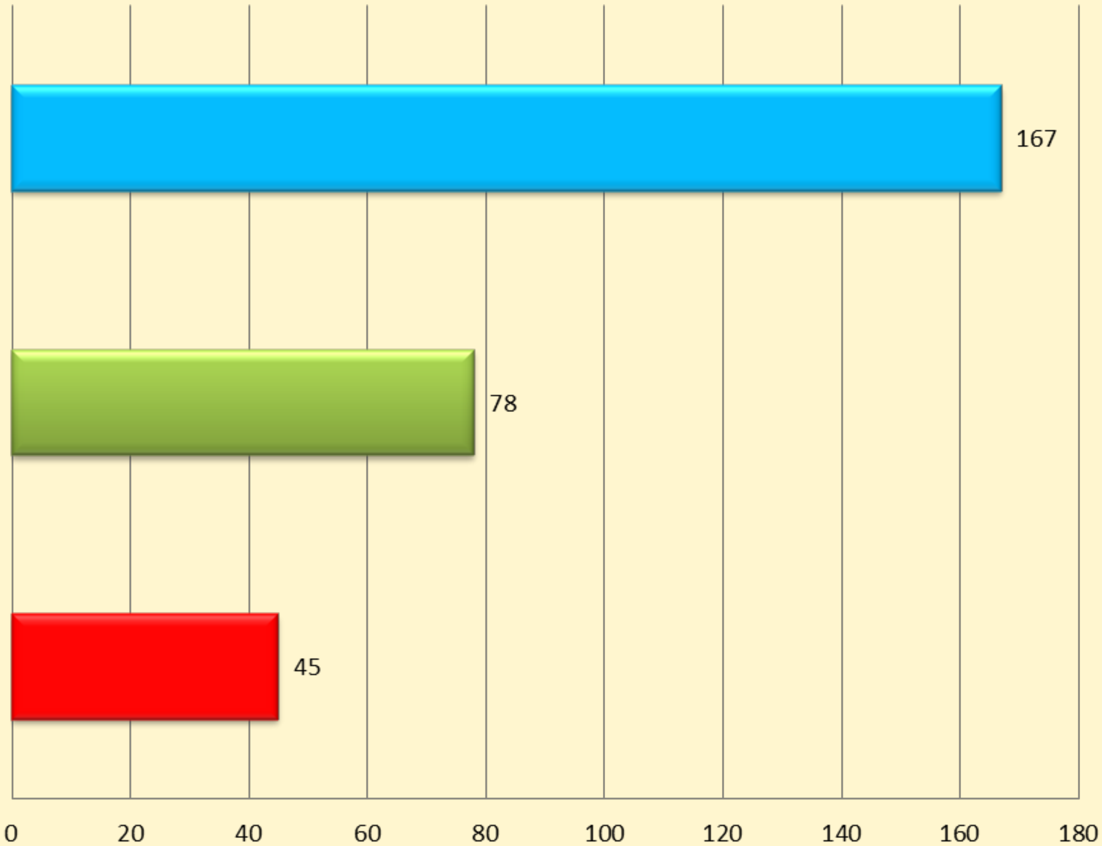
Safe Community

Lynchburg supports a safe and vibrant community through partnerships, planning and prevention.

A. Foster a safe and vibrant community through conserving, stabilizing and revitalizing City neighborhoods.

B. Build partnerships and relationships to facilitate effectively educating community members on matters of public safety.

C. Enhance the City's emergency management capability through training, agency collaboration and infrastructure development.



Total Respondents: 290

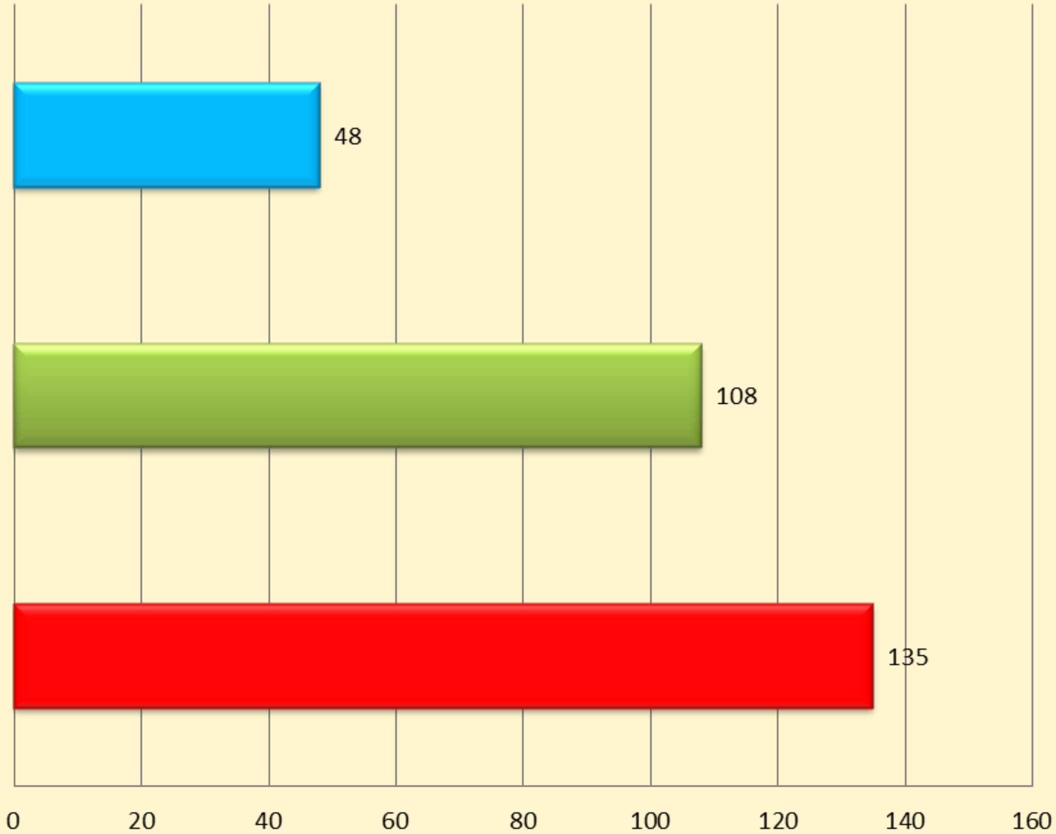
Social Equity

Lynchburg is a city where everyone is valued and respected, and has fair access to public resources.

A. Support initiatives to increase permanent affordable rental and housing ownership opportunities.

B. Promote the creation of diverse employment opportunities.

C. Promote activities which support the healthy development of the City's at-risk youth, adults and families.



Total Respondents: 291

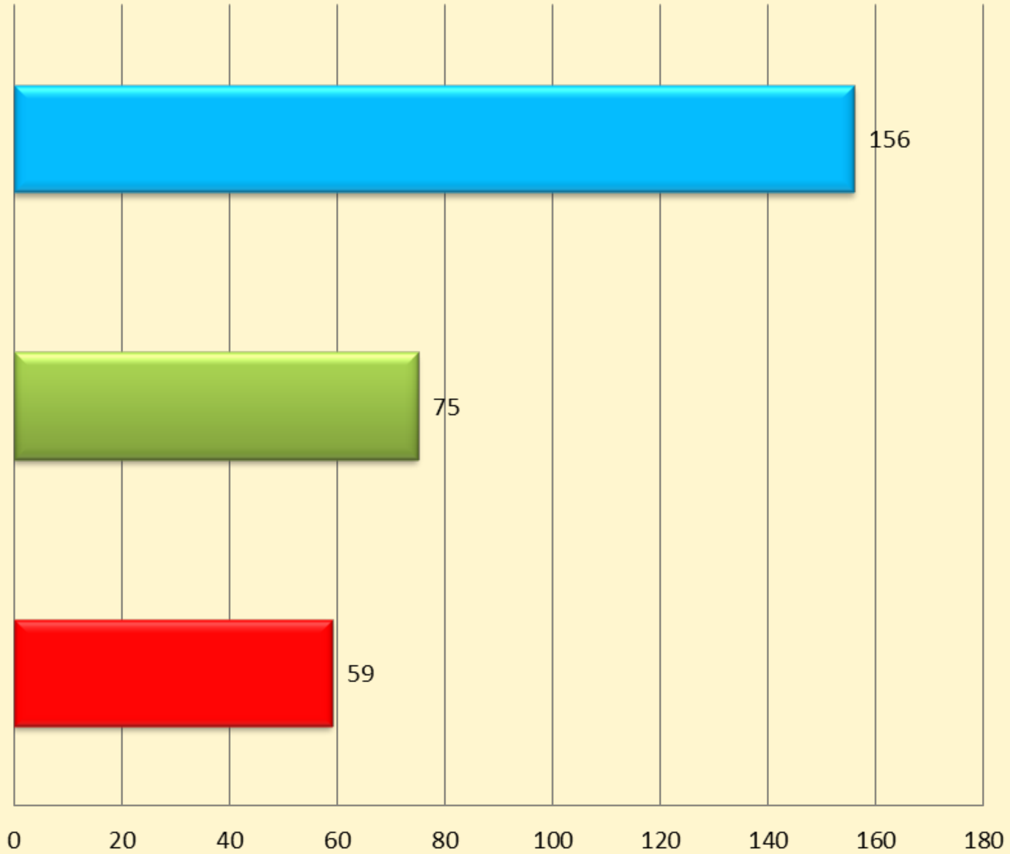
Transportation

Lynchburg's transportation system is multi-modal, safe and accessible to all citizens.

A. Create a sustainable, multi-modal transportation system that minimizes and, where possible, reduces pollution and motor vehicle congestion while ensuring safe mobility and access for all.

B. Commit adequate resources to the operation and maintenance of existing and future transportation facilities.

C. Incorporate a multi-modal focus in the final design of transportation infrastructure and services.



Total Respondents: 290

Next Steps

- Strategic Planning Action Team will work with stakeholders to identify metrics that will indicate progress on these priorities
- Priorities will be a component in the development of the FY 2015 Capital Improvement Plan and Operating Budget

Attachment B

// A regular meeting of the Council of the City of Lynchburg was held on the 22nd day of October, 2013, at 2:00 P.M. in the Council Chamber, City Hall, Michael Gillette, President, presiding. The following Members were present:

Present: Cary, Foster, Johnson, Nelson, Perrow, Gillette 6

Absent: Helgeson 1

// Council Member Helgeson arrived at 2:08 p.m.

// City Planner Tom Martin provided an update on the 2013-2030 Comprehensive Plan. Mr. Martin stated that Planning Works, Inc. will provide an overview of the Comprehensive Plan update process and findings. The Comprehensive Plan and Zoning Ordinance update was presented to City Council and the Planning Commission during a joint meeting on April 9, 2013. Mr. Martin gave background information on the Zoning Ordinance and Comprehensive Plan documents, which have previously been discussed as needing updates. Mr. Martin introduced Mr. Michael Lauer and Dr. Michael Chandler, consultants from Planning Works, Inc., who provided an overview of the Comprehensive Plan update process and findings. The consultants will explore questions that Council and the Planning Commission raised on the Comprehensive Plan and Zoning Ordinance. In closing the consultants stated the adoption of this Comprehensive Plan is an early step in the planning process. The City of Lynchburg has a long history of planning and bringing those plans to reality. This Plan includes the Plan Implementation Program (PIP) that should be followed and updated annually to reflect changing conditions and priorities. The tasks in this PIP are not the only actions required to be pursued to implement the Plan, the policies are to provide operational guidance on a wide range of issues from departments throughout the City. This Plan will be most valuable if City Council, Planning Commission and administration focus on the vision and goals as they prepare annual updates to the PIP through the budget process and the City's administration continuously follows and works with the community to refine the policies to improve delivery of the services that best meet the community's needs.

// JoAnn Martin, Director of Communications and Marketing, made a presentation regarding the City's new web-based application that will be used to complement existing citizen engagement efforts. The cloud-based tool, *Civic Ideas*, will help the City engage a broader audience beyond in-person meetings by offering a convenient online space to share ideas, participate in forums, and collaborate on projects. *Civic Ideas* will launch online in early November 2013. Ms. Martin went on to say that on October 8, 2013, City Council formally adopted the 12 pillars that support the City's vision "A Great Place to Live, Work and Play." Citizen Engagement and Social Capital is one of those pillars. The City has long recognized the benefits of engaging citizens in its decision-making processes and utilizes multiple methods with varying degrees of success to solicit feedback and ideas from our citizens. Ms. Martin further stated that In order to enhance civic engagement efforts, the City has contracted with Granicus (the City's software provider for online Council agenda/meeting management and video archiving), to make use of its *Civic Ideas* application. The application is an efficient way to hear from a broader group of residents and is a convenient way for citizens to stay engaged in the governing process and in turn, help the City collect timely and actionable input from citizens. In following past practice for the City's engagement efforts, the

application has been branded as *Lynchburg is Listening*. Lastly, Ms. Martin stated that the cost of the *Civic Ideas* application is $4,800 per year.
// Major Todd Swisher with the Police Department, as requested by Council Member Perrow, provided information regarding the Lynchburg Police Department's use of Automatic License Plate Reader (ALPR) technology. Mr. Swisher stated that on June 28, 2011 and January 22, 2013, Council amended the budget and appropriated federal grant funds to purchase license plate readers for criminal law enforcement. Mr. Swisher stated that this system is a relatively new technology that allows system-equipped police vehicles to "read" basic license plate information from other vehicles. Read data is then actively compared with recently-downloaded law enforcement be-on-the lookout listings related to fugitives, missing persons and stolen vehicles. The ALPR system notifies the officer operating the vehicle when a system "hit" is generated – meaning that a recently read license plate appears to match that of a wanted, missing or stolen vehicle. This process has been referred to as "active" data processing.
Mr. Swisher further stated for the present, the Lynchburg Police Department (LPD) is using ALPR systems in "active" mode only, and is automatically purging "passive" ALPR data, without any investigative review of that data, within 24 hours of it being collected. Mr. Swisher went on to say that it is his understanding that the Virginia State Police is following the same procedure that the LPD is following.
// Margaret Schmitt, Human Resources Director, provided information on the Employee Benefits follow-up. Ms. Schmitt stated that City Council discussed employee and retiree medical coverage at two previous sessions and requested follow-up information regarding the City's contribution levels since 1996, the availability of spouse coverage and premium cost sharing.
Ms. Schmitt provided the following information:

- Annual Contribution Rates
- Spouse Availability of Other Coverage
- Spouse Elections
- Reason for Spouse coverage
- Impact of Limiting Eligibility for Spouses
- Projected Expenses for 1/1/14 – 12/31/14
- Collections
- Current Rates – 10/11/12 – 12/31/13
- 2014 Rates (City Contribution Increases 5.5% and Family Member Rates Increase 3%)
- New Rates (Fully Fund Single Coverage – Employees)
- New Rates (Fully Fund Single Coverage – Retirees <65)
- New Rates (Fully Fund Single Coverage – Medicare Retirees)
- Share 5% of 2014 Single Rate (Shifts $405,000 from City to Employees)
- Share 10% of 2014 Single Rate (Shifts $810,000 from City to Employees)

During Council discussion several concerns were mentioned regarding cost sharing including giving a supplement to retirees and making it mandatory that when they reach 65 they would go on Medicare.

Mayor Gillette did state that at this time not to do a radical change in the benefits but over a period of time look into this much closer.

A motion was made by Council Member Cary, seconded by Council Member Perrow to require that when an employee reaches 65 they would go on Medicare and give a cost of $60.00 for supplemental insurance.

Council Member Helgeson made a friendly motion, seconded by Council Member Foster to table the item until the first meeting in January 2014 for implementation on July 1, 2014. Council by the following recorded vote adopted the motion to table this item until the first meeting in January 2014:

Ayes: Cary, Foster, Helgeson, Johnson, Nelson, Perrow, Gillette	7
Noes:	0

// During roll call Council Member Nelson announced that he had attended the CASA (Court Appointed Special Advocates) dedication of their new renovated space in the Monument Terrace Building. CASA staff wants to thank City Council, City staff and others that had made it possible for CASA to move into their new facilities.

// Council Member Cary announced that he attended the recognition of 23 students at T.C. Miller Elementary School for the first inaugural National Honor Society Chapter in the first elementary school of its kind, and hopes the other elementary schools will start the program in their school as well.

// Council Member Joan Foster also stated that she attended the CASA dedication, and secondly wanted to thank Chief Parks Snead for his comments that we are a safe community and would like the message to get to all our citizens that we are a safe community.

// Council Member Perrow announced that he attended the 2013 James River Association and noted in the press release that the James River received a “C” and it was up 2% from last year. He stated that the James River is clean and safe to swim in.

// Vice Mayor Johnson wanted to thank the Mayor and City Manager for attending the Harambee event that was held on October 19, 2013 at the Legacy Museum.

// Mayor Gillette presented the following announcements:

Council Member “H” Cary was recognized as a “Certified Local Government Official” at the Annual Virginia Municipal League (VML) Conference last week. This means that he completed a core course in local government competencies and has been appropriately recognized. Council Member Cary also was elected to serve as the Vice Chair of the Urban Section of VML. We would like to congratulate him on his recognition and his election.

City Council was reminded of GLTC’s Annual Meeting on October 23, 2013 at 6:00 p.m. at the GLTC office located on Kemper Street.

Mayor Gillette asked Council, due to the Thanksgiving holiday, would Council be in favor of starting the November 26 Council Meeting as early as 1:00 p.m. and adjourn by 5:00 p.m. or the possibility of cancelling the meeting altogether? Council agreed to start the November 26 Council Meeting at 1:00 p.m.

After roll call Council Member Perrow asked Council to alter the Rules of Procedures, seconded by

Council Member Helgeson, to allow a spoke person to speak for 5 minutes. The motion failed to alter the Rules of Procedures:

Ayes: Nelson, Perrow 2

Noes: Cary, Foster, Helgeson, Johnson, Gillette 5

// On motion of Vice Mayor Johnson, seconded by Council Member Cary, Council by the following recorded vote elected to hold a closed meeting for consultation with legal counsel and briefings by staff members regarding specific legal matters requiring the provision of legal advice, specifically: the discussion of the negotiation of the terms and conditions of a proposed contract between the City and the Lynchburg Regional Chamber of Commerce for the operation of the tourism program; the discussion of the negotiation of the terms and conditions of proposed contracts between the City and the adjacent counties for the sale and purchase of water; legal issues related to the Environmental Protection Agency's regulations concerning wastewater collection systems; and, legal matters involving a former City employee; pursuant to Section 2.2-3711(A.)(7) of the Code of Virginia, 1950:

Ayes: Cary, Foster, Helgeson, Johnson, Nelson, Perrow, Gillette 7

Noes: 0

// The meeting was re-opened to the public.

// Council Member Cary 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 Perrow, and Council by the following recorded vote adopted the motion:

Ayes: Cary, Foster, Helgeson, Johnson, Nelson, Perrow, Gillette 7

Noes: 0

// City Council recessed the meeting at 6:44 p.m.

// City Council reconvened the meeting at 7:30 p.m.

The following Members were present:

Present: Cary, Foster, Helgeson, Johnson, Nelson, Perrow, Gillette 7

Absent: 0

Council Member Foster gave the Invocation, followed by the Pledge of Allegiance.

// In the matter of Police – Emergency Services, Resolution #R-13-107 amending the FY 2014 General Fund budget and appropriating $210,700 with resources from the General Fund Reserve to fund the City of Lynchburg share of additional costs associated with the Regional Radio Upgrade Project, laid over from the October 8, 2013 meeting, was again presented and read, and on motion of Council Member Foster, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted the Resolution:

Ayes:	Cary, Foster, Helgeson, Johnson, Nelson, Perrow, Gillette	7
Noes:		0

// In the matter of Finance – Bonds, Resolution #R-13-112 amending the FY 2014 General Fund budget in the amount not to exceed $191,250 with resources from the General Fund Reserve for Contingencies to fund the debt service interest payment due June 1, 2014, laid over from the October 8, 2013 meeting, was again presented and read, and on motion of Council Member Foster, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted the Resolution:

Ayes:	Cary, Foster, Helgeson, Johnson, Nelson, Perrow, Gillette	7
Noes:		0

// In the matter of Finance – Bonds, Resolution #R-13-113 amending the FY 2014 General Fund budget and appropriating $64,000 with resources from proceeds of the FY 2014 General Obligation Public Improvement Bond to fund issuance costs, laid over from the October 8, 2013 meeting, was again presented and read, and on motion of Council Member Foster, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted the Resolution:

Ayes:	Cary, Foster, Helgeson, Johnson, Nelson, Perrow, Gillette	7
Noes:		0

// In the matter of Community Development - Zoning, a public hearing was held regarding City Council Report #9 outlining the petition of Wanjema Muhoro for a Conditional Use Permit (CUP) at 1116 Wise Street to allow the use of an existing building as a duplex in a B-5, General Business District. City Planner Tom Martin gave a summary of the request and stated the Planning Commission recommended approval of the CUP. Mr. Wanjema Muhoro, the petitioner, asked Council for approval of the CUP. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Cary, seconded by Council Member Nelson, Council by the following recorded vote adopted Resolution #R-13-115, as presented, granting the Conditional Use Permit:

Ayes:	Cary, Foster, Helgeson, Johnson, Nelson, Perrow, Gillette	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 Alan R. Sale to rezone the property located at 2600 Fort Avenue from I-2, Light Industrial District to B-5C, General Business District (Conditional) to allow the use of the property for automobile sales. City Planner Tom Martin gave a summary of the request and stated the Planning Commission recommended approval of the rezoning petition. Mr. Thomas C. Brooks, representing the petitioner, outlined the request and asked for approval for the rezoning petition. 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 Helgeson, Council by the following recorded vote adopted Ordinance #0-13-116, as presented, granting the Zoning Amendments:

Ayes: Cary, Foster, Helgeson, Johnson, Nelson, Perrow, Gillette 7

Noes: 0

// In the matter of Community Development - Zoning, a public hearing was held regarding City Council Report #11 outlining the petition of James River Day School for a Conditional Use Permit (CUP) at 104 Bon Ton Circle to allow a temporary modular classroom to become permanent and to allow the use of the existing structure at 108 Bon Ton Road for educational uses in an R-1, Single-Family Residential District. City Planner Tom Martin gave a summary of the request and stated the Planning Commission recommended approval of the CUP. Mr. Peter York, representing the petitioner, outlined the request and asked for approval of the CUP. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Vice Mayor Johnson, seconded by Council Member Foster, Council by the following recorded vote adopted Resolution #R-13-117 as presented, granting the Conditional Use Permit:

Ayes: Cary, Foster, Helgeson, Johnson, Nelson, Perrow, Gillette 7

Noes: 0

// In the matter of Public Works – Street Vacation, a public hearing was held regarding City Council Report #12 regarding GOBO Properties, LLC to vacate excess right-of-way located on Old Forest Road between Ardmore Drive and Dandridge Drive. The excess right-of-way will be combined with the adjoining parcels on Old Forest Road. City Planner Tom Martin gave a summary of the request and stated the Physical Development Committee (PDC) forwarded the request to City Council with a recommendation to vacate the right-of-way. Mr. Norman Walton, representing the petitioner, outlined the request and asked for approval of the right-of-way. There was no one else present who wished to speak to this item, and the public hearing was closed. Council Member Perrow, Chair of the Physical Development Committee (PDC) stated that this item came before PDC which recommended approval of the request. This motion does not require a second and Council by the following recorded vote adopted Ordinance #O-13-118, as presented, to vacate excess right-of-way located on Old Forest Road between Ardmore Drive and Dandridge Drive:

Ayes: Cary, Foster, Helgeson, Johnson, Nelson, Perrow, Gillette 7

Noes: 0

// Council Member Perrow stated the following, “my company, WW Associates, occasionally contracts with Liberty University for engineering services. While Freedom Aviation is associated with Liberty University, it is in fact a separate and distinct legal entity from Liberty University. Because Freedom Aviation is a separate and distinct entity from Liberty University, I do not have a conflict of interest that prevents me from participating in this matter, and I am able to participate in this matter fairly, objectively and in the public interest. Therefore, I will participate in the discussion of and vote on Freedom Aviation’s request.”

// In the matter of Airport – General, a public hearing was held regarding City Council Report #13 to receive public comments on the request of Falwell Aviation, currently doing business as Freedom Aviation, to amend the terms of the July 1, 2007 franchise agreement between Falwell Aviation and the City. The requested amendment to the franchise agreement would remove the restrictions on Freedom Aviation's ability to provide retail fuel services at the Lynchburg Regional Airport, and would allow Freedom Aviation to sell aviation fuel to the military and commercial airlines.

Mark Courtney, Airport Manager, gave a summary of the request. On August 26, 2013 the Lynchburg Regional Airport Commission voted to recommend disapproval of the request.

David Young with Freedom Aviation, doing business as Freedom Aviation, is requesting to amend its Franchise Ordinance to remove all references to limitation on retail fueling operations as an authorized full-service fixed base operator by Lynchburg Regional Airport.

Jim Walker with Virginia Aviation stated that both parties agreed with the franchise agreement. Both parties understood the agreement.

Robin Wood, the Attorney for Virginia Aviation, asked questions regarding the FAA regulations on exclusive rights. Mr. Wood stated that, in his judgment, there are no violations; Freedom Aviation can sell branded gas, there was no objection from Virginia Aviation. There was no one else present who wished to speak to this item, and the public hearing was closed. After Council discussion Council Member Perrow made a motion, seconded by Vice Mayor Johnson to table the matter to a closed session at a later time. Council by the following recorded vote adopted the motion to take this matter to a closed session:

Ayes: Cary, Foster, Helgeson, Johnson, Nelson, Perrow, Gillette	7
Noes:	0

// In the matter of Community Planning – General, a public hearing was held regarding City Council Report #14 to receive citizen comments on the adoption of a resolution authorizing the City Attorney's Office to initiate condemnation proceedings to acquire the fee simple title to the parcel of property owned by J. Wayne Henson, located at 3010 Wards Ferry Road, Lynchburg City Tax Map No. 247-03-020, containing approximately 2.39 acres. The property in question is needed and shall be used for the construction of the new Heritage High School. City Attorney Walter Erwin gave a summary of the request stating he received a call from Mr. Henson's lawyer. The lawyer stated Mr. Henson was having his own appraisal conducted and would be ready to revisit the issued once its findings were in. Two people spoke in opposition of the request with regard to buying the land, stating "don't strong arm" and expressed a concern with the process. There was no one else present who wished to speak to this item, and the public hearing was closed. After Council discussion, Council Member Helgeson made a motion to deny the request, the motion failed for lack of a second. On motion of Vice Mayor Johnson, seconded by Council Member Nelson, Council by the following recorded vote adopted Resolution #R-13-119 as presented, to initiate condemnation proceedings to acquire the fee simple title to the parcel of property owned by J. Wayne Henson, located at 3010 Wards Ferry Road:

Ayes: Cary, Foster, Johnson, Nelson, Perrow, Gillette	6
Noes: Helgeson	1

// The meeting was adjourned at 9:14 P.M.

Clerk of Council

// A regular meeting of the Council of the City of Lynchburg was held on the 12th day of November, 2013, at 4:00 P.M. in the Council Chamber, City Hall, Michael Gillette, President, presiding. The following Members were present:

Present: Cary, Foster, Helgeson, Nelson, Perrow, Gillette 6

Absent: Johnson 1

// Don DeBerry, Deputy Public Works Director, provided a report on the Fort Avenue On-Road Bike Facility. Mr. DeBerry stated as Fort Avenue is resurfaced and restriped upon completion of Midtown improvements, plans are to add lane markings and separate bike lanes to the roadway where the existing pavement width allows. This proposal covers the area from Park Avenue to Wythe Road, and adds sharrows from Wythe Road to Memorial Avenue. Mr. DeBerry further stated that the markings proposed are consistent with the federal and state guidelines for pavement markings associated with both vehicular and bicycle use. Mr. DeBerry went on to say, as recommended in the approved Region 2000 Bike plan this restriping plan eliminates on street parking on one side of Fort Avenue to accomplish the addition of the bike lanes for both sides. The City comprehensive plan states that parking will not be removed from Fort Avenue for the purpose of adding capacity. Mr. DeBerry explained the proposed project which eliminates on street parking on the East side of Fort Avenue.

After Council discussion regarding the Fort Avenue Bike Lanes, Council concern was that they did not have visuals of the bike lanes. A motion was made by Council Member Helgeson seconded by Council Member Cary to defer action on this item until visuals are available for Council consideration. Council by the following recorded vote agreed to defer this item and bring it back to a future work session:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette 6

Noes: 0

Absent: Johnson 1

// Planner Anne Nygaard introduced Mr. Bill Cashman of URS who presented the Wards Ferry Road Corridor Study. Mr. Cashman stated that Region 2000 Local Government Council, the City of Lynchburg and the URS Corporation have completed a study of Wards Ferry Road from Timberlake Road to Wards Road. Mr. Cashman explained that the study focused on turn lanes, multimodal needs and access management. He explained one of the issues that became apparent early on is that future widening into four lanes, although many may feel is necessary, is not financially feasible. Mr. Cashman went on to say that the study focused on safety, capacity and a complete streets approach. The resulting document is a planning level assessment of options to address (i) vehicular traffic safety concerns; (ii) pedestrian and bicycle accommodations; and (iii) road capacity issues from current and anticipated development demands along the corridor. Mr. Cashman further stated that Staff recommends the “Preferred Alternative”. This preferred alternative would minimize the need for additional right-of-way, while adding turn lanes at key intersections, a roundabout at Wards Ferry Road and Harvard Street and a multi-use path along the length of the corridor. The preferred alternative would improve safety and preserve existing street capacity while allowing for minimal growth in traffic. Mr. Cashman went on to say additional vehicular capacity cannot be added to the corridor without significant right-of-way acquisition and public investment. The Planning Commission recommended adopting the study as part of the *Comprehensive Plan* because:

- The study is consistent with the *Comprehensive Plan* which recommends that "priorities for improvements to the transportation system should be based on safety considerations; existing deficiencies; multimodal and environmental considerations; physical, economic, and policy constraints; contribution to quality urban design; required right of way needs; level of service; and appropriate system continuity."
- The study is consistent with the *Comprehensive Plan* which recommends inclusion of "alternative transportation modes in the Transportation Master Plan (TMP), including pedestrians, bikeways, trails and transit."
- The study provides guidance on the maximum build-out of the corridor and will help inform future decisions on development in the area.

During Council discussion some concerns were raised on what the phase would look like and how to fund this project.

// Deputy City Manager Bonnie Svrcek gave a summary of the Draft 2014 Legislative Agenda outlining the position statement changes, deletions and newly-created positions. During Council discussion Council asked that two alternatives be incorporated for discussion and adoption on the issue of Law Enforcement Data Collection and Retention. It was asked that Water Quality be amended. There was some discussion on Legislation supporting the Filing of Bills with Local Fiscal Impact, there was opposition to any legislation that would reduce Taxes on Machinery and Tools and Taxes on Business Licenses and discussion on the support for full funding of Teacher Retirement which are included as 2014 Legislative Priorities. After discussion, Council agreed to bring this item back for adoption at the November 26 Council meeting.

// During roll call Council Member Nelson stated that City staff would give some consideration to the storm water run-off on Coffee and Boonsboro Roads behind the new Dollar General Store.

// Council Member Cary stated that the traffic light on Oak Lane near Virginia Baptist Hospital is working properly.

// On motion of Council Member Helgeson, seconded by Council Member Foster, Council by the following recorded vote elected to hold a closed meeting for discussion and consideration of the disposition of a City owned property located near the intersection of Lakeside Drive and Whitehall Road pursuant to Section 2.2-3711(A.)(3) of the Code of Virginia because discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the City:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette	6
Noes:	0
Absent: Johnson	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 Cary, and Council by the following recorded vote adopted the motion:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette	6
Noes:	0
Absent: Johnson	1

// City Council recessed the meeting at 6:18 p.m.

// City Council reconvened the meeting at 7:30 p.m.

The following Members were present:

Present: Cary, Foster, Helgeson, Nelson, Perrow, Gillette	6
Absent: Johnson	1

Council Member Cary gave the Invocation, followed by the Pledge of Allegiance.

// Copies of the minutes of the October 8, 2013 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Cary, seconded by Council Member Foster, Council by the following recorded vote approved the minutes as presented:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette	6
Noes:	0
Absent: Johnson	1

// In the matter of Public Works – Street Vacation, a public hearing was held regarding City Council Report #7 regarding the petition of Mr. Thomas McCann to vacate a portion of Manton Drive located between 3600 and 3607 Manton Drive, which extends approximately two hundred forty (240) feet and is approximately fifty (50) feet wide. Council Member Nelson made the following statement, "I represent the petitioner (Mr. and Mrs. Thomas McCann) for handling of this property. For this reason I will abstain from casting a vote in favor or against this item." Kevin Henry, Planner II, gave a summary of the request and the Physical Development Committee (PDC) reviewed the petition and unanimously recommended approval of the request. There was no one else present who wished to speak to this item, and the public hearing was closed. Council Member Perrow, Chair of the Physical Development Committee (PDC) stated that this item came before PDC which recommended approval of the request. This motion does not require a second and Council by the following recorded vote adopted Ordinance #O-13-120, as presented, approving to vacate a portion of Manton Drive located between 3600 and 3607 Manton Drive, which extends approximately two hundred forty (240) feet and is approximately fifty (50) feet wide:

Ayes: Cary, Foster, Helgeson, Perrow, Gillette	5
Noes:	0
Absent: Johnson	1
Abstention: Nelson	1

// In the matter of Public Works – General, a public hearing was held regarding City Council Report #8 regarding the consideration of a request to grant a License Agreement to Sidera Networks, LLC d/b/a Lightower Fiber Networks to place fiber optic cable from Timberlake Road to Route 29 By-pass in city right-of-way. Lee Newland, City Engineer, gave a summary of the request. A representative with Sidera Networks submitted a request for the installation of approximately 57,435 feet of fiber optic cable in city right-of-way. Sidera Networks is partnered with Virginia Department of Transportation (VDOT) to build a network of fiber optic cable throughout the State of Virginia. There was no one else present who wished to speak to this item, and the public hearing was closed. Council Member Perrow, Chair of the Physical Development Committee (PDC) stated that this item came before PDC which recommended approval of the request. This motion does not require a second and Council by the following recorded vote adopted Resolution #R-13-121, as presented, granting a License Agreement to Sidera Networks, LLC d/b/a Lightower Fiber Networks to place fiber optic cable from Timberlake Road to Route 29 By-pass in city right-of-way:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette	6
Noes:	0
Absent: Johnson	1

// In the matter of City Council, Mr. Ronald "B.B." Shavers, representing the S.H.O.P.O. Foundation for Youth, spoke before Council regarding the incident that occurred on Friday, October 18th at the City Stadium during the E.C. Glass and Heritage football game.

// In the matter of City Council, Mrs. Demetritus Goode spoke before Council regarding an incident that occurred on Friday, October 18th at the City Stadium during the E.C. Glass and Heritage football game.

// In the matter of City Council, Mr. John Williams spoke before Council with a concern on the issue of “Food Deserts” in the Lynchburg area.

// In the matter of Public Works – General, City Council Report #12 was considered.

Council Member Perrow, Chair of the Physical Development Committee (PDC) stated that this item came before PDC which recommended approval of the request. This motion does not require a second and Council by the following recorded vote adopted Resolution #R-13-122, as presented, to participate in the Virginia Department of Transportation (VDOT) Revenue Sharing Program:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette	6
Noes:	0
Absent: Johnson	1

// In the matter of Public Works – General, City Council Report #13 was considered. Council Member Perrow, Chair of the Physical Development Committee (PDC) stated that this item came before PDC which recommended approval of the request. This motion does not require a second and Council by the following recorded vote adopted Resolution #R-13-123, as presented, to support Campbell County in the participation of the Virginia Department of Transportation (VDOT) Revenue Sharing Program for a project in support of Liberty University:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette 6
Noes: 0
Absent: Johnson 1

// In the matter of Water Resources – General, City Council Report #14 was considered. Director of Water Resources Tim Mitchell provided a brief summary of the request. Council Member Cary, Chair of the Finance Committee (FC) stated that this item came before FC which recommended approval of the request. This motion does not require a second, and Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-13-124, as presented, amending the FY 2014 Sewer Capital Projects Fund budget and appropriating $750,000 with resources transferred from the FY 2014 Sewer Operating Fund budget to remain in compliance with the State Water Control Board Special Order:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette 6
Noes: 0
Absent: Johnson 1

// In the matter of Public Works – General, City Council Report #15 was considered. City Engineer Lee Newland provided a summary of the request. Council Member Cary, Chair of the Finance Committee (FC) stated that this item came before FC which recommended approval of the request. This motion does not require a second and Council by the following recorded vote adopted Resolution #R-13-125, as presented, to approve the submittal of an application for $160,000 in Transportation Alternatives Program funding through Virginia Department of Transportation (VDOT) for construction of a sidewalk on one side of Jefferson Ridge Parkway providing access to Ivy Creek Park:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette 6
Noes: 0
Absent: Johnson 1

// In the matter of Transit, City Council Report #16 was considered. Finance Director Donna Witt provided a summary of the request. Council Member Cary, Chair of the Finance Committee (FC) stated that this item came before FC which recommended approval of the request. This motion does not require a second and Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-13-126, as presented, amending the FY 2014 City Capital Projects Fund budget and appropriating $246,724 with resources from the General Fund GLTC committed fund balance reserve to provide for GLTC capital projects:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette 6
Noes: 0
Absent: Johnson 1

// In the matter of Central Virginia Mental Health, City Council Report #17 was considered. City Attorney Walter Erwin gave a summary of the request regarding the Horizon Behavioral Health Charter Agreement. On motion of Council Member Cary, seconded by Council Member Nelson, Council by the following recorded vote adopted Resolution #R-13-127, as presented, agreeing to a change to the Horizon Behavioral Health Charter Agreement:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette	6
Noes:	0
Absent: Johnson	1

// The meeting was adjourned at 8:37 P.M.

Clerk of Council

// A regular meeting of the Council of the City of Lynchburg was held on the 26th day of November, 2013, at 1:00 P.M. in the Council Chamber, City Hall, Michael Gillette, President, presiding. Council Member Nelson gave the Invocation, followed by the Pledge of Allegiance. The following Members were present:

Present: Cary, Foster, Helgeson, Nelson, Perrow, Gillette 6

Absent: Johnson 1

// In the matter of Water Resources – General, Resolution #R-13-124 amending the FY 2014 Sewer Capital Projects Fund budget and appropriating $750,000 with resources transferred from the FY 2014 Sewer Operating Fund budget to remain in compliance with the State Water Control Board Special Order, laid over from the November 12, 2013 meeting, was again presented and read, and on motion of Council Member Cary, seconded by Council Member Perrow, Council by the following recorded vote adopted the Resolution:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette 6

Noes: 0

Absent: Johnson 1

// In the matter of Transit, Resolution #R-13-126 amending the FY 2014 City Capital Projects Fund budget and appropriating $246,724 with resources from the General Fund GLTC committed fund balance reserve to provide for GLTC capital projects, laid over from the November 12, 2013 meeting, was again presented and read, and on motion of Council Member Cary, seconded by Council Member Perrow, Council by the following recorded vote adopted the Resolution:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette 6

Noes: 0

Absent: Johnson 1

// In the matter of Economic Development - General, City Council Report #3 was considered. Ted Craddock legal council for EDA gave an overview of this item. On motion of Council Member Helgeson, seconded by Council Member Cary, Council by the following recorded vote adopted Resolution #R-13-128, as presented, approving the issuance of up to $9,000,000 in bonds for Randolph College through the Industrial Development Authority of Campbell County, Virginia:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette 6

Noes: 0

Absent: Johnson 1

// In the matter of Council, City Council Report #4 was considered. City Manager Kimball Payne stated following the November 12th work session, staff has incorporated Council's comments into the revision of the Legislative Agenda for the 2014 Session of the Virginia General Assembly. Mr. Payne stated that Council asked that two alternatives be incorporated for discussion and adoption on the issue of Law Enforcement Data Collection and Retention. Language regarding Water Quality has been amended as well. Legislation supporting the Filing of Bills with Local Fiscal Impact, opposition to any legislation that would reduce Taxes on Machinery and Tools and Taxes on Business Licenses and support for full funding of Teacher Retirement Benefits are included as 2014 Legislative Priorities.

On motion of Council Member Helgeson, seconded by Council Member Cary, Council by the following recorded vote adopted the Legislative Agenda for the 2014 Session of the Virginia General Assembly:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette	6
Noes:	0
Absent: Johnson	1

// In the matter of Public Works – General, City Council Report #5 was considered. Don DeBerry, Deputy Public Works Director, gave a summary of the Fort Avenue on road bike facility striping plan. Mr. DeBerry stated that, as recommended in the Region 2000 Bike plan, this restriping plan eliminates on street parking on one side of Fort Avenue to accomplish the addition of the bike lanes for both sides. Mr. DeBerry went on to say that the City comprehensive plan states that parking will not be removed from Fort Avenue, from Park Avenue/Kemper Street to Memorial Avenue, "to permit increased traffic flow".

// In the matter of Chamber of Commerce, City Council Report #6 was considered. On motion of Council Member Perrow, seconded by Council Member Foster, Council by the following recorded vote adopted Resolution #R-13-129, as presented, for the establishment of the Lynchburg Regional Convention and Visitors Bureau (LRCVB) and the Lynchburg Regional Tourism Board:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette	6
Noes:	0
Absent: Johnson	1

On motion of Council Member Perrow, seconded by Council Member Foster, Council by the following recorded vote adopted Resolution #R-13-130, as presented, for the creation of six (6) full-time and seven (7) part-time positions which are authorized effective January 1, 2014, for the purpose of staffing the Department of Tourism, including the Lynchburg Visitors Center:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette	6
Noes:	0
Absent: Johnson	1

// In the matter of Parks & Recreation – General, City Council Report #7 was considered. Before discussion on this item Council Member Perrow made the following statement "my company, WW Associates, has a contract with Liberty University for engineering services. I have been advised that because of my personal interest, I should abstain from discussing and voting on this item."

City Manager Kimball Payne stated that in March of this year, Liberty University announced plans to construct athletic facilities on Treasure Island and Daniel's Island in the James River. Access to Treasure Island would be via a new bridge replacing the former bridge that was destroyed in the 1985 flood. A road through Riverside Park to the original bridge had been constructed by the City in the 1920's. In 1931 City Council adopted a resolution allowing the YMCA and its successors-in-interest the right to use the road for "private purposes" as long as its use did not constitute a nuisance in Riverside Park. Mr. Payne further stated that the grant of access to Treasure Island, within the limitations of the law and with appropriate conditions, is a reasonable action to allow for the use and enjoyment of the islands and the James River. Council is asked to authorize the scheduling of a public hearing to consider a franchise granting Liberty

University access to Treasure Island through Riverside Park. On motion of Council Member Helgeson, seconded by Council Member Cary, Council by the following recorded vote agreed to schedule a public hearing to receive input on a proposal to grant Liberty University access through Riverside Park to Treasure Island:

Ayes: Cary, Foster, Helgeson, Nelson, Gillette	5
Noes:	0
Absent: Johnson	1
Abstention: Perrow	1

// After Mayor Gillette read the closed session item, Council Member Perrow read the following statement, "Freedom Aviation has asked Lynchburg City Council to amend its franchise agreement to allow it to sell aviation fuel to commercial airlines at the Lynchburg Regional Airport. While Freedom Aviation is a duly organized Virginia corporation, it is also a subsidiary of Liberty University. I am a member of WW Associates, Inc., a civil engineering firm, and I receive a salary from the firm in excess of $10,000.00 per year, and have an ownership interest in the firm that exceeds 3% of the firm's assets. My company, WW Associates, Inc., occasionally contracts with Liberty University for engineering services, but my company has never done engineering work for Freedom Aviation. Even though my company has done business with Liberty University, I am able to participate in Freedom Aviation's request to amend its franchise agreement fairly, objectively, and in the public interest. Therefore, I will participate in City Council's consideration of Freedom Aviation's request at today's close session."

// On motion of Council Member Helgeson, seconded by Council Member Cary, Council by the following recorded vote elected to hold a closed meeting for consultation with legal counsel and staff members about a specific legal matter, Freedom Aviation's request that City Council amend its franchise agreement to allow it to sell aviation fuel to commercial airlines at the Lynchburg Regional Airport, pursuant to Section 2.2-3711(A.)(7) of the Code of Virginia, 1950, as amended:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette	6
Noes:	0
Absent: Johnson	1

// The meeting was re-opened to the public.

// Council Member Foster 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 Helgeson, and Council by the following recorded vote adopted the motion:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette	6
Noes:	0
Absent: Johnson	1

// The meeting was adjourned at 3:14 P.M.

Clerk of Council

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 9

CONSENT: **X** REGULAR: WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Technology Trust Fund (TTF) Fees for the Office of the Circuit Court Clerk**

RECOMMENDATION: Adopt a resolution to amend the FY 2014 General Fund budget and appropriate $10,747 with resources from the State Compensation Board, Technology Trust Fund fees to support information technology needs in the Office of the Circuit Court.

SUMMARY: As required by the Code of Virginia, Section 17.1-279 – Additional fee to be assessed by circuit court clerks for information technology, "the clerk of each circuit court shall assess a $5 fee, known as the "Technology Trust Fund Fee," in each civil action, upon each instrument to be recorded in the deed books, and upon each judgment to be docketed in the judgment lien docket book. Such fee shall be deposited by the State Treasurer into a trust fund." Annually, a portion of this fee is returned to the local Office of the Circuit Court Clerk based on its information technology needs. These funds cannot be used to take the place of current funding supplied by the locality.

PRIOR ACTION(S): Finance Committee November 26, 2013

FISCAL IMPACT: The FY 2014 General Fund adopted budget included $25,000 in Technology Trust Fund fees. The actual amount returned to the Office of the Circuit Court Clerk is $35,747, requiring an additional appropriation of $10,747.

CONTACT(S): Eugene C. Wingfield, Circuit Court Clerk, 455-2611

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

RESOLUTION;

BE IT RESOLVED that the FY 2014 General Fund budget is amended and $10,747 is appropriated with resources from the State Compensation Board, Technology Trust Fund fees to support information technology needs in the Office of the Circuit Court Clerk.

Introduced: Adopted:

Certified: ______________________________
Clerk of Council

175K

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013**			AGENDA ITEM NO.: 10
CONSENT:	REGULAR: **X**	WORK SESSION:	CLOSED SESSION: (Confidential)
ACTION: **X**		INFORMATION:	

ITEM TITLE: **Rezoning: B-3C, Community Business District (Conditional) to B-5C, General Business District (Conditional) – 2248 Lakeside Drive**

RECOMMENDATION: Approval of the rezoning petition.

SUMMARY: James R. Walker is petitioning to rezone approximately one and two tenths (1.2) acres located at 2248 Lakeside Drive from B-3C, Community Business District (Conditional) to B-5C, General Business District (Conditional) to allow the use of the property for sale and repair of automobiles. The Planning Commission recommended approval of the petition because:

- The *Comprehensive Plan 2002-2020* recommends a Community Commercial land use for the area.
- Other B-5, General Business District uses currently exist in the area.
- The petitioner has voluntarily submitted proffers indicating substantial compliance with the site plan.

PRIOR ACTION(S):
November 13, 2013: The Planning Division recommended approval of the Rezoning petition.

The Planning Commission held a public hearing and recommended approval (3-0, with 1 abstention, Hooper and 3 members absent, Coleman, Hannon, Johnston) of the rezoning petition.

FISCAL IMPACT: N/A

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

ATTACHMENT(S):
- Ordinance for Rezoning
- Planning Commission Report – November 13, 2013
- Planning Commission Minutes – November 13, 2013
- Vicinity Zoning Pattern Map
- Vicinity Proposed Land Use Map
- Watershed Location Map
- Planimetric and Topographic Map
- Rezoning Plan
- Rezoning Narrative
- Property Photograph
- Speaker Signup Sheet

REVIEWED BY: lkp

UNCODIFIED ORDINANCE:

AN ORDINANCE CHANGING A CERTAIN AREA LOCATED AT 2248 LAKESIDE DRIVE FROM B-3C, COMMUNITY BUSINESS DISTRICT (CONDITONAL) TO B-5C, GENERAL BUSINESS DISTRICT (CONDITIONAL).

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG that in order to promote the public necessity, convenience, welfare and good zoning practice that Chapter 35.1 of the Code of the City of Lynchburg, 1981, as amended, be and the same is hereby further amended by adding thereto Section 35.1-76.___, which section shall read as follows:

Section 35.1-76.__. Change of a certain area located at 2248 Lakeside Drive from B-3C, Community Business District (Conditional) to B-5C, General Business District (Conditional).

The area embraced within the following boundaries …

ALL THAT CERTAIN LOT OR PARCEL OF LAND SITUATED AT 2248 LAKESIDE DRIVE IN THE CITY OF LYNCHBURG, VIRGINIA, COMMONLY REFERRED TO AS PARCEL 1, OF THE "DIVISION OF THE LAND DESCRIBED IN DEED BOOK 694, PAGE 263" AS SHOWN ON A PLAT OF SAME RECORDED IN PLAT" AS SHOWN ON A PLAT OF SAME RECORDED IN PLAT CABINET 3, SLIDE 129 IN THE CIRCUIT COURT CLERK'S OFFICE OF THE CITY OF LYNCHBURG, VIRGINIA, AND FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT A FOUND 1-2" REBAR, WHICH REBAR IS LOCATED ON THE NORTHERLY RIGHT-OF-WAY LINE OF LAKESIDE DRIVE AND WHICH REBAR IS A COMMON CORNER WITH THE PROPERTY OF RHG INVESTMENTS, LLC,THENCE, WITH SAID RHG, NORTH 03 DEGREES 31 MINUTES 45 SECONDS EAST FOR A DISTANCE OF 250.00 FEET TO A POINT, WHICH POINT IS A COMMON CORNER WITH SAID RHG AND WITH THE PROPERTY OF FOREST HILL BURIAL PARK, INC.; THENCE, WITH SAID FOREST HILL BURIAL PARK, NORTH 87 DEGREES 45 MINUTES 00 SECONDS EAST FOR A DISTANCE OF 210.00 FEET TO A SET 1-2" REBAR, WHICH REBAR IS A COMMON CORNER WITH SAID FOREST HILL BURIAL PARK AND WITH PARCEL 2 OF "THE DIVISION OF THE LAND DESCRIBED IN DEED BOOK 694, PAGE 263"; THENCE, WITH SAID PARCEL 2, SOUTH 03 DEGREES 31 MINUTES 45 SECONDS WEST FOR A DISTANCE OF 250.00 FEET TO A SET 1-2" REBAR, WHICH REBAR IS A COMMON CORNER WITH SAID PARCEL 2 LOCATED ON SAID NORTHERLY LINE OF LAKESIDE DRIVE; THENCE, WITH SAID LINE OF LAKESIDE DRIVE, SOUTH 87 DEGREES 45 MINUTES 00 SECONDS WEST FOR A DISTANCE OF 210.00 FEET TO THE POINT OF BEGINNING; TOGETHER WITH AND SUBJECT TO COVENANTS, EASEMENTS, AND RESTRICTIONS OF RECORD.

SAID PROPERTY CONTAINS 1.20 ACRES MORE OR LESS.

… is hereby changed from B-3C, Community Business District (Conditional) to B-5C, General Business District (Conditional), subject to the conditions setout herein below which were voluntarily proffered in writing by the petitioner, James R. Walker, to wit:

1. The property will be developed in substantial compliance with the site plan.

And the Director of Community Development shall forthwith cause the "Official Zoning Map of Lynchburg, Virginia," referred to in Section 35.1-4 of this chapter to be amended in accordance therewith.

Adopted:

Certified: ______________________________
Clerk of Council

179K

The Department of Community Development

City Hall, Lynchburg, VA 24504 **434-455-3900**

To: Planning Commission
From: Planning Division
Date: November 13, 2013
Re: **Rezoning: B-3C, Community Business District (Conditional) to B-5C, General Business District (Conditional) – 2248 Lakeside Drive**

I. PETITIONER

Mr. James R. Walker, 303 Howard Drive, Lynchburg, Virginia 24503
Representative: Mr. Ty Mosby, P.E., Berkley Howell & Associates, P.C., 306 Enterprise Drive, Suite C, Forest, Virginia 24551

II. LOCATION

The subject property includes one (1) tract totaling approximately one and two tenths (1.2) acres located at 2248 Lakeside Drive.
Property Owner: Westwood Corporation, 18707 Forest Road, Lynchburg, Virginia 24502

III. PURPOSE

The purpose of the petition is to rezone the property to allow the sale and repair of automobiles.

IV. SUMMARY

- The *Comprehensive Plan 2002-2020's Future Land Use Map* (*FLUM*) recommends a Community Commercial land use for the area.
- Automobile sales and repair are permitted uses in a B-5, General Business District.
- Other B-5, General Business Districts, currently exist in the area.
- A proffer voluntarily submitted by the petitioner indicates substantial compliance with the submitted site plan.

The Planning Division recommends approval of the rezoning petition.

V. FINDINGS OF FACT

1. **Comprehensive Plan.** The *Comprehensive Plan 2002-2020* recommends a Community Commercial use for the area: 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 areas contain clusters of businesses, often at major intersections and shopping centers. Most community shopping centers range from 100,000 to 200,000 square feet and serve 40,000 to 70,000 people. (***pg. 5.5***)

2. **Zoning.** The subject property was annexed into the City in 1976. The existing B-3, Community Business District (Conditional) zoning was established on April 11, 1989 when Council amended the I-2, Light Industrial District zoning.

3. **Proffer.** The petitioner has voluntarily submitted the following proffer:
   - The property will be developed in substantial compliance with the site plan.

4. **Board of Zoning Appeals (BZA).** The Zoning Official has determined that no variances would be needed for the development of the property as proposed.

5. **Surrounding Area.** There have been several items requiring City Council approval in the immediate area:

- On February 10, 1987, Council approved the petition of Wilton & Kathleen Burgess to rezone 2220 Lakeside Drive from I-2, Light Industrial District to B-5, General Business District (Conditional) to allow the use of the property as offices, a delicatessen and a Laundromat.
- On November 8, 1988, Council approved the petition of Farriss & Iseman to rezone 2143 Lakeside Drive from I-2, Light Industrial District to B-3, Community Business District (Conditional) and R-3, Medium Density, Two-Family Residential District (Conditional) and approved a Conditional Use Permit (CUP) to allow the use of the property for retail sales and the expansion of a mobile home park.
- On April 11, 1989, Council approved the petition of Cliff Leweke to rezone the property at 2248 Lakeside Drive from I-2, Light Industrial District to B-3, Community Business District (Conditional) to allow retail sales.
- On October 13, 1992, Council adopted the Graves Mill Road/US 221 Area Land Use Study which amended the zoning of the property in the area.
- On May 10, 1994, Council approved the petition of Kenneth Revis to rezone the 3400 block of Forest Brook Road from B-3, Community Business District to B-5, General Business District (Conditional) to allow the operation of an automobile repairs and trailer sales.
- On January 10, 1995, Council approved the CUP petition of Shekijah Preparation Assembly to allow the construction of a church and parking area at 104 Fleetwood Drive.

6. **Site Description.** The subject property is one (1) tract containing an existing building with parking located in front and to the west side of the building. The property is bounded to the north by the Forest Hill Burial Park, to the east and west by commercial uses and to the south (across Lakeside Drive) by vacant land.

7. **Proposed Use of Property.** If the rezoning petition is approved, the property would be used for automobile sales and repair. An overhead door would be added to the east side of the building, and the property would be brought into compliance with the landscaping standards of the *Zoning Ordinance*.

8. **Traffic, Parking and Public Transit.** The vehicle trip threshold for the proposed use does not warrant a traffic study. The City's Transportation Engineer noted that cross parcel access should be considered, if desirable. The property is served by GLTC Route 8 with a stop located seven hundred fifty-six (756) feet to the east of the property. The submitted site plan indicates thirteen (13) parking spaces for customers/employees which complies with the *Zoning Ordinance*. A total of fourteen (14) spaces have been identified for automobile sales.

9. **Stormwater Management.** No new impervious areas are proposed. As such, a stormwater management plan is not required.

10. **Emergency Services.** The City's Fire Marshal requested that fire flow calculations for the building be submitted. Fire flow calculations will be submitted prior to occupancy of the building. The City Police Department had no comments of concern related to the proposed petition.

11. **Impact.** The submitted rezoning petition would allow the existing building and parking area to be used for automobile sales (14 vehicles) and repair. An overhead door would be installed on the eastern corner of the building to allow the installation of a service bay. The rezoning would facilitate bringing the site into compliance with the landscaping standards of the Zoning Ordinance. Since other B-5, General Business District uses exist in the area, the use of the property for automobile sales and service as indicated on the site plan should have little to no impact.

12. **Technical Review Committee.** The Technical Review Committee (TRC) reviewed the preliminary site plan on September 17, 2013. Comments related to the proposed use have been addressed by the petitioner.

VI. PLANNING DIVISION RECOMMENDATION

Based on the preceding Findings of Fact, the Planning Commission recommends to City Council approval of the petition of James R. Walker to:

Waive the twenty-one (21)-day submittal requirement for proffers.

Rezone approximately one and two (1.2) tenths acres at 2248 Lakeside Drive from B-3, Community Business District (Conditional) to B-5, General Business District (Conditional) subject to the following voluntarily submitted proffer:

1. **The property will be developed in substantial compliance with the site plan.**

This matter is respectfully offered for your consideration.

William T. Martin

William T. Martin, AICP
City Planner

pc: Mr. L. Kimball Payne, III, City Manager
Ms. Bonnie M. Svrcek, 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 Greg Wormser, Fire Marshal
Mr. Don DeBerry, Transportation Engineer
Mr. Doug Saunders, Building Commissioner
Mr. Robert Fowler, Zoning Administrator
Mr. Jacob Dorman, Environmental Reviewer
Mr. James R. Walker, Petitioner
Mr. Ty Mosby, Representative

VII. ATTACHMENTS

1. **Vicinity Zoning Pattern Map**
2. **Vicinity Proposed Land Use Map**
3. **Watershed Location Map**
4. **Planimetric and Topographic Map**
5. **Rezoning Plan**
6. **Narrative**
7. **Property Photograph**

MINUTES OF THE NOVEMBER 13, 2013 PLANNING COMMISSION MEETING (MINUTES HAVE NOT BEEN APPROVED. THERE WAS NO SECOND MEETING IN NOVEMBER):

Petition of James Walker to rezone approximately one and two tenths (1.2) acres at 2248 Lakeside Drive from B-3, Community Business District (Conditional) to B-5, General Business District (Conditional) to allow the use of the property and existing building for automobile sales, service and repair.

Mr. Martin explained that this property was rezoned in 1989 to allow for commercial purposes and is shown for Community Commercial uses on the Future Land Use Map. These are areas that are intended to draw customers from several neighborhoods up to the entire region. The petitioner is proposing to rezone the property to allow the property for automobile sales up to fourteen vehicles and at least one bay for automobile repair. Vehicles for sale will be on the side of the building and other vehicles for staff and customers will park in the front of the building.

The only major exterior change to the building would be the addition of one bay area and landscaping required by ordinance. There is no need for a stormwater management plan. With the landscaping, there will actually be a reduction in the impervious area. The Planning Division recommends approval of the petition.

Mr. Ty Mosby and Mr. Bill Berkley of Berkley Howell & Associates were present to represent the petition. Mr. Berkley said Mr. Walker has been in the automobile business in Lynchburg for a number of years and sees a need for this and feels this is a good location. They provided a rendering of the proposed modifications to the building.

There were no others present to speak either in favor or in opposition to the petition and Chair Sale closed the public hearing portion of the petition.

Commissioner Hooper announced that he had a business affiliation with the petitioner and would be abstaining. Commissioner Swienton asked if there was a limit of clearing that would prevent the petitioner from adding any additional parking in the future, for instance. Mr. Martin reported that Mr. Walker has proffered to be in substantial compliance with the site plan, so any changes would have to come back for another rezoning. Commissioner Swienton asked the representatives if that is too restrictive for the use of the property and they indicated that it is not. Mr. Berkley said it is intended for a limited market for high end vehicle sales and service.

The commissioners agreed that this would be an appropriate use for the property, an accent for the corridor and an improvement for the site with the additional landscaping.

Commissioner Swienton made the following motion, which was seconded by Commissioner Barnes and passed by the following vote:

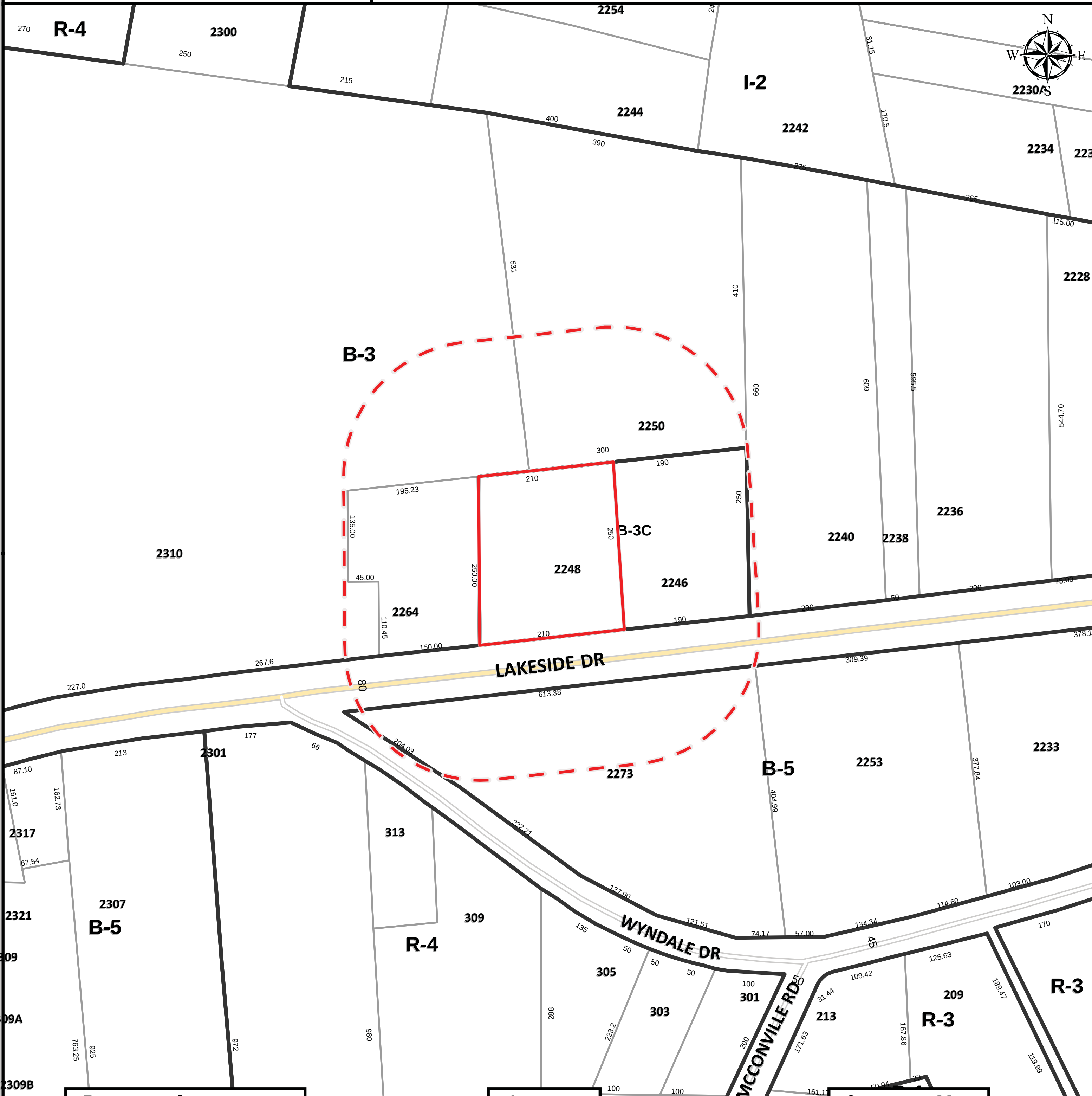
"Based on the preceding Findings of Fact, the Planning Commission recommends to City Council approval of the petition of James R. Walker to:

Rezone approximately one and two (1.2) tenths acres at 2248 Lakeside Drive from B-3, Community Business District (Conditional) to B-5, General Business District (Conditional) subject to the following voluntarily submitted proffer:

1. **The property will be developed in substantial compliance with the site plan."**

AYES:	Barnes, Sale and Swienton	3
NOES:		0
ABSTENTIONS:	Hooper	1
ABSENT:	Coleman, Hannon and Johnston	2

Zoning Map	JAMES R. WALKER AUTOMOBILE DEALERSHIP
Zoning Request	Westwood Corporation



Property Information

Parcel ID	Address
23026014	2248 LAKESIDE DR

Legend

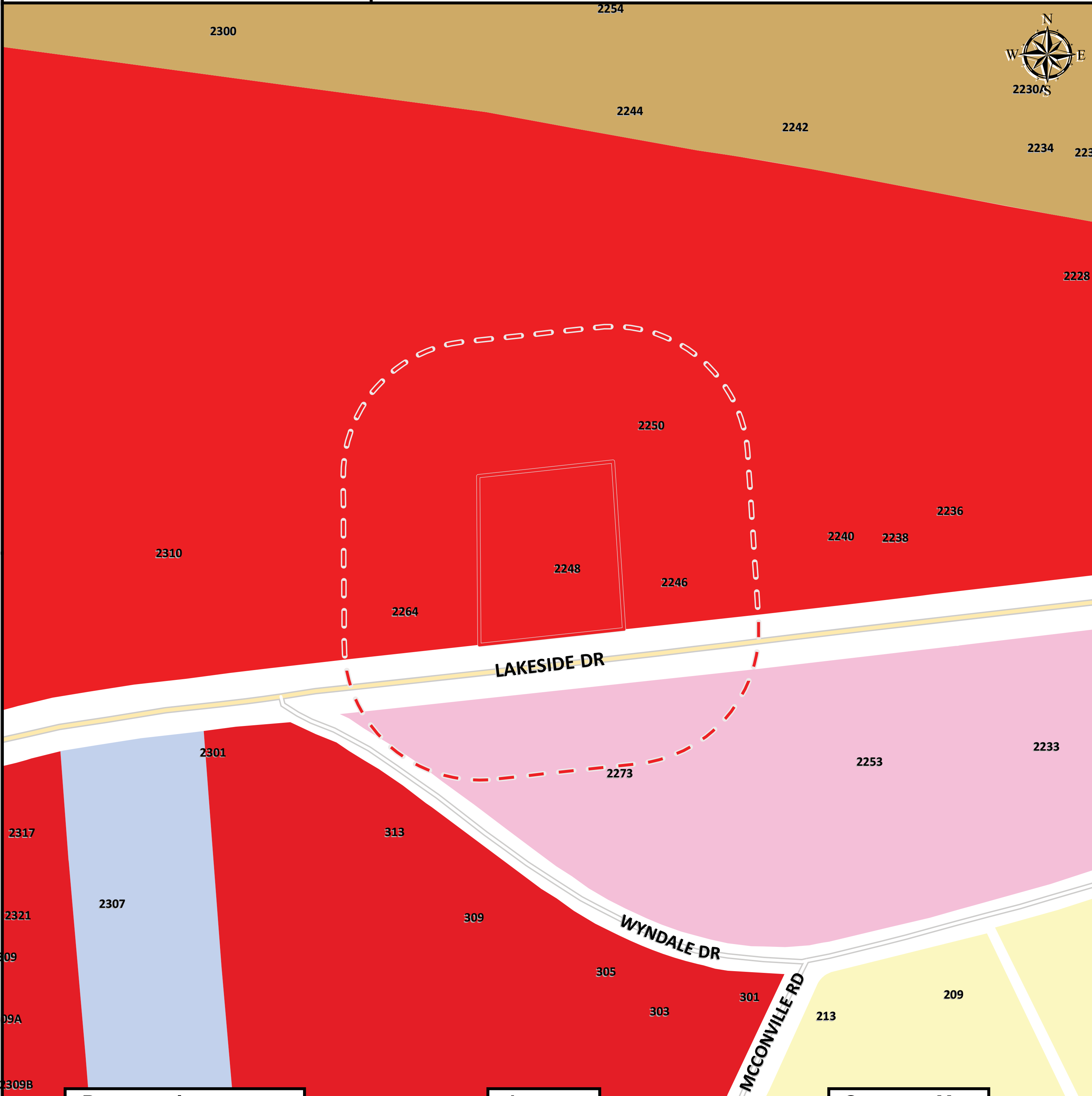
- Subject Property
- 200' Buffer
- Zoning Boundary

Map Scale: 1 " to 200 ' **Date Printed:** 11/1/2013

Overview Map

Parcel ID	Address	Owner
23026012	2264 LAKESIDE DR	RHG INVESTMENTS LLC
23026014	2248 LAKESIDE DR	WESTWOOD CORPORATION
23026024	2246 LAKESIDE DR	W DAVID & CHERYL B STINNETT
23026015	2240 LAKESIDE DR	ROY O & LOIS REBECTOR
23026010	2310 LAKESIDE DR	FOREST HILL BURIAL PARK INC
23016003	2273 LAKESIDE DR	SOUTHERN AIR INC

FLUM Map	JAMES R. WALKER AUTOMOBILE DEALERSHIP
Zoning Request	Westwood Corporation



PROPERTY INFORMATION

PARCEL ID	ADDRESS
23026014	2248 LAKESIDE DR

LEGEND

- Local Historic District
- Traditional Residential
- Low Density Residential
- Medium Density Residential
- High Density Residential
- Neighborhood Commercial
- Community Commercial
- Regional Commercial
- Employment Mixed Use
- Residential Mixed Use
- Employment 1
- Employment 2
- Office
- Institution
- Downtown
- Public Use
- Public Parks
- Resource Conservation
- General Mixed Use

MAP SCALE: 1 " to 200 ' **DATE PRINTED:** 11/1/2013

OVERVIEW MAP

Watershed Map	JAMES R. WALKER AUTOMOBILE DEALERSHIP
Zoning Request	Westwood Corporation

Property Information

Parcel ID	Address
23026014	2248 LAKESIDE DR

Legend

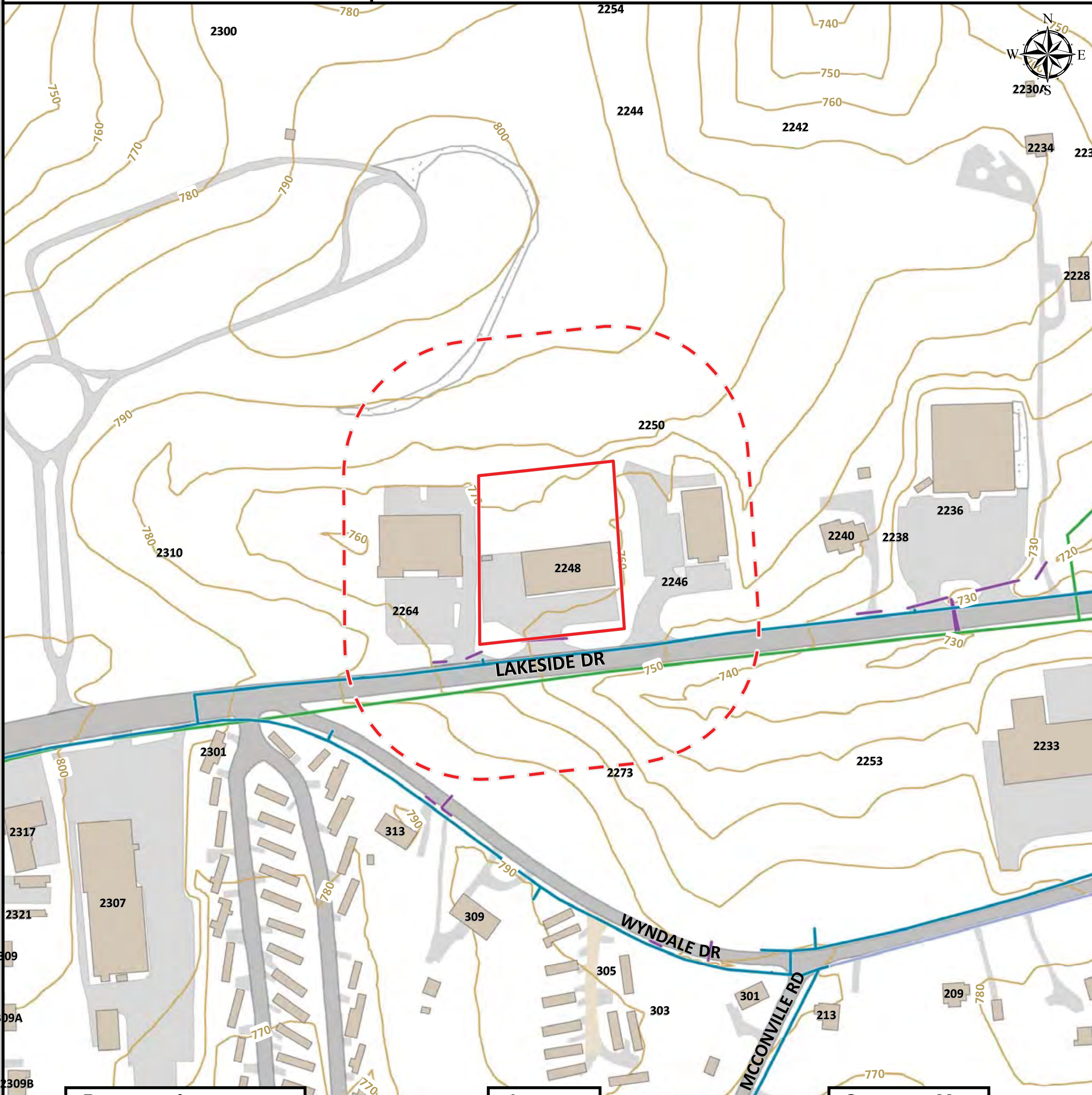
- Subject Property
- Base Flood Elevation
- Floodway
- Floodzone
- River / Lake / Stream

Map Scale: 1 " to 200 ' **Date Printed:** 11/1/2013

Overview Map

Blackwater Creek

Planimetric and Topographic Map	JAMES R. WALKER AUTOMOBILE DEALERSHIP
Zoning Request	Westwood Corporation



Property Information

Parcel ID	Address
23026014	2248 LAKESIDE DR

Legend

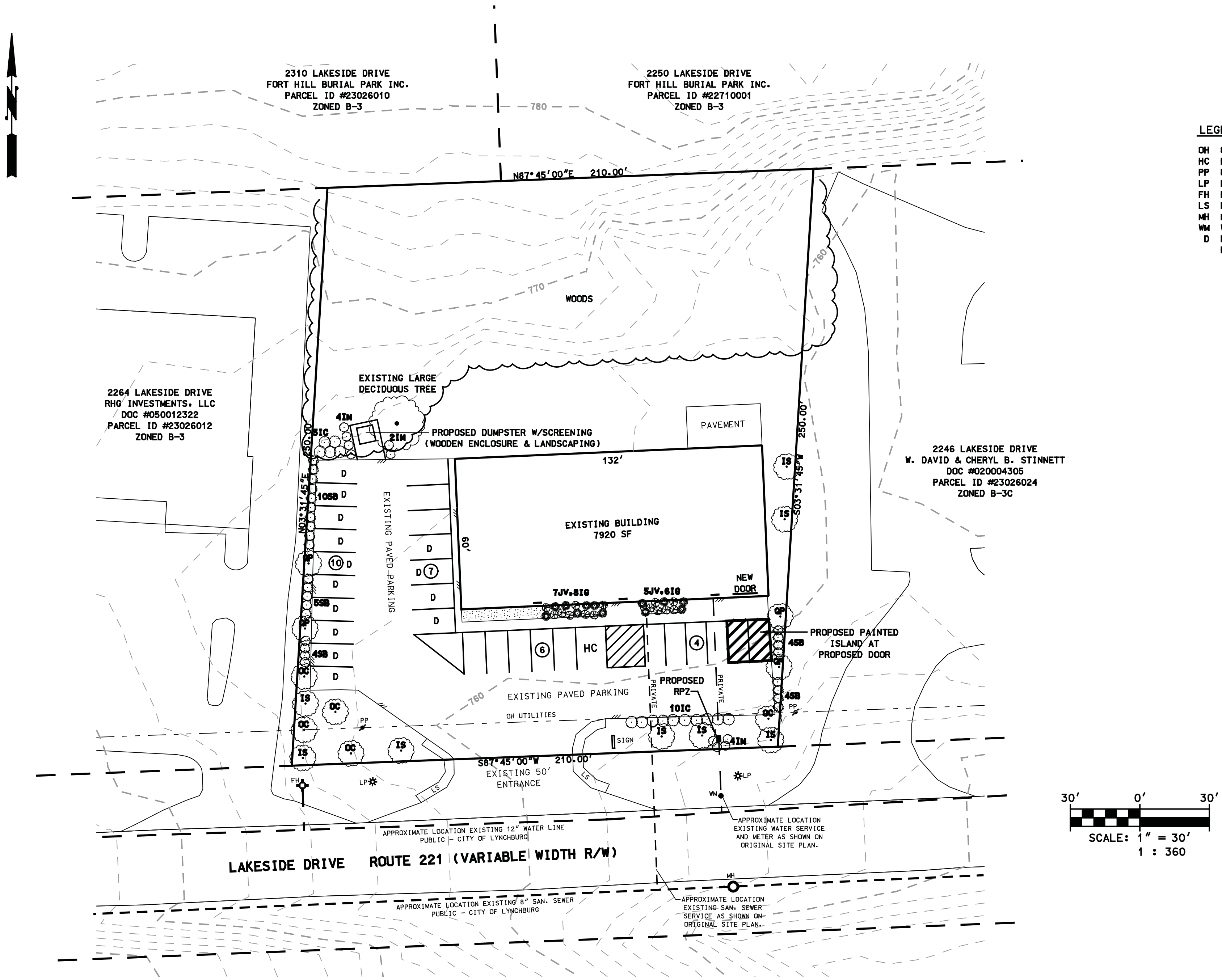
		Active	Proposed	Abandoned
Utilities	Water			
	Sanitary			
	Storm			

		Paved	Unpaved	Other
Planimetrics	Structure	-	-	
	Roadway			-
	Parking			-
	Sidewalk		-	-
	Driveway	-	-	

		10'	10' Obs
Topography	Contour		

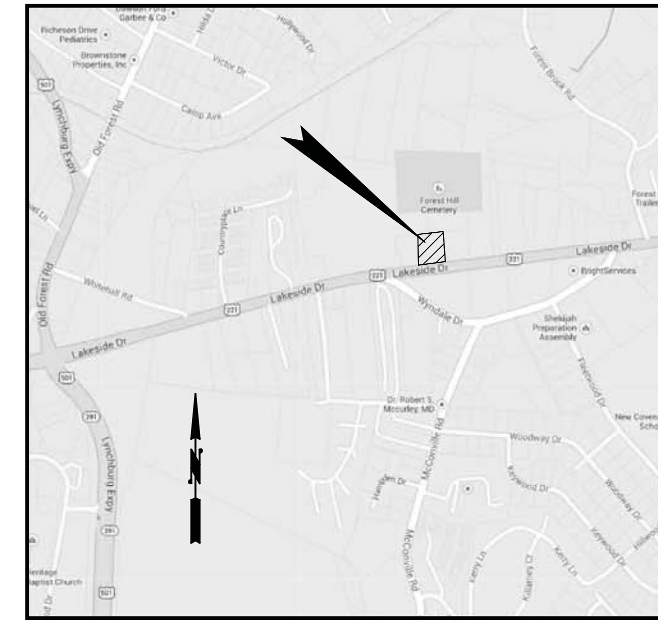
Map Scale: 1 " to 200 ' **Date Printed:** 11/1/2013

Overview Map



LEGEND

- OH OVERHEAD
- HC HANDICAP
- PP UTILITY POLE
- LP LIGHT POLE
- FH FIRE HYDRANT
- LS LANDSCAPING
- MH MANHOLE
- WM WATER METER
- D DENOTES SPACES PRIMARILY FOR AUTOMOBILE DISPLAY (FOR SALE)



VICINITY MAP

NTS

NOTES:

1. THIS PLAN HAS BEEN PREPARED WITHOUT THE BENEFIT OF A TITLE REPORT AND DOES NOT NECESSARILY INDICATE ALL ENCUMBRANCES UPON THE TITLE.
2. BY GRAPHIC SCALING ONLY, A PORTION OF THIS PROPERTY IS LOCATED IN ZONE "X" (DESIGNATED SPECIAL FLOOD HAZARD AREAS) ACCORDING TO THE F.E.M.A. FLOOD INSURANCE RATE MAP FOR THE CITY OF LYNCHBURG, VIRGINIA (#5100930039D) DATED JUNE 3, 2008. NO FIELD SURVEYING WAS PERFORMED TO MAKE THIS DETERMINATION.
3. THIS PLAN DOES NOT PURPORT TO ADDRESS THE EXISTENCE, DETECTION OR DELINEATION OF ANY ENVIRONMENTALLY SENSITIVE AREAS OR ANY ENVIRONMENTAL PROBLEMS LOCATED WITHIN THE PERIMETER OF THE PROPERTY SHOWN.
4. THE BOUNDARY INFORMATION FOR THE LOT SHOWN HEREON IS BASED ON DEEDS AND PLATS OF RECORD AND NOT BASED ON A CURRENT FIELD SURVEY. SAID BOUNDARY INFORMATION IS SUBJECT TO ALL FACTS WHICH WOULD BE DISCLOSED BY A CURRENT FIELD SURVEY.
5. THIS PROPERTY IS CURRENTLY DEVELOPED WITH AN EXISTING BUILDING AND PARKING AREA. NO NEW DEVELOPMENT IS PROPOSED. THE REZONING REQUEST IS FOR A CHANGE IN USE.
6. THE PROPERTY IS CURRENTLY DEVELOPED. NO NEW SITE DEVELOPMENT IS PLANNED. THE ONLY PROPOSED WORK IS UPDATING THE CITY REQUIRED LANDSCAPING AND ADDING AN RPZ TO THE EXISTING WATER SERVICE.
7. ONCE INTERNAL BUILDING EQUIPTMENT IS DETERMINED, A GRIT, OIL, OR GREASE INTERCEPTOR MAY BE REQUIRED.

OWNER:	NAME:	Westwood Corporation
	ADDRESS:	18707 Forest Road Lynchburg, VA 24502
CONTRACT LEASEHOLDER:	NAME:	James R. Walker
	ADDRESS:	303 Howard Drive Lynchburg, VA 24503
	PHONE:	434-258-1050
PROPERTY ADDRESS:		2248 Lakeside Drive
PARCEL NO.:		23026014
SOURCE OF TITLE:		11002315
PROPERTY ACREAGE:		1.2 Acres;
PROPOSED LAND USE:		Luxury Auto Repair and Used Car Sales
EXISTING ZONING:		B-3C
PROPOSED ZONING:		B-5
EXISTING BUILDING DATA:	NO. STORIES:	1
	SQUARE FOOTAGE:	7,920 SF±
PARKING	REQUIRED PARKING:	2 Space per 1000sf, 4000sf x 2 /1000 = 8 spaces Plus 3 employees x 1/3 =1 (retail sales/service) Plus 2 per service bay, 1 bay x 2 = 2 spaces Plus 2 per 3 employees 3x2/3 = 2 (automobile service) Total = 13 spaces
	ACTUAL PARKING:	13 customer/employee spaces, 1 of which are HC 14 automotive display spaces (27 spaces total)
WATER SERVICE:		Public, City of Lynchburg, Existing connection
SANITARY SERVICE:		Public, City of Lynchburg, Existing connection

PLANT MATERIALS SCHEDULE (General legend. All planting types may not be utilized)

KEY	BOTANICAL NAME	COMMON NAME	SIZE
SHRUBS			
IC	Ilex cornuta 'Burfordii nana'	Dwarf Burford holly	3' ht. min.
SB	Spirea bumalda 'Neon Flash'	Neon Flash spirea	2' ht. min.
JV	Juniperus virginiana 'Grey Owl'	Grey Owl juniper	3' ht. min.
IM	Ilex meservae 'Blue Princess'	Blue Princess holly	30-36"
AZ	Azalea 'Delaware Valley'	Delaware Valley azalea	3' ht. min.
IG	Ilex glabra 'Nigra'	Nigra inkberry holly	3' ht. min.
IV	Ilex verticilata	Sparkleberry holly	3' ht. min.
CA	Clethra alnifolia	Summersweet	3' ht. min.
VD	Viburnum dentatum	Arrow wood viburnum	3' ht. min.
MP	Myrica pennsylvanica	bayberry	3' ht. min.
DC	Deschampsia caespitosa	Tufted hair grass	2.25" pots @ 24" o.c.
TREES			
AR	Acer rubrum 'October Glory'	October Glory red maple	1.5-1.75" caliper
IN	Ilex 'Nellie R. Stevens'	Nellie Stevens holly	6-7'
AS	Acer saccharum 'Legacy'	Legacy sugar maple	1.5-1.75"
QP	Quercus phellos	Willow oak	1.5-1.75" caliper
ZS	Zelkova serrata 'Village Green'	Village Green zelkova	1.5-1.75" caliper
NS	Nyssa sylvatica	Tupelo, Black gum	1-1.5" caliper
TD	Taxadium distichum	Bald cypress	7-8'
PO	Platanus occidentalis	Sycamore	1-1.5" caliper
CR	Lagerstroemia x 'Sioux'	Sioux crapemyrtle	1.5-1.75" caliper/ 6-8'
CL	Cupressocyparis leylandii	Leyland cypress,	5-6'
IS	Syringa reticulata 'Ivory Silk'	Ivory Silk Tree Lilac	1-1.5" caliper
OC	Prunus 'Okame'	Okame Cherry	1-1.5" caliper

Plants to be installed per recommendations of supplier. Use amended soils, fertilizer, watering as needed to provide healthy plant growth.

Landscape Calculations

Parking Area Landscaping (island)	
Shade Trees 27 spaces x 1/8 = 3.4 trees required	4 trees provided
Shrubs 27spaces x 1/1 = 27 shrubs	27 shrubs provided
Parking Area Screening	
3' high shrubs in 6' wide bed	15 shrubs provided
Street Trees	
210' x 1 ornamental tree per 20' = 11	11 trees provided
Foundation plantings	
Trees132 lf x 1/50 = 3 Trees	2 new trees provided, 1 existing
Large Shrubs 132 lf x 1/10 = 26 large shrubs	26 large shrubs provided
Utility Screening	
RPZ	Screening planted at RPZ and dumpster as shown

Tree Canopy
The tree canopy for the project area exceeds the required 10%. Project area 52,000sf x 10% = 5,200sf minimum. The existing wooded area plus the proposed trees exceeds 5,200 sf.

Shrub small: A shrub with a minimum height of one (1) foot at time of planting

Shrub medium: A shrub with a minimum height of two (2) feet at the time of planting

Shrub large: A shrub with a minimum height of three (3) feet at the time of planting

Where parking area screening is required at an automotive sales display area, the screening may be placed in a manner as not to interfere with display and maintenance.

1. REVISED PER TRC COMMENTS.

BERKLEY HOWELL & ASSOC., P.C.
ENGINEERS • SURVEYORS • PLANNERS
306 ENTERPRISE DRIVE, SUITE C
FOREST, VIRGINIA 24551
PHONE: (434)385-7548 FAX: (434)385-6178

COMMONWEALTH OF VIRGINIA
W. J. BERKLEY, JR.
Lic. No. 10759
10-4-13
PROFESSIONAL ENGINEER

SITE PLAN FOR REZONING
AUTOMOTIVE DEALERSHIP
JAMES R. WALKER
2248 LAKESIDE DRIVE
CITY OF LYNCHBURG, VIRGINIA

DATE: 8-30-13
DRAWN:
CHECKED:

REVISIONS

NO.	DATE
1	10-4-13

SCALES
HORIZ: AS SHOWN
VERT: AS SHOWN

COMM. NO.
130129

SHEET NO.
1 OF 1

M:\Projects-BHA\130129\dgn\REZONING PLAN.dgn - Default

REZONING NARRATIVE
FOR

WESTWOOD CORPORATION
2248 LAKESIDE DRIVE
LYNCHBURG, VIRGINIA

PREPARED FOR:

JAMES R. WALKER
303 HOWARD DRIVE
LYNCHBURG, VIRGINIA 24503
(CONTRACT LEASEHOLDER)

RECEIVED
SEP 05 2013
COMMUNITY
DEVELOPMENT

BY

BERKLEY-HOWELL & ASSOCIATES, P.C.
ENGINEERS-SURVEYORS-PLANNERS

306 ENTERPRISE DRIVE, SUITE C.
FOREST, VIRGINIA 24551
(434) 385-7548

COMM. NO. 130129

AUGUST 29, 2013

REZONING NARRATIVE
2248 LAKESIDE DRIVE

PROJECT SCOPE

Request Rezoning from B-3C to B-5 to allow luxury auto repair and used car sales in an existing 7,920 sf building. The property is currently developed with building, parking, and utilities. No additional development is proposed other than the addition of City required landscaping and an RPZ. Below are narratives specifically requested by the City of Lynchburg for the Rezoning application.

WATER/SEWER CAPACITY NARRATIVE:

The existing facility is currently served by existing City of Lynchburg Public water via 12" line along Lakeside Drive. The facility has an existing water connection. The new use is not expected to generate any additional water consumption.

The existing facility is currently served by existing City of Lynchburg Public sewer via 8" line along Lakeside Drive. The facility has an existing sewer connection.

STORMWATER NARRATIVE FOR ADEQUATE CHANNEL AND STORMWATER MEASURES

Since the facility is existing and no new development is proposed, no storm water narrative for adequate channel and storm water measures is necessary or required.

2248 Lakeside Drive
Rezoning from B-3C to B-5C
November 13, 2013

PLEASE PRINT

NAME	ADDRESS	PHONE	IN FAVOR	IN OPPOSITION	NEUTRAL
Bill BERKLEY	306 Enterprise	385-75[illegible]	-		
Ty Mosby	" "	" "			

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 11

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Comprehensive Plan 2013-2030 Adoption**

RECOMMENDATION: Adopt the City of Lynchburg *Comprehensive Plan 2013-2030* as an update to the *Comprehensive Plan 2002-2020.*

SUMMARY: The draft *Comprehensive Plan 2013-2030* is the culmination of numerous public forums and work sessions with Planning Commission and City Council focusing on our City's future growth and development. The goals and policies of the plan form a long term basis for allocating limited resources, guide decisions that affect land use, community character, economic development, natural systems, service delivery, and mobility and provide an implementation matrix to achieve the City's vision of being "A Great Place to Live, Work and Play." While this draft serves as a refinement to the existing Plan, it also establishes and reaffirms important themes that will be valuable as the City works towards rewriting the Zoning Ordinance in 2014.

Planning Works, Inc. will provide a brief overview of the updates included in the *Comprehensive Plan 2013-2030* and be available to answer questions.

PRIOR ACTION(S):

October 23, 2013:	The Planning Commission held a public hearing and recommended adoption of the *Comprehensive Plan 2013-2030.*
October 22, 2013:	City Council held a work session and heard a presentation on the amendments to the *Comprehensive Plan 2002-2020*.
October 2, 2013:	The Planning Commission held a work session and heard a presentation on the amendments to the *Comprehensive Plan 2002-2020*.
April 9, 2013:	City Council conducted a joint work session with the Planning Commission on the Comprehensive Plan and Zoning Ordinance update process.
September 26, 2012:	The Planning Commission initiated amendments to the *Comprehensive Plan 2002-2020*.

FISCAL IMPACT: N/A

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

ATTACHMENT(S):
- DRAFT Comprehensive Plan 2013-2030
- Planning Commission Minutes – October 2, 2013
- Comprehensive Plan Update Status Report to the Planning Commission – October 17, 2013
- Planning Commission Memorandum and Minutes – October 23, 2013
- Speaker signup sheet

REVIEWED BY: lkp

RESOLUTION

WHEREAS: The City of Lynchburg is the dynamic center of a growing region.

WHEREAS: The City of Lynchburg is well known for its quality of life, economic vitality, rich history and cultural diversity.

WHEREAS: The City of Lynchburg is committed to strong neighborhoods, a downtown that is the heart of the region, attractive and accessible commercial areas, celebrating its history and heritage, protecting its environment, a diverse economy, quality education and effective support systems.

WHEREAS: Section 15.2-2223 of the *Code of Virginia* requires that the Planning Commission prepare and recommend a comprehensive plan for the physical development of the territory within its jurisdiction and every governing body shall adopt a comprehensive plan for the territory under its jurisdiction.

WHEREAS: The City's Comprehensive Plan 2002-2020 was adopted in 2002 and establishes a twenty (20) year vision for the City.

WHEREAS: Section 15.2-2230 of the *Code of Virginia* provides that the Planning Commission shall review the plan at least once every five (5) years to determine whether it is advisable to amend the plan.

WHEREAS: The Planning Commission initiated amendments to the *Comprehensive Plan 2002-2020* on September 26, 2012.

NOW, THERFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG that in order to promote the public necessity, convenience, general welfare and good zoning practice as is required by the *Code of Virginia*, the City Council adopts the City of Lynchburg *Comprehensive Plan 2013-2030* as an update to the *Comprehensive Plan 2002-2020*.

Adopted:

Certified: ______________________________
Clerk of Council

180K

City of Lynchburg

COMPREHENSIVE PLAN

Planning for the Future 2013-2030

Comprehensive Plan Table of Contents

Table of Exhibits

Chapter 1: Plan Overview

What is a Comprehensive Plan?

This Comprehensive Plan was prepared as an update to the Comprehensive Plan 2002-2020, which was adopted in 2002 and subsequently updated in 2007 and 2010. The Comprehensive Plan is required by state law and intended to guide decision-making about the built and natural environment. The purpose of the Plan is to establish a clear vision for the future, identify the City's goals towards achieving that vision, create policy guidance for public and private decision-makers, and identify tasks that need to be pursued to make the Plan's vision and goals a reality.

What's in this Plan?

Chapter	Contents
1: Plan Overview	The purpose of the Plan and an overview of the key changes.
2: Vision	The vision for Lynchburg's future and discussion of the important elements of that vision.
3: Goals and Policies	The City's goals for the future and statements policies describing how the City plans to accomplish its goals
4: Plan Implementation	General guidance and a dynamic, prioritized list of tasks that collectively comprise the City's plan implementation program
5: Planning Context	Demographic and land use conditions and trends
6: Land Use & Community Design	Planning framework, future land use and design guidance
7: Economic Development	Economic development challenges and approaches
8: Neighborhoods & Housing	Neighborhood and housing challenges and partnerships to meet those challenges
9: History, Culture, Arts & Education	Opportunities to make the best use of historic resources and to expand local arts and educational resources
10: Natural Systems	Constraints and opportunities to conserve and capitalize on the City's abundant natural resources
11: Parks & Recreation	Resources and opportunities to better meet local open space and recreational needs through collaborative service provision
12: Transportation	Existing transportation system inventory, needed improvements and design enhancements to enhance mobility while supporting land use, natural systems and utilities goals
12: Public Utilities	Water, wastewater and stormwater management system needs and coordinated approach to meeting those needs
13: Public Facilities	Educational, health care, emergency services and library facility assets and needs

What's New

This Comprehensive Plan largely reflects the vision and guidance of previous plans, with a strong emphasis on developing and maintaining vital neighborhoods as an integral part of the quality of life in Lynchburg. While reorganized and simplified, this Plan retains all of the important elements of the vision of the 2002-2020 Comprehensive Plan, and provides more specific guidance on how to meet the changing needs of Lynchburg. Throughout the development of this update, with the input of hundreds of citizens in more than a dozen community workshops, focus groups and interviews, the need for the following refinements became clear:

Better Streets: The City has increasingly recognized that streets are much more than conveyances for cars and trucks – streets serve transit riders, bicyclists, pedestrians and the uses along them. By serving all modes of travel, the City's streets will increase travel choices for all residents. Streets also define our community character and play important roles in service provision and environmental quality. Better streets can improve mobility, facilitate utility extensions, reduce energy consumption, improve water quality and reinforce the natural beauty of Lynchburg.

Connectivity: Lynchburg's traffic problems and mobility limitations are exacerbated by relatively poor connectivity. While topography limits connectivity in some situations, the Plan recommends capitalizing on opportunities to better connect neighborhoods with the services residents need and to interconnect abutting businesses to reduce traffic conflicts on arterial streets. Improved connectivity for motorists, bicyclists and pedestrians can moderate traffic congestion and enhance access between the places where residents live, work and play.

Density: While no change has been made to the densities authorized in each future land use category, the Plan recognizes the need to make efficient use of the City's limited land resources and establishes policies that provide for accessory dwellings, density bonuses for the provision of community benefits (e.g., open space or water quality enhancements), and mixed use development in commercial categories that previously excluded residences.

Land Use: While the Plan Framework and Future Land Use Maps are largely consistent with the prior maps, the following changes have occurred:

- Planned development areas have been designated as growth areas on the Plan Framework Map and as Mixed Use areas on the Future Land Use Map
- The office, neighborhood service and high density residential categories now explicitly allow for limited mixes of uses
- Liberty University's growth plans are reflected on the Future Land Use Map
- High Density residential development areas have been designated along Leesville and Timberlake Roads near Liberty University and along Lakeside Drive near Lynchburg College. Additional high density development is proposed within the Graves Mill employment area.

How to Use the Plan

This Plan is a guide for public and private decision-makers. On the public sector side, it is intended to guide the City as it allocates limited resources to provide services and continually enhance the quality of life for residents. Achieving the Plan's vision and goals should guide fiscal and land use decisions. The Plan's policies and plan implementation program provide more detailed guidance that should guide decisions on City budgets, capital improvements plans, departmental work programs and decisions about growth and development of Lynchburg. The private sector should consult the Plan to understand the community's priorities and recognize that the City will be a willing partner in private efforts that help to bring the City's goals to reality.

The Plan is not a static document; it is intended to be a dynamic platform for efforts to conserve what is best in Lynchburg and to facilitate changes that enhance the City. The plan implementation program is intended to be updated on an annual basis as the City allocates resources to non-recurring plan implementation tasks. The Plan's goals and policies should be reviewed at least every five years pursuant to state law. These updates should consider past accomplishments and changing dynamics in the City and the region as a whole. Finally, the Future Land Use Map is intended to guide growth, development and zoning decisions. The map should be updated to reflect approved area and corridor plans, as well as major development or redevelopment plans that are consistent with the Plan's vision and goals.

Chapter 2: Vision

The vision, along with the Goals and Policies in Chapter 3, are the foundation of the Comprehensive Plan. Together, they paint a picture of the Lynchburg in the year 2030. They articulate the community's ideas and aspirations for the future; provide direction for the formulation of specific objectives and implementation strategies; and set policies for development, redevelopment and conservation. The Vision for the City's future presented below.

The Vision

The Plan's Vision is a description of Lynchburg's desired future.

This Plan was developed by asking the public the following questions: What kind of community do we want Lynchburg to be in the year 2030? What qualities will it have? What will it be like to live and work, grow up and grow old here? This Plan reflects common themes that have been echoed in a variety of workshops in 2002, 2007, 2008, 2012, and 2013, such as the importance of:

- Building strong neighborhoods;
- Conserving the City's unique places and resources;
- Promoting business vitality ;
- Enhancing the attractiveness of gateways and travel corridors; and
- Protecting the natural environment while also promoting sensitive development and redevelopment.

The combination of past community planning efforts and the City's strategic administrative initiatives is the basis for the following description of our community's desired future:

A Vision for Lynchburg in the Year 2030: A great place to live, work & play.

Lynchburg residents (long time residents and newcomers alike) appreciate the community as a great place to live, raise a family, learn, work and prosper. People will talk about Lynchburg in many ways – as a city of trees and a city of hills, as a community rich in history and diverse in culture. As the dynamic center of a growing region, Lynchburg is well known for its quality of life and economic vitality. Residents enjoy the community's rare combination of small town charm and big city offerings. Since its founding on the banks of the James River through its development as a regional center of business and culture, Lynchburg continues to inspire in its residents a thoughtful concern for the future and a practice of civic activism. Lynchburg takes pride in being a sustainable community; one that protects and manages its abundant natural, historical and cultural resources for the benefit of current and future generations.

A City with Balance

Maintaining a careful balance between economic development and conservation objectives will be critical to the City's long-term success. City policies, programs, and investments will be aligned to attract investment and to promote the growth and development of existing businesses, as well as to improve the character and quality of commercial areas, strengthen neighborhoods, improve Downtown's competitive position, and protect the City's air, water, and land resources. City policies and regulations will promote and encourage, rather than impede, sensitive, high quality development.

Growth and Land Use

The City's boundaries are unlikely to expand in the foreseeable future, which means that new residential, commercial and industrial growth must occur through infill development of vacant land or redevelopment. To accommodate long-term growth, efficiently provide utilities and other facilities, provide for the diverse housing needs of families, students and older residents, and achieve the other goals of this Plan, the City will provide opportunities for greater densities in areas where they can be compatibly integrated with existing neighborhoods.

A City of Strong Neighborhoods

The City's reputation as a good place to live and work will grow from the quality of its many neighborhoods. With their distinctive characters, histories, and natural settings, Lynchburg's neighborhoods will provide residents safe, healthy environments and strong senses of identity and ownership. Through new development, rehabilitation, and preservation, the City will offer a wide range of options to meet the demands of an increasingly diverse regional housing market. City investments in transportation improvements, parks, schools, and public facilities will strengthen and reinforce neighborhood character.

Downtown and surrounding neighborhoods

Downtown as the Heart of the Region

Downtown will continue to strengthen its position as the heart of the region's public, cultural, and social life. Scenic natural resources and great architecture will entice investment in new attractions, improved public spaces, and renovated buildings – with shops and restaurants on the ground floors and offices and housing on upper floors – will create an atmosphere of busy interaction during the workday; vibrant entertainment during the evening. Downtown's role as an important destination will be reinforced through strategic public and private investment. Downtown will be recognized as a fun, safe, attractive, accessible, pedestrian-friendly, and tourist-ready destination that is also a good place to live. The City's capital improvements along the riverfront, key streets, public spaces, and gateways, as well as in the surrounding neighborhoods, will greatly improve the climate for private investment.

Downtown Lynchburg

(Sasaki Associates)

Accessible & Attractive Commercial Corridors & Districts

The accessibility and design quality of the City's commercial corridors and districts will continually improve through a combination of public and private action. Quality of design, connectivity and accessibility—for vehicles, as well as pedestrians and cyclists—will become the central focus in planning for the City's commercial areas. The City's older commercial strips will be revitalized. Newer commercial areas will be attractive and will complement surrounding development. Opportunities for revitalization and traditional forms of development—corner stores, mixed use centers, live-work spaces—will be encouraged through City policy, regulations, and incentives. Conflicts between different land uses will be resolved through careful planning and sensitive design. Landscaping and attractive welcome signs will define gateways and commercial districts.

Pedestrian-friendly mix of uses along Rivermont Ave.

Celebrating History & Heritage

The City will facilitate the use of historic tax credits and other tools to enhance and celebrate its unique history and heritage. Concern for the conservation of the City's unique heritage and historic resources will guide public and private development decisions. This conservation ethic will result in healthy and vibrant historic neighborhoods and landmarks, attract investment and activity to the City's traditional commercial corridors, and promote new development that is sensitive to local design character. Heritage tourism will continue to grow into an important economic engine for the City and region.

Point of Honor - one of Lynchburg's outstanding historic buildings and part of the City's Museum system.

Designing with Nature

The City will encourage environmentally responsible design and management of public and private facilities and lands. Lynchburg's natural setting— its place along the James River, its proximity to the Blue Ridge Mountains, and its forested stream valleys and rolling hills— contribute to its special sense of place. The Blackwater Creek Trail will serve as a model for similar projects throughout the City, connecting neighborhoods, natural areas, stream valleys, and the riverfront. Natural watershed boundaries will guide regional initiatives aimed at appropriate use, preservation and protection of environmentally sensitive areas, including stream valleys, floodplains, forested areas, and hillsides. Where development is appropriate or infrastructure improvements are necessary, environmentally responsible designs will be encouraged through a variety of tools (e.g., facilitated permitting process, stormwater fee credits, etc.).

Blackwater Creek Trail is a natural asset

A Diverse & Vital Economy

The health of the region's economy is tied directly to the vitality and quality of life in its urban core. City businesses, services and cultural amenities are important to regional identity and attractiveness. Lynchburg recognizes that business growth outside of its boundaries is beneficial to a diverse regional economy. The City's role as the economic engine of the region will evolve and strengthen, keeping pace with changes in technology and telecommunications, attracting national and international businesses and fusing the local and regional market with the nation and the world. The City's efforts to attract investment and encourage reinvestment will support a vital economy. Beyond Downtown, Lynchburg's business districts and industrial areas will provide a diverse base of employment, as well as a stable tax base. While manufacturing and distribution will remain important activities, new and expanded businesses will offer high paying jobs to the region's skilled workforce. Lynchburg will become known for the quality of its work force, low cost of living, and excellent medical facilities, as well as its commitment to quality education and neighborhood livability. As our reputation spreads, business investment will increase, and new residents will be drawn to the area, which will enhance the City's fiscal health.

Opportunities for a Quality Education

The City will be known for the high quality of its educational institutions. Excellence in education will be promoted for all in the public schools, as well as in the area's colleges, private primary and secondary schools, work force training centers, its community centers and libraries. These educational institutions will serve as important anchors in the community as hubs for community engagement and life-long learning opportunities. Together these resources will provide opportunities unsurpassed in similarly sized cities.

Paul Laurence Dunbar Middle School for Innovation.

Citizen Engagement and Awareness

Lynchburg will continue to engage its citizens in planning for the future, the development of programs to achieve the community's goals, setting priorities for public action and implementing programs to ensure that actions best fit the needs of the City as a whole and the affected neighborhoods. Through transparent government and an investment in public awareness, the City will capitalize on the expertise, insight and values of its citizens.

Effective Support Systems

Public support systems—parks and recreation facilities, public transit, streets and highways, public facilities, utilities, police, fire protection and emergency management —will play a central role in nurturing the livability and economic vitality of the City and region. As the City and region grow, it will meet the increasingly diverse needs of residents and businesses for the movement of people, goods and services by improving connectivity between neighborhoods, facilitating safe and convenient access to employment and commercial areas and by developing Better Streets and transportation options to serve the needs of all residents and businesses. Ensuring that actions at all levels of government are coordinated, market-responsive and supportive of community goals will be of fundamental importance to the City and region. Public improvements will reinforce the City's distinctive character and set a high standard of design quality.

Better Streets serve all modes of transportation and are designed to support the delivery of all services while enhancing neighborhood character, providing sustainable infrastructure, creating energy efficiency, improving stormwater quality and protecting natural resources.

Source: Complete Streets flickr photostream

Riverside Park

Chapter 3: Goals & Policies

Introduction

This chapter consolidates the Comprehensive Plan policies and establishes a framework for ongoing decision-making when implementing the plan. More specific descriptions of the strategies that can and will be used to achieve the Plan's goals are included in each of the subsequent chapters of this Plan.

Goals describe desired outcomes or broad public purposes that policies and strategies are intended to help to achieve. The goals are organized by topic, but there is some overlap between each topic. The order in which the goals are listed does not imply any priority or order of importance.

Policies provide operational guidance by describing how the City will respond to certain circumstances; they indicate the direction the City should take to achieve its goals. Subsequent chapters provide greater detail that should guide policy interpretation.

The Plan Framework Map provides an overview of the main ideas and themes addressed in the Plan. The map illustrates the City's general pattern of development and highlights areas where some degree of change is encouraged or anticipated (see chapter 6 for the map and more detailed discussion).

The Future Land Use Map (FLUM) provides a guide for future zoning and public improvement decisions. The FLUM is intended to be used in concert with the goals, policies and plan framework map to determine whether a specific zoning category is appropriate in time and location (see chapter 6 for the map and more detailed discussion).

The Area Plan Status Map located in this chapter identifies the areas that are currently or are proposed to be subject to more specific plans.

Plan Goals and Policies

Land Use and Development Policies

Goal LU-1: **Land Availability**. Make efficient use of land and resources in the City to serve the needs of the region through new development, redevelopment and infill that accomplishes the Plan's goals.

LU-1.1 Use the Planning Framework (**Exhibit 6-1**) and the Future Land Use Map (**Exhibit 6-3**) to guide zoning and capital planning decisions. Where existing facilities or other conditions do not support planned land uses, consider proffers and other means to mitigate inadequacies.

LU-1.2 Ensure that land uses and development activities in conservation areas are compatible with applicable resources or hazards.

LU-1.3 Encourage compatible infill using the Future Land Use Map and Planning Framework. Ensure that development regulations facilitate adaptive reuse and redevelopment of infill sites while fostering compatible land use and zoning transitions.

LU-1.4 Consider the Planning Framework, land availability, existing land use and zoning patterns, site constraints, transportation capacity, utility availability and natural systems when evaluating zoning and Future Land Use Map amendments.

LU-1.5 Ensure that development processes establish a coordinated process for Comprehensive Plan, Future Land Use Map (FLUM) and zoning amendments when necessary to approve development that is consistent with the Plan's goals.

LU-1.6 When the FLUM allows for greater density than allowed by existing zoning, determine whether a zoning change would be appropriate pursuant to policy LU-1.4 or whether the site is appropriate for density bonuses based on community benefits specified in the City's zoning ordinance.

Density Bonuses could be used to provide incentives for a variety of community benefits, such as open space amenities, natural resource protection or street enhancements.

LU-1.7 Coordinate with other local governments, Region 2000 and the Commonwealth to provide the development potential, facilities and services needed to accommodate projected growth, monitor growth's impacts on the quality of life and enhance public understanding of growth issues.

Goal LU-2: **Community Vitality**. Foster a vibrant mix of stable neighborhoods and cultural centers, open spaces and thriving commercial and industrial areas to reinforce Lynchburg's quality of life in partnership with Lynchburg's citizens.

LU-2.1 Take appropriate collaborative actions to address the challenges of declining areas.

LU-2.2 Allow home-based businesses that are compatible with the neighborhoods in which they are located.

LU-2.3 Improve access between neighborhoods and neighborhood support services, including public and private services that are compatible with the neighborhood character.

LU-2.4 Encourage property owners to maintain buildings and sites in good condition through coordination with neighborhoods, continued code enforcement efforts and the City's Rental Housing Registration and Inspection program.

LU-2.5 Ensure that regulatory procedures and standards facilitate appropriate development, redevelopment and adaptive reuse of existing structures for stable residential, mixed use, commercial and industrial development.

LU-2.6 Promote the economic vitality of commercial corridors and efficient use of employment areas through:

- Coordination of public and private sector investment that continue to enhance their function and attractiveness; and
- Protection of the areas from encroachment of uses that would inhibit their efficient use.

LU-2.7 Support the revitalization of existing development and new neighborhood-oriented mixed use development in locations where such uses will promote stability and improvement.

LU-2.8 Establish appropriate access management strategies and internal circulation patterns along commercial corridors to improve public safety and the long-term viability of these corridors.

Goal LU-3: **Compatibility, Character and Design**. Reinforce Lynchburg's unique character through public and private strategies that preserve historic elements, enhance transportation options, use existing infrastructure and improve access between land uses.

LU-3.1 Assess the compatibility of proposed development and land uses on, adjacent properties and neighborhood character.

LU-3.2 Coordinate site and building design with the design of streets and public facilities.

LU-3.3 Refrain from expanding business and industrial zoning into neighborhood conservation areas unless the scale, design and use of the development is compatible with the neighborhood.

LU-3.4 Minimize land use conflicts between commercial, industrial and residential developments through active code enforcement and design enhancements as sites are redeveloped or changes of use occur.

LU-3.5 Facilitate creative residential, commercial and mixed-use development designs that create vibrant, healthy neighborhoods.

LU-3.6 Ensure that developments and public improvements within Scenic Conservation Areas are designed to protect or enhance the areas' scenic and environmental qualities.

LU-3.7 When addressing compatibility and connectivity between adjacent land uses, ensure that building orientation, building location, parking locations, parking design, lighting, walkways and other building and site design factors provide safe and convenient access to sites for drivers, pedestrians, bicyclists and transit riders. [See design discussion in Chapter 6]

LU-3.8 Establish appropriate building and site design guidelines and standards to:

- Facilitate the use, maintenance and revitalization of historic and traditional buildings and neighborhoods;
- Allow for context-sensitive signage that minimizes visual clutter, but provides for effective communication in ways that are compatible with neighborhood character;
- Promote energy efficiency and green-building strategies for new development and redevelopment;
- Ensure that designs promote public safety and emergency service provision;
- Establish appropriate lighting requirements to maximize the effectiveness and energy efficiency of outdoor lighting while minimizing the negative effects of spillover lighting and light pollution on traffic safety and land compatibility;
- Preserve and incorporate existing mature vegetation and trees into site designs to the greatest practical; and
- Enhance the function of natural systems.

LU-3.9 Explore opportunities for the relocation or redesign of nonconforming billboards and other signage, particularly near residential areas, schools, parks, historic sites and districts, scenic areas and gateways.

LU-3.10 Encourage the development of built environments that support the integration of healthy and active living in day-to-day life and foster human interaction.

Area Plan Goals

Lynchburg has and will continue to develop detailed plans for specific neighborhoods and corridors. Following the general policies under Goal AP-1, are summaries of each of the City's adopted area and corridor plans. **Exhibit 3-1** maps the location and status of each area plan.

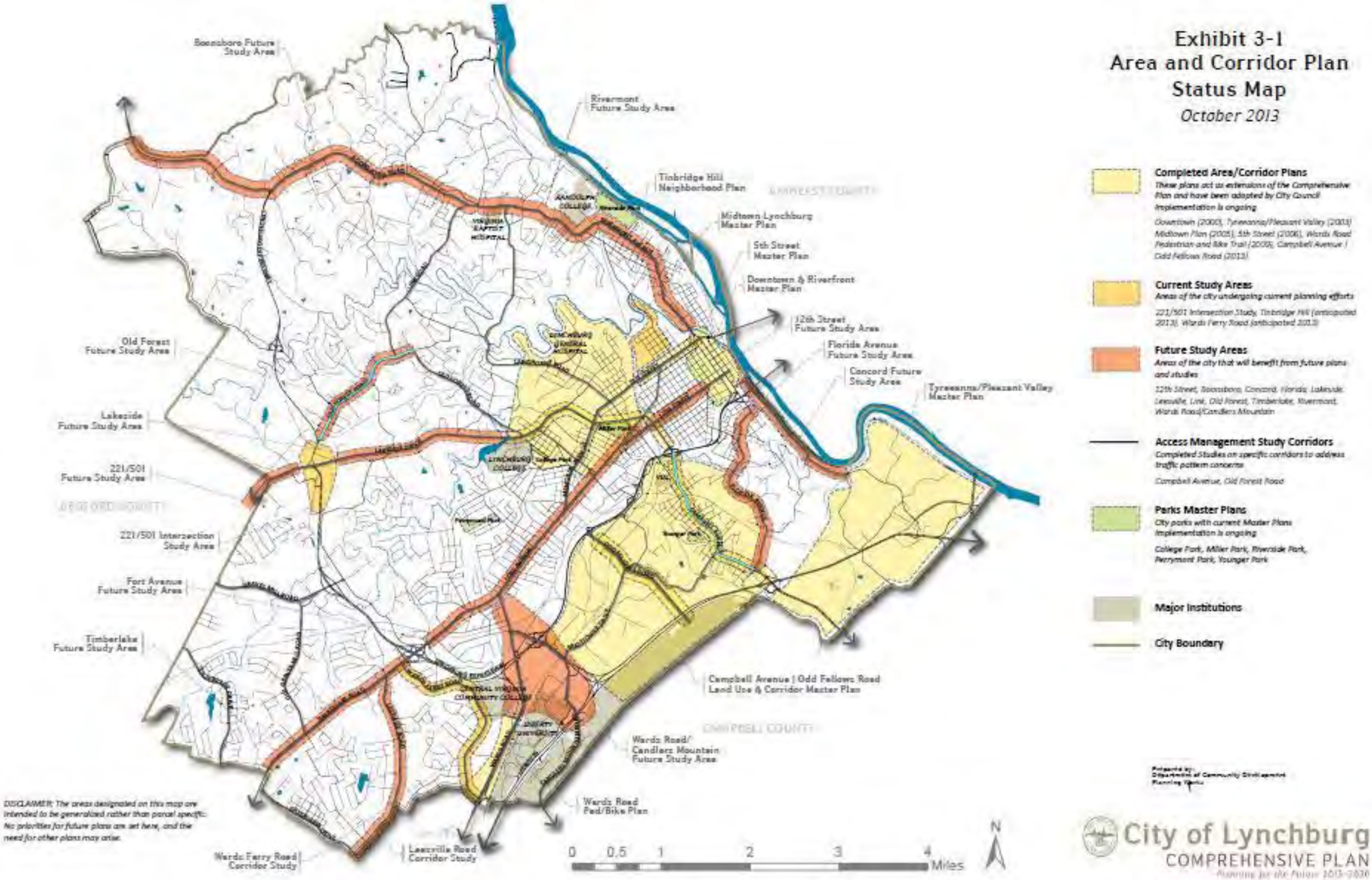


Exhibit 3-1
Area and Corridor Plan
Status Map
October 2013
Completed Area/Corridor Plans
These plans act as extensions of the Comprehensive Plan and have been adopted by City Council
Implementation is ongoing
Downtown (2000), Tyreeanna/Pleasant Valley (2003) Midtown Plan (2005), 5th Street (2006), Wards Road Pedestrian and Bike Trail (2009), Campbell Avenue / Odd Fellows Road (2013)
Current Study Areas
Areas of the city undergoing current planning efforts
221/501 Intersection Study, Tinbridge Hill (anticipated 2013), Wards Ferry Road (anticipated 2013)
Future Study Areas
Areas of the city that will benefit from future plans and studies
12th Street, Boonsboro, Concord, Florida, Lakeside, Leesville, Link, Old Forest, Timberlake, Rivermont, Wards Road/Candlers Mountain
Access Management Study Corridors
Completed Studies on specific corridors to address traffic pattern concerns
Campbell Avenue, Old Forest Road
Parks Master Plans
City parks with current Master Plans
Implementation is ongoing
College Park, Miller Park, Riverside Park, Perrymont Park, Younger Park
Major Institutions
City Boundary
Boonsboro Future Study Area
Rivermont Future Study Area
Tinbridge Hill Neighborhood Plan
AMHERST COUNTY
Midtown Lynchburg Master Plan
5th Street Master Plan
Downtown & Riverfront Master Plan
12th Street Future Study Area
Florida Avenue Future Study Area
Concord Future Study Area
Tyreeanna/Pleasant Valley Master Plan
Old Forest Future Study Area
Lakeside Future Study Area
221/501 Future Study Area
BEDFORD COUNTY
221/501 Intersection Study Area
Fort Avenue Future Study Area
Timberlake Future Study Area
Campbell Avenue | Odd Fellows Road Land Use & Corridor Master Plan
CAMPBELL COUNTY
Wards Road/ Candlers Mountain Future Study Area
Wards Road Ped/Bike Plan
Leesville Road Corridor Study
Wards Ferry Road Corridor Study
DISCLAIMER: The areas designated on this map are intended to be generalized rather than parcel specific. No priorities for future plans are set here, and the need for other plans may arise.
0 0.5 1 2 3 4 Miles
N
City of Lynchburg
COMPREHENSIVE PLAN

Goal AP-1: **Area and Corridor Planning.** Recognize and reinforce the unique character of different neighborhoods and corridors in the City; preserve the elements that strengthen each area; and foster changes that enhance the areas' stability, vitality and resilience.

AP-1.1 Develop targeted corridor and neighborhood plans to address the unique needs of specific areas of the City, including Candler's Mountain Road, Old Forest Road, Fort Avenue, Tinbridge Hill, Lakeside Drive, Timberlake Road, Boonsboro Road, Twelfth Street Corridor, Rivermont, Bedford Avenue, and Neighborhood Conservation Areas identified in the Plan Framework Map and the Plan Implementation Program[1].

AP-1.2 For each area and corridor plan:

A. Involve neighborhood stakeholders in the development and implementation of neighborhood, corridor and gateway planning initiatives.
B. Tailor capital improvement priorities and designs to address specific area needs, reinforce neighborhood character and serve as a catalyst for private investment. Use the capital planning (including VDOT coordination) and development review processes to continually enhance the appearance, function and safety of the City's gateways and corridors.
C. Ensure that land use and development standards reinforce the neighborhood strengths and address the neighborhood challenges.
D. Include improvement plans for gateways.
E. Identify resource conservation priorities and strategies.
F. Establish priorities and strategies to resolve land use conflicts through zoning, revitalization initiatives and other means that promote the adaptive reuse or compatible redevelopment of targeted buildings and properties.

AP-1.3 Upon the completion and adoption of neighborhood and corridor plans, update the Comprehensive Plan as appropriate to ensure consistency.

[1] The Plan Implementation Program is the prioritized list of non-recurring tasks required to implement the Plan and is presented in Chapter 4.

Goal AP-2: **Downtown and Riverfront**. Maintain a strong, mixed-use downtown that is a focus for civic, business, residential, entertainment, art, culture and recreational activities. Celebrate and strengthen connections to the James River.

The **Downtown & Riverfront Master Plan** was adopted by the City Council in 2000. The goals of the plan are to:

Create a Downtown walking loop.

Connect neighborhoods and extend them into Downtown.

Reinvent the river as a place.

Acknowledge gateways.

Intertwine activities, park design and economic development.

Goal AP-3: **Midtown**. Establish a thriving, pedestrian-oriented, mixed-use neighborhood with vibrant retail businesses and diverse housing choices having easy access to the hospital, a medical arts plaza, Miller Park, E.C. Glass High School, Lynchburg College and the transit facilities for GLTC and AMTRAK.

The **Midtown Plan** was adopted by the City Council in 2005. The goals of the plan are to:

Respect, maintain and restore neighborhoods**.**

Establish Better Streets that serve all users.

Maintain and enhance connectivity between residential, commercial, institutional and recreational uses throughout the area.

Preserve and enhance historic and natural resources, including scenic views.

Goal AP-4: **Fifth Street**. Revitalize the neighborhoods historical pedestrian-scale commercial corridor and provide easy access by residents to goods and services, transit, Blackwater Creek Trail and Downtown.

The **Fifth Street Plan** was adopted by the City Council in 2006. The goals of the plan are to:

Revitalize the corridor and the surrounding neighborhoods.

Improve 5th Street so it serves the neighborhood as well as the people driving through the corridor.

Improve the pedestrian environment throughout the neighborhood.

Honor the history of the area through compatible design.

Meeting the neighborhoods basic needs and promoting investments that make the neighborhood a safe, affordable and desirable neighborhood to live, learn and do business.

Goal AP-5: **Wards Road**. Improve pedestrian and vehicular safety and convenience along Wards Road, as well as between Central Virginia Community College, Liberty University and area businesses.

The **Wards Road Plan** was adopted by the City Council in 2009. The goal of the plan is to:

Provide a vision and a blueprint for improving the pedestrian and bicycle facilities in the Wards Road retail corridor from Wards Ferry Road to Harvard Street.

Goal AP-6: Campbell Avenue and Odd Fellows Roads. Create attractive and vibrant corridors and neighborhoods offering a mix of residential, commercial, institutional, employment and opens space uses where one can travel efficiently, safely and pleasurably by car, transit, bicycle or on foot.

The **Campbell Avenue and Odd Fellows Road Plan** was adopted by the City Council in ___. The goals of the plan are to:

Create streets that better serve the needs of all users, including pedestrians, bicyclists, motorists, trucks and transit riders.

Promote private investment in development and redevelopment within the corridors and surrounding neighborhoods.

Goal AP-7: Tyreeanna. Revitalize and redevelop Tyreeanna to create a vibrant mixed-use neighborhood with strong connections to the River and Downtown in coordination with of the City's long-term landfill plans.

The **Tyreeanna/Pleasant Valley Neighborhood Plan** was adopted by the City Council in 2003. The goals of the plan are to:

Conserve, stabilize, and revitalize the Tyreeanna/Pleasant Valley neighborhood**.**

Provide transportation and other public facilities to enhance development opportunities while preserving the integrity and character of the neighborhood and its natural areas.

Revitalize commercial corridors and districts in coordination with residents and land owners.

Goal AP-8: **Tinbridge Hill**. Update the neighborhood's master plan to identify creative ways to address substandard housing, crime, employment opportunities, recreation and infrastructure needs.

The **Tinbridge Hill Neighborhood Plan** was adopted by the City Council in ____. The goals of the plan are to:

Inventory the condition of the neighborhood, including areas of stability/change, resources and opportunities for community-based partnerships to address those needs.

Encourage the participation of young adults to achieve a sustainable leadership structure.

Develop a plan model that can be used to identify assets and challenges, as well as focus community resources in other areas.

Economic Development Policies

Goal ED-1 **Economic Development Strategy**. Evaluate and execute the recommendations of the Economic Development Strategic Plan, incorporating actionable suggestions and developing new programs/projects where necessary

ED-1.1. Create a multi-year strategy of programs, activities, and projects to achieve the City's overall economic development and redevelopment objectives.

ED-1.2. Identify resources (e.g., public, private, nonprofit), how these resources will be used, and for what programs/investment opportunities.

ED-1.3 Create an implementation schedule and focus on those activities and projects with the greatest chance of success.

Goal ED-2 **Quality of Place and Market Readiness.** Lead and coordinate existing efforts regarding business development, encouragement of entrepreneurship, and recruitment strategies.

ED-2.1 Ensure opportunities for existing businesses to expand in appropriate locations.

ED-2.2 Coordinate existing marketing and recruitment strategies for new businesses.

ED-2.3 Ensure the preservation of development sites for large-scale, job producing projects.

ED-2.4 Encourage redevelopment of appropriate core and inner-ring locations and buildings enhancing access, market readiness and quality of place.

Goal ED-3. Business Climate and Access to Resources. Implement appropriate City policies designed to maximize citywide economic development strategies.

ED-3.1 Review and amend existing or implement new City policies to maximize economic development potential.

ED-3.2 Consider offering appropriate public incentives to achieve citywide economic development and redevelopment objectives.

Neighborhoods & Housing Policies

Goal NH-1: Neighborhood Conservation. Conserve and nurture the improvement of the City's neighborhoods to produce safe and desirable places for all residents to live.

NH-1.1 Maintain an active community educational outreach program to increase public awareness of the importance of quality design and good property maintenance.

NH-1.2 Promote the establishment of Neighborhood Watch programs to enhance public security and assist in law enforcement efforts.

NH-1.3 Coordinate with the Housing Collaborative, local lenders, builders, the Virginia Housing and Development Authority and other agencies to improve access to programs and funding for renovation, rehabilitation and maintenance of older housing.

> **The Housing Collaborative** includes a variety of public, and private stakeholder groups working together to address housing issues.

NH-1.4 Continue and expand the use of code enforcement to promote rehabilitation or renovation of blighted housing.

NH-1.5 Pursue the removal and redevelopment of dilapidated and condemned structures that are poor candidates for rehabilitation. Where groups of structures are condemned, facilitate demolition and land assembly to foster more rapid redevelopment.

NH-1.6 Continue to support efforts of the Housing and Homeless Coalition to identify opportunities to address the needs of the City's homeless population.

NH-1.7 Monitor affordable and attainable housing supplies and coordinate with public and private agencies to:

- Rehabilitate substandard housing units. Emphasis should be placed on programs that require an investment of funds and/or labor on the part of the owner commensurate with the owner's resources.
- Support initiatives to increase permanent affordable rental and housing ownership opportunities.
- Ensure that the supply of housing for individuals and families with special needs (e.g., elderly and physically or mentally challenged) are met.

- Promote programs that assist eligible individuals in retaining their homes.

NH-1.8 Nurture neighborhood partnerships that facilitate self-sufficiency and enable families and individuals to maintain their housing, remain in their neighborhoods and age in place.

NH-1.9 Ensure that zoning regulations facilitate the creation of a variety of safe, affordable and innovative housing options that serve the community's diverse needs, including the establishment of small lot, attached units and other housing types that achieve densities established in the future land use map.

NH-1.10 Encourage construction of new, sensitively designed housing options that blend into mature neighborhoods.

NH-1.11 Allow for accessory dwellings in single family districts consistent with standards addressing such issues as maximum unit size, adequacy of on-site or on-street parking, entry location and other factors necessary to assure compatibility.

NH-1.12 Continue to coordinate with local colleges and universities to identify and address student housing needs within appropriate locations.

Goal NH-2: **Neighborhood Character**. Promote well-designed mixed-use residential neighborhoods that incorporate a variety of housing types and densities with pedestrian-oriented streets, small-scale neighborhood oriented services and parks to where residents are able to live, work and play close to home.

NH-2.1 Connect neighborhoods through street, sidewalk and trail improvements.

NH-2.2 Enhance neighborhood access to work, shopping, parks, schools and public services through better sidewalk, street, transit, trail and bikeway connections.

History, Culture, Arts and Education Policies

Goal HCA-1: **Historic Preservation.** Preserve/conserve significant historic and cultural resources through the collaborative efforts of the City; historic and cultural groups; local schools and colleges; and other local, state, and federal preservation groups and organizations.

HCA-1.1 Establish and maintain an easily accessible inventory of historic sites and structures in coordination with local individuals and organizations.

HCA-1.2 Develop appropriate standards and guidelines for the review and treatment of historic sites and structures within or outside of designated historic districts.

HCA-1.3 Identify the range of financial and other incentives available for preservation of historic sites and structures. Make this information readily available to the property owners, developers and the local real estate industry.

HCA-1.4 Support efforts to increase:

- The programs available to property owners in historic districts to aid in preservation efforts.
- Access to and awareness of local historical and cultural resources, as well as the value and benefits of resource preservation.
- Public information on the restoration, rehabilitation, preservation and maintenance of historic resources.

HCA-1.5 Identify and eliminate unnecessary disincentives for the maintenance or restoration of historic sites and properties and modify standards and procedures to facilitate:

- Demolition, where appropriate;
- Compatible land uses;
- Property maintenance; and
- Development that is sensitive to historic resources in historic districts.

HCA-1.6 Ensure that City-owned historic structures and sites are identified and preserved by using design elements (e.g., lighting, walls, paving material and curbstones) that are applicable to historic features.

Goal HCA-2: **Arts and Culture**. Celebrate the rich cultural heritage of the area and promote the City and region as a destination for culture, arts, recreation, and history.

HCA-2.1 Improve access to and connections between important heritage sites, cultural resources, natural areas and tourist-oriented destinations. Help visitors find these resources through improved wayfinding signage, guidebooks and on-line information.

HCA-2.2 Establish a public arts policy that encourages the provision of public art in public and private locations.

HCA-2.3 Promote places to celebrate the arts through efforts such as the Academy Theater restoration.

Goal HCA-3: **Education**. Continually improve the quality and availability of educational opportunities for all ages.

HCA-3.1 Support the growth of educational institutions as they work with the community to develop compatible facilities and transitions, especially in and around the residential neighborhoods.

HCA-3.2 Connect educational institutions to commercial areas and neighborhoods through a variety of transportation options.

HCA-3.3 Promote diverse learning opportunities through community centers, libraries and other facilities that develop a citizenry and workforce who embrace technology and have life-long learning opportunities.

HCA-4: **Community Engagement.** Engage the community, build social capital and encourage citizen leadership.

HCA-4.1 Provide accessible, transparent access to information concerning land use issues to all citizens.

HCA-4.2 Collaboratively improve the health and quality of life in built and natural areas of the City by listening to concerns, gaining historic context and understanding community values.

Natural Systems

Goal NS-1: **Preservation/Enhancement**. Preserve or enhance natural systems for use and enjoyment of future generations, as well as their environmental benefits.

NS-1.1 Encourage regional coordination in managing natural systems.

NS-1.2 Improve and maintain the health of the City's watersheds through development and implementation of a comprehensive water quality master plan.

NS-1.3 Provide incentives (e.g. stormwater credit program, etc.) for the private preservation of environmental resources, including, but not limited to:

- Preservation of significant wooded open space;
- Dedication of greenway, trail and open space easements;
- Preservation of unique or critical habitats;
- Protection of floodplains and riparian buffers;
- Implementation of "Green" building and site design practices; and
- Environmental remediation or retrofits.

NS-1.4 Promote responsible management and development of lands adjacent to important natural resources that provide a pleasant, healthy and safe environment for human activities by:

- Minimizing fill or development within 100-year floodplains and wetlands, except as required for water resources management and passive recreational projects;
- Limiting development of steep slopes adjacent to streams, floodplains and wetlands;
- Protecting unique and critical habitats;
- Protecting and enhancing scenic resources, such as City parks and trails, the old City Cemetery, the riverfront and Point of Honor; and
- Eradicating invasive plant species.

NS-1.7 Encourage the dedication or purchase of riparian buffers that contribute to stream protection and water quality improvement.

Goal NS-2: **Mitigation**. Minimize the negative effects of human activities (such as new development, redevelopment, installation of infrastructure, and resource use and disposal, among others) on natural systems.

NS-2.1 Facilitate the use of "green" site and building techniques that improve the City's air quality, use renewable resources, manage water resources, reduce energy consumption and improve mobility.

NS-2.2 Encourage the adaptive reuse of existing buildings, "grey field" and "brownfield" redevelopment through a variety of incentives.

NS-2.3 Protect the natural views from the trail system and other public spaces.

NS-2.4 Encourage individuals, families and organizations to become more effective stewards of the environment.

Parks & Recreation

Goal PR-1: **Conservation**. Conserve public open space and historic park resources.

PR-1.1 Implement the greenway plan and evaluate opportunities to expand the system along the City's streams and other green corridors.

PR-1.2 Connect greenways to parks, natural areas, schools and other community facilities, such as the James River Heritage Trail through trails and sidewalks to facilitate bike and pedestrian access.

PR-1.3 Encourage the dedication or purchase of riparian buffers that contribute to stream protection and connectivity of the greenway system.

PR-1.4 Develop and maintain individual parks and recreation facility plans that provide a healthy balance of recreational use and natural resource protection.

PR-1.5 Encourage appropriate recreational use of and access to the James River and Blackwater Creek "blueways."

PR-1.6 Incorporate historic preservation, cultural landscape preservation and cultural resource interpretation in plans for historic parks.

PR-1.7 Include interpretive signage in parks, greenways and blueways to promote a better understanding of the historic, cultural and environmental resources.

PR-1-8 Develop resource management plans for all natural areas within the park and trails system.

PR-1.9 Provide environmental education and interpretative programs.

Goal PR-2: **Education and Community Health.** Promote a culture of lifelong learning and healthy/active living.

PR-2.1 Improve access to healthy foods at the Lynchburg Community Market and center programs.

PR-2.2 Work collaboratively with community partners to promote wellness programs and the Live Healthy Lynchburg initiative.

PR-2.3 Provide access to after-school programs and support the efforts of Lynchburg City Schools.

PR-2.4 Develop recreation program plans and partnerships to provide a full array of recreation opportunities for the newly renovated Miller Center.

PR-2.5 Fully utilize parks, trails and facilities to meet the recreational needs of city residents, placing emphasis on underserved populations.

PR-2.6 Increase opportunities for physical activity for all residents by creating and promoting participation in fitness and wellness programs, as well as emphasizing after school and summer youth programs.

Goal PR-3 **Recreation.** Provide access to parks, trails, and recreation facilities and programs.

PR-3.1 Coordinate with public and private entities, including the public school system to maximize access to and sustainable use of recreational facilities for all residents.

PR-3.2 Assess the demand/need for future parks, trails, recreation facilities and programs. Develop a master plan to meet those needs that includes appropriate level of service standards for parks and recreational facilities and programs.

PR-3.3 Maintain a 10-year capital plan to acquire, develop, improve and rehabilitate parks and recreation facilities in accordance with the adopted master plan and levels of services.

PR-3.4 Coordinate with public and private entities (e.g., schools, colleges, universities and other organizations) to make the most efficient use of parks and facilities and maintain adopted levels of service. Establish and maintain joint facilities use agreements to maximize the use of available facilities while enabling each entity to meet its priority needs in its facilities.

PR-3.5 Seek sufficient funding from all available public and private sources to maintain adopted levels of service for park lands, recreational facilities and recreational programs. Funding should address improvement, operations, maintenance and rehabilitation costs.

PR-3.6 Ensure that all residents have safe and convenient access to indoor and outdoor recreation facilities.

PR-3.7 Implement existing park and trail master plans and develop site specific plans where needed.

Transportation

Goal T-1: Supportive Transportation System. Provide safe, efficient, effective, and well-planned transportation systems and facilities that enhance economic development and redevelopment opportunities while preserving the integrity and character of the affected neighborhoods, historic districts, downtown and natural resources.

T-1.1 Continue to strengthen the City's role in the development and implementation of the region's Long-Range Transportation Plans and Short Term Work Program. Ensure that the LRTP and STWP are consistent with existing and planned land uses, as well as projected growth trends in the City.

T-1.2 **Exhibit 12-1** is the City's transportation plan that should be used to:

- Establish the functional classification of City streets; and
- Identify and prioritize transportation system improvement needs for streets and trails.

T-1.3 Establish target levels of service (for vehicles, bicycles pedestrian and transit) and use those levels of service to evaluate the need for street improvements, transportation system management measures and access design improvements during the capital planning and development review processes.

T-1.4 Prioritize improvements to the transportation system based on safety considerations; existing deficiencies; multimodal and environmental considerations; opportunities to improve street connectivity; physical, economic and policy constraints; contribution to neighborhood character; impact on historic and environmental resources; required right-of-way; target levels of service (see policy T-1.3); public safety access; regional connectivity; and system continuity.

T-1.5 Manage access to promote safety and convenience of along streets and on abutting properties for all modes of transportation.

The **Long Range Transportation Plan** (LRTP), which is maintained and updated by the Central Virginia Metropolitan Planning Organization, is intended to guide transportation system changes for the next 25 years.

The **Short Term Work Program** (STWP) guides transportation system improvements for the next 6 years

T-1.6 Include the City's bikeway system as part of the City's overall transportation system and include bike lanes and bikeways within the City's capital improvement planning process.

T-1.7 Commit adequate resources for the cost-effective operation and maintenance of streets, including pavement, bikeways, sidewalks, streetscape and stormwater management improvements.

T-1.8 Coordinate with VDOT, private property owners and adjacent jurisdictions to improve the appearance of the City's gateways and entry corridors.

T-1.9 Preserve the City's history and protect neighborhoods by maintaining context sensitive street designs to maintain safe speeds (see Exhibit 3-2). The following streets shall not be widened through the addition of lanes or removal of existing parking lanes unless the City Council determines that no other alternatives can be found to safely accommodate traffic:

- John Lynch Bridge
- Fifth Street, from the Lynch Bridge to Memorial Avenue
- Twelfth Street, from Commerce Street to Fort Avenue
- Rivermont Avenue, from the Blackwater Creek bridge to VES Road
- Boonsboro Road, from VES Road to US Route 501
- Boonsboro Road, from US Route 501 to the Western Corporate Boundary
- Langhorne Road, from Rivermont Avenue to Memorial Avenue
- Link Road, from Boonsboro Road to Old Forest Road
- Trent's Ferry Road, from Boonsboro Road to the Northern Corporate Boundary
- Memorial Avenue, from Fifth Street to Fort Avenue
- Fort Avenue, from Park Avenue/ Kemper Street to Memorial Avenue

T-1.10 Coordinate with Amtrak to continue and expand rail passenger service.

T-1.11 Identify and facilitate efficient use of sites with rail access.

T-1.12 Coordinate with Campbell County and Lynchburg Regional Airport Commission to protect the airport from incompatible land use encroachments and to foster development of industrial uses that capitalize on the airport's passenger, freight and general aviation services.

T-1.13 Maintain the Airport Master Plan to ensure that improvements meet FAA requirements to accommodate regional jets and larger aircraft.

T-1.14 Coordinate with Campbell County and the Lynchburg Regional Airport Commission to develop an airport commerce park to stimulate economic activity and efficient use of the airport.

Goal T-2: **Better Streets and Enhanced Mobility**. Enhance mobility for all residents through safe and convenient access to transportation choices that attend to the needs of pedestrians, bicyclists, transit riders and motorists. Streets should help move goods and people, while accommodating trees, stormwater, and other utilities that enhance Lynchburg's livability.

T-2.1 Increase active living by supporting a variety of safe and effective transportation options.

T-2.2 Develop a multi-modal transportation system that supports a vital and growing economy, is economically sustainable, safe, affordable and environmentally friendly and offers seamless connections between transportation modes.

T-2.3 Coordinate street design with the density and design of adjacent residential, mixed-use and non-residential development to enhance transportation options and mobility.

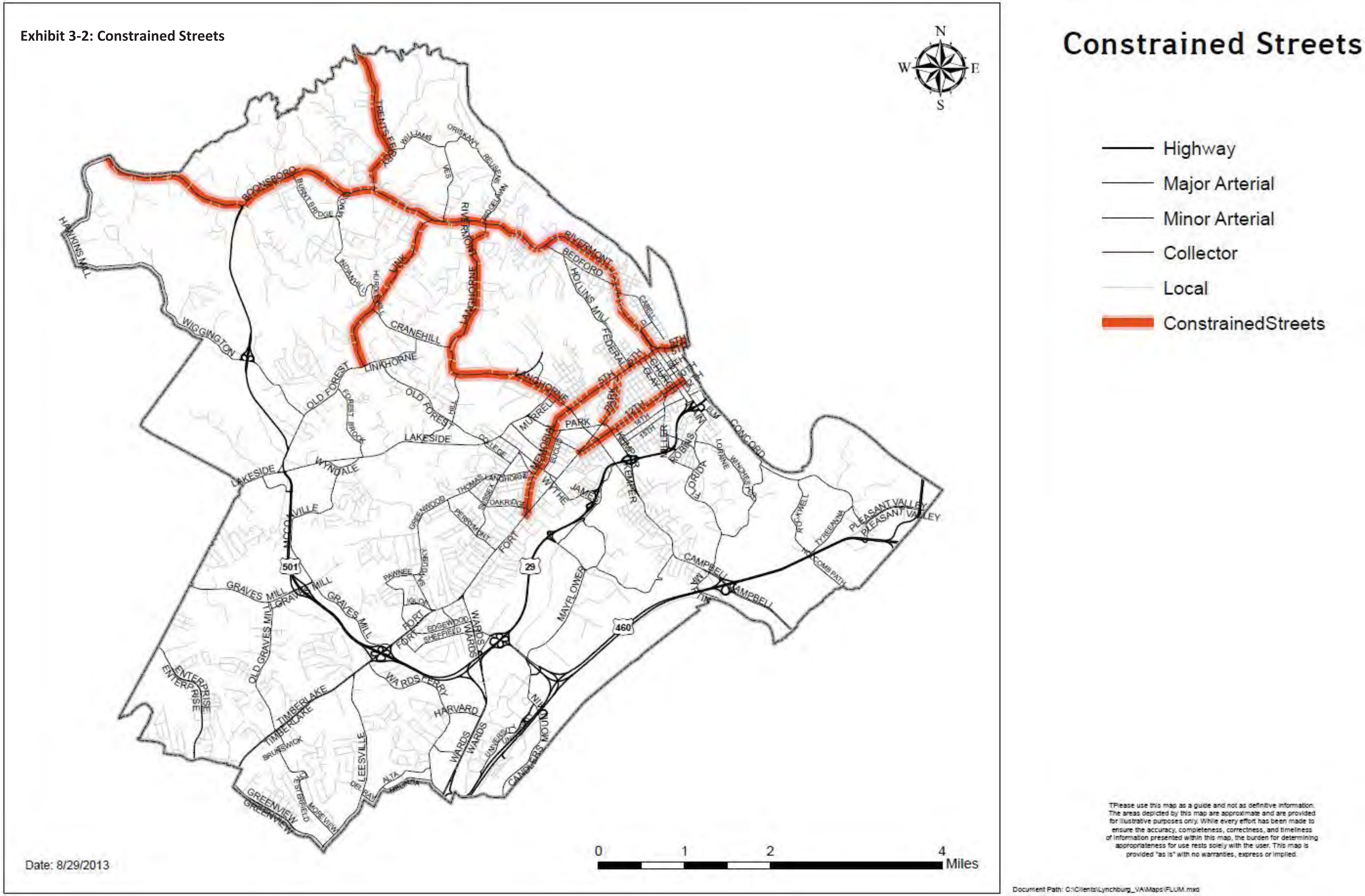
T-2.4 Coordinate with private property owners and neighborhood groups to identify opportunities to better connect streets, pedestrian and bicycle facilities.

T-2.5 Promote transit supportive design for development within walking distance of existing and proposed transit routes.

T-2.6 Coordinate with Greater Lynchburg Transit Company to ensure that street and site designs facilitate safe and efficient transit service provision.

T-2.7 Coordinate bikeway and trail design and construction with the provision of adequate on-street facilities to connect neighborhoods with schools, parks, shopping areas, other community facilities and regional trails.

Exhibit 3-2: Constrained Streets



Public Utilities

Goal PU-1: Water, Sewer and Storm Systems. Comply with all regulatory requirements to provide the citizens of Lynchburg with safe, dependable and affordable services with sufficient system capacities to meet the City's long-term requirements.

PU-1.1 Maintain water, sewer and storm services master plans that address capacity, maintenance, funding and capital improvement needs, as well as key system operational issues.

PU-1.2 Provide utility improvements and services in a cost effective manner.

PU-1.3 Continue to maintain the existing City-owned infrastructure systems, through replacement or rehabilitation when required.

PU-1.4 Meet the goals of the Combined Sewer Overflow (CSO) Long Term Control Plan.

PU-1.5 Monitor the true costs of utilities and use this information as a basis for fiscal policies for maintenance, operations, extensions and rates.

PU-1.6 Consider long-term efficiencies for the provision of all services in the renewal, rehabilitation, replacement and construction of utilities.

PU-1.7 Evaluate and employ effective and efficient technology to support utility operations and maintenance.

PU-1.8 Maintain rates that meet operational, capital and regulatory needs.

PU-1.9 Negotiate external water and sewer service contracts to ensure that:

- The service does not increase costs for existing ratepayers;
- The City has adequate capacity to meet existing and projected demands;
- The service does not detract from local economic development efforts; and
- Extensions do not promote development with detrimental impacts on the City's transportation system, neighborhoods, natural environment or public facilities.

PU-1.10 Coordinate with the Commonwealth of Virginia and other entities to protect the quality and quantity of the City's drinking water supply in the Pedlar Reservoir and James River.

PU-1.11 Maintain the City's sanitary sewer system to ensure that waste flows are safely collected and treated while developing policies and adequately maintaining the sanitary sewer system in a manner that prevents unpermitted sanitary sewer overflows (SSOs).

PU-1.12 Develop a policy to fund and extend City sewer service to areas served by existing or failing septic systems.

Goal PU-2: **Stormwater Management**. Manage stormwater to protect residents, property and the environmental integrity of local/regional waterways and ecosystems.

PU-2.1 Maintain a stormwater management master plan that addresses capacity, meets regulatory requirements, and provides for adequate funding and resources to address operational, maintenance and capital needs.

PU-2.2 Design and operate stormwater improvements to minimize:

- Risks to people and property from flooding;
- Erosion and sedimentation;
- Negative impacts on water quality and natural systems; and
- Ongoing maintenance and operations costs.

PU-2.3 Coordinate stormwater management projects with the expansion of the greenways, trails system and other City or private capital projects whenever feasible.

Goal PU-3: **Improved Water Quality**. Improve water quality in the City's streams and James River.

PU-3.1 Develop and use the Comprehensive Water Quality Master Plan to achieve local, state, regional and federal water quality standards through:

- the implementation of the City's Combined Sewer Overflow (CSO)-Long Term Control Plan (LTCP);
- compliance with the Phase II Municipal Separate Storm Sewer System (MS4) Permit;
- compliance with the Regional Wastewater Treatment Plant Virginia Pollution Discharge Elimination System (VPDES) permit requirements;
- meeting the implementation plan goals of the local Bacteria Total Maximum Daily Load (TMDL), the Chesapeake Bay, and other future TMDLs; and
- compliance with the [TAM1]State Stormwater Management Programs.

PU-3.2 Coordinate land use, transportation and stormwater management decisions to employ best management practices that minimize contamination of waterways.

PU-3.3 Incorporate stormwater quantity and quality management improvements in streetscape improvements.

PU-3.4 Coordinate development review procedures with the implementation of best management practices to maintain or improve water quality to the greatest extent practical.

Goal PU-4: **Solid Waste Management**. Address the City's long-term solid waste management needs in a safe, efficient and environmentally responsible manner.

PU-4.1 Coordinate regional solid waste management efforts to reduce the waste stream, increase the proportion of wastes that are recycled and safely dispose of wastes.

PU-4.2 Provide for collection services that facilitate recycling and the efficient separation of wastes.

PU-4.3 Evaluate the potential for composting and reusing organic wastes.

Goal PU-5: **Bio-solids Management**. Address the City's long-term bio-solids management needs in a safe, efficient and environmentally responsible manner.

PU-5.1 Implement the recommendations of the Regional Wastewater Treatment Plant Solids Master Plan.

PU-5.3 Dispose of or use bio-solids in an environmentally conscious and economical manner.

PU-5.2 Evaluate beneficial uses of bio-solids including but not limited to: land application, methane generation, and power generation.

Public Facilities and Services

Goal PFS-1: **Serving City Needs**. Provide efficient and effective public services to support the needs of citizens, businesses and neighborhoods through the funding and implementation of the Capital Improvement Program and operating budget that ensure existing public facilities are safe, effective and well-maintained.

PFS-1.1 Plan and develop new facilities and/or maintain/renovate existing facilities to meet the City's needs.

PFS-1.2 Leverage investment in public facilities to meet multiple public needs and to foster private investment that achieves neighborhood and City-wide goals.

PFS-1.3 Coordinate the design of public facilities and utilities to minimize life-cycle costs for maintenance and operation.

PFS-1.4 Consider long-term efficiencies for the provision of all services in the in the renewal, rehabilitation, and replacement of solid waste management facilities.

PFS-1.5 Coordinate facility and service planning among City Departments and the City Schools with the intent of:

- Making more efficient use of facilities for multiple purposes;
- Providing safe and convenient access by intended users;
- Integrating facility access with transportation and transit system plans;
- Providing appropriate educational and recreational opportunities in conjunction with building and site development;
- Incorporating space for public meetings; and
- Providing safe places for residents and visitors to Lynchburg.

PFS-1.6 Develop and use level of service indicators to:

- Establish appropriate measures for each department's effectiveness in providing public services;
- Facilitate annual budgeting by identifying capital and operational needs; and
- Facilitate long-range planning for capital needs.

PFS-1.7 Design and operate public facilities to provide appropriate access to all intended users and coordinate facility design with transportation system improvements.

PFS-1.8 Ensure that fire and emergency medical service facilities are located, designed and equipped to meet the demands of existing and planned development patterns.

Goal PFS-2: **Regional Coordination**. Continue to reinforce the City's role as a regional partner in public education, higher education, transportation, utilities, environmental stewardship and health care.

PFS-2.1 Explore alternatives to improve operational efficiencies through regional coordination and service provision.

PFS-2.2 Coordinate with public and private service providers to enhance access to health care facilities and services.

Goal PFS-3: **Public Awareness**. Increase awareness of the quantity and quality of the public and private facilities and services available to City residents.

PFS-3.1 Continually improve access to public information about public facilities and services through the City's web site and other venues.

PFS-3.2 Involve citizens in the development and review of level of service standards as well as plans for new public facilities.

PFS-3.3 Provide accurate and timely information to the public about changes in facilities and services, planned improvements and opportunities for community involvement.

PFS-3.4 Coordinate the City's public education efforts with those of other institutions in the City of Lynchburg.

Chapter 4: Plan Implementation

Using the Plan

Lynchburg's Comprehensive Plan is intended to be a dynamic document -- one that responds to changing needs and conditions. To assess the Plan's effectiveness in responding to changing conditions, the City will need to monitor actions affecting the plan. As a result of these monitoring efforts or private development requests, the Planning Commission and City Council will need to amend the plan periodically. However, plan amendments should not be considered lightly. Decision-makers should consider each proposed amendment carefully to determine whether or not it is consistent with the Plan's vision, goals and policies. In addition, the cumulative effect of many changes may be a change in policy direction. For this reason, comprehensive plan amendments must be evaluated in terms of their significance to overall plan policy.

Annual Review & Monitoring

Department directors should provide to the Planning Commission an annual review of comprehensive plan related activities prior to the initiation of the budget process each year. The annual review is intended to:

- Measure success in achieving plan goals through the recommended strategies;
- Propose strategic initiatives and appropriate code changes to be pursued under the coming year's budget;
- Identify unlisted strategies that will achieve plan goals;
- Document growth trends and compare those trends to plan projections;
- List development actions which affect the plan's provisions;
- Consider input from municipalities and other service providers; and
- Explain difficulties in implementing the plan.

This annual review should include statements identifying that respective departments' progress in achieving the goals of the plan, the impact of the plan on service provision, and proposed programs to help achieve the plan's goals. The annual review should be used as a tool to help set budgetary priorities.

Future Land Use Amendments

The Future Land Use Map (Exhibit 6-3) is intended to serve as a general guide for public and private development and land use decisions; it is not intended to be parcel specific. Land use amendments are anticipated as growth occurs and market conditions change.

Policy Review & Amendment

To ensure that the Comprehensive Plan remains an effective guide for decision-makers and to comply with State law, the City should conduct major evaluations of the Plan goals and policies at least once every five years. These evaluations should consider the following:

- Progress in implementing the plan;
- Changes in community needs and other conditions that form the basis of the plan;
- Fiscal conditions and the ability to finance public investments recommended by the plan;
- Community support for the plan's goals and policies; and
- Changes in state or federal laws that affect the City's tools for plan implementation.

The review process should encourage input from citizens, business interests, neighborhood groups, developers and other community interests. Plan amendments that appear appropriate as a result of this review would be processed according to the adopted plan amendment process.

Key Implementation Tools

The Plan Implementation Program identifies a number of tools available to the City that may be employed to bring the plan’s goals, policies and strategies of the Plan to fruition. These implementation tools are interrelated, working together to transform the plan’s vision to reality.

Relationship to the Budget

The annual budget is one of the most potent tools for plan implementation because it sets priorities for action each year. Capital and operational funding decisions should directly reflect the goals and policies of this Plan. The Plan should serve as the basis for recommended work programs and as a focus for discussion of priorities from year to year. The City should review the plan’s short term work program and recommend appropriate strategies to achieve the plan goals in a manner that is consistent with plan policies. If specific work program tasks are not funded, the City should evaluate whether they should be deferred or omitted from the Plan implementation Program. When there is a conflict between budget priorities and Plan goals or policies, the City should consider whether the specific goals or policies remain valid.

Development Regulations

On a day-to-day basis, the City's development regulations (zoning and subdivision regulations) are essential tools for Plan implementation. The Future Land Use Map and the growth-related goals are achieved through a myriad of incremental decisions about specific development projects. Because the Plan does not carry the force of law, the City must apply policies through a variety of actions, including amendments to the City subdivision and zoning regulations and the zoning map. Updates to these regulations should be consistent with the Plan to ensure that incremental actions on development requests support the Plan's vision goals and policies.

Capital Improvements Program (CIP)

Short- and long-range CIPs are important planning tools to ensure that the City has planned the most cost effective facilities and to determine whether funding is available to provide and maintain needed public facilities.

The short-range CIP should identify and estimate costs of improvements needed to serve anticipated growth for the next 5 years. It should:

- List short-term projects needed to maintain existing levels of service, with each project being assigned a budget and a time frame for completion;
- Be updated annually;
- Identify the costs and funding sources for each project; and
- Establish the time frame to complete each project.

The long-range CIP should identify and estimate costs of improvements needed to serve anticipated growth for the next 5 to 20 years. The long-range CIP should be updated at least once every five years or when significant changes to the base systems modify the City's long-term capital investment strategies (e.g., changes in service areas, significant changes in the Future Land Use Map, changes in service demand or delivery patterns).

Relationship to Other Plans

The Comprehensive Plan a foundation for more specific planning initiatives, such as neighborhood, corridor or area plans. As the City continues to plan for the future, these planning efforts should be based on the vision and goals of the Comprehensive Plan and consistent with the policies established by this document. Comprehensive Plan and other planning initiatives should be coordinated to maintain clear consistent direction for public and private decision-makers.

Recommended Actions

Successful implementation of the plan results from many individual actions by the City, other service providers, and private decision-makers over the course of many years. The goals and policies describe what the City wants to become and how decision-makers should respond to varied circumstances. To accomplish the Plan's goals and the vision, many tasks will need to be accomplished throughout the life of the plan.

Plan Implementation Program

The Plan Implementation Program shown in Exhibit 4-1:

- Identifies action tools (i.e., existing and proposed codes, ordinances, regulations, standards, requirements and policies) to implement action items;
- Sets a general time frame to carry out each strategy;
- Correlates implementation measures with specific comprehensive plan policies; and
- Assigns responsibility for implementing the action items and lists other entities that should be involved in the process.

Exhibit 4-1: Plan Implementation Program

Implementation Strategy	Location of Strategy	Assigned Agency	Resources/Actions Required	Milestones
Revise zoning ordinance and implement	City Code	Community Development	• Dedicated staff assignment • Zoning consultant drafting and facilitation • Community input and Planning Commission guidance • City Attorney review • City Council adoption	• Draft ordinance, 2013 • Adoption, 2014
Implement Neighborhood Plans & Corridor Studies • **Downtown & Riverfront Master Plan** • **Tyreeanna Master Plan** • **Fifth Street Master Plan** • **Midtown Master Plan** • **Wards Road Pedestrian & Bicycle Study** • **Odd Fellows Road | Campbell Avenue Master Plan** • **Wards Ferry Road Corridor Study**	Plan Specific	Community Development / Public Works	• Staff assignment • Funding • Consultant • Community input	• James River Interceptor 3A, 2013 • Lower Bluffwalk, 2014 • Riverfront restoration, 2015 • James River Interceptor 3B, 2015 • Main Street Bridge/Gateway, 2016 • Tyreeanna landfill closure, 2013 • Tyreeanna plan update, 2014 • 5th Street Phase II, 2013 • 5th Street Phase III, 2014-2015 • Wards Road Phase II – 2014 • Wards Road Phase III Design, 2014 • Wards Road Phase III, 2015 • Odd Fellows Design 2014 • Odd Fellows Construction 2017 • Campbell Avenue traffic feasibility study, 2017
Develop specific area and corridor plans	Comprehensive Plan	Community Development	• Staff assignment • Consultant assistance • Community input	• 12th Street • Evaluate need on annual basis
Economic Development Strategic Plan	Economic Development Strategic Plan	Economic Development	• Staff assignment • Consultant assistance • Funding for marketing & infrastructure	• Complete plan, 2013 • Initiate phased plan implementation, 2014

Implementation Strategy	Location of Strategy	Assigned Agency	Resources/Actions Required	Milestones
Water Quality Improvement Plan	TBD	Water Resources	• Staff assignment • Engineering consultant • Community involvement • DEQ	• Regulatory compliance/pollution reduction strategies, 2014 • Site identification and nutrient management plan implementation, 2015 • Implement regulatory compliance strategies, evaluate map & develop stormwater infrastructure plans, ongoing
Water Sewer Plans/Policies • **Sewer extension policy** • **CSO Long Term Control Plan** • **Burton Creek Interceptor** • **Central Business District water line replacement** • **Water / Sewer line replacement**	TBD	Water Resources	• Staff assignment • Funding • Consultants • Attorneys • TMDL Regulatory Advisory Panel • DEQ • County capacity needs (Bedford / Campbell)	• Sewer extension policies, 2015 • CSO revised plan, DEQ Support, 2013 • Revise Bacteria TMDL, 2014 • CSO approval from State Water Control Board, 2014 • CSO plan implementation, 2014-2024 • Burton Interceptor engineering report, 2014 • Burton Interceptor Design, 2015 • Burton Interceptor construction, 2016 • CBD water line Phase I design, 2015 • CBD water line Phase I construction, 2016 • CBD water line future phases, 2016-2026 • Water/Sewer line replacement annual replacement plan development,
College Lake Dam	TBD	Water Resources	• Staff assignment • Funding • Engineering consultant • Lynchburg College • Downstream property owners	• Evaluate alternatives and develop plan, 2015 • Alteration permit, 2016 • Construction, 2017
Neighborhood Improvement Program	Comprehensive Plan / Strategic Plan	Community Development	• Neighborhood Councils / Neighborhood Watch & Community Partners • Community Input • Council adoption	• Tinbridge Hill Neighborhood Plan, 2013 • Tyreeanna/Pleasant Valley Plan update, 2014
City building & site preservation	TBD	Public Works	• Staff assignment • Inventory & assessment of resources • Renovation / rehabilitation plans • Funding	• Miller Center Renovation

Implementation Strategy	Location of Strategy	Assigned Agency	Resources/Actions Required	Milestones
Greenway Program	Greenways/Blueways Plan; Blackwater Creek Natural Area Master Plan; Creekside Trail Extension Master Plan; Strategic Plan	Parks & Recreation	Staff assignment Funding Citizen Advisory Committee • Region 2000 Regional Commission	• Creekside Trail Extension Phase I • Ed Page to Linkhorne Middle School Extension Design
Parks & Facilities upgrades • **Blackwater Creek Natural Area Master Plan** • **Miller Park Master Plan** • **Riverside Park Master Plan** • **Perrymont Park Master Plan** **College Park Master Plan**	Plan specific	Parks & Recreation	• Staff assignment • Funding • Consultants • Volunteer programs	• Riverside Park Phase I • Miller Center Renovation • City Stadium Football Complex Renovation • Renovation to BWCAA • Jefferson Park Master Plan • Miller Park Renovations • Court, playground centers & neighborhood park upgrades
Transportation • **Timberlake Road Interchange** • **Midtown Connector** • **Better Streets Policy**	Comprehensive Plan	Public Works / Community Development	• Staff assignments • Federal / State / Local funding • Consultants	• Update improvement map / funding source annually • Review for consistency with LRTP & SYIP • Timberlake Road Interchange Design, 2014 • Timberlake Road Interchange R/W acquisition, 2015 • Timberlake Road Interchange construction, 2016 • Midtown Connector Construction 2013-2015 • Develop Multimodal System Design Guidelines, 2014
• **Heritage High School**	Comprehensive Plan	Lynchburg City Schools	• Staff assignment • Funding • Architectural / Engineering consultant	• Project design 2014 • Construction 2015

Chapter 5: Planning Context

Chapter Overview

Chapter 1 introduces the concept of the comprehensive plan and why cities prepare them. Chapter 2 presents Lynchburg's vision for its future and guiding principles that it will use in achieving that vision. Chapter 3 establishes the City's goals for the future and the policies it will follow. Chapter 4 sets forth the strategies and benchmarks the City will undertake to meet its goals. The remainder of the Plan establishes the background information for objectives and strategies in Chapter 4. The Planning Context, provides some of the most basic background information that the City used to develop this plan. It provides the context for planning by describing trends in population growth, demographic characteristics, income levels, land use, and the various markets for housing, commercial, and industrial uses.

Population Growth

As recorded in the U.S. Census since the 1830s, the City of Lynchburg grew rapidly during its early years as an important economic hub for central Virginia. The City exhibited steady population growth during the 19th and early 20th centuries, except during the Civil War years, the national economic slowdown of the 1890s, and World War I. After 1960, however, Lynchburg became a mature city, exhibiting population growth primarily when it annexed new lands. The City's population decreased from 1960 to 1970, then increased dramatically from 1970 to 1980 with the 1976 annexation, and returned to a slow downward population trend from 1980 to 2000. According to the 1984 Lynchburg General Plan, annexation was responsible for 10,557 of the 12,660 people added to the City from 1970 to 1980. The remainder of the population growth, 2,103 people, represented a 4% increase.

Exhibit 5-1 shows that the Lynchburg region has continued to grow. Until the year 2000, the region's growth shifted to surrounding counties. Over the first decade of the 21st century, the City began to capture a greater share of the region's growth, increasing by a percentage that exceeded every county in the region and the state as a whole.

Exhibit 5-1: Population - Lynchburg and Surrounding Counties

	1960	1970	1980	1990	2000	2010	% change 1960-2010	% change 2000-2010
Lynchburg	54,790	54,083	66,743	66,049	65,269	75,568	37.9	15.8
Amherst	22,953	26,072	29,122	28,578	31,894	32,353	41.0	1.4
Appomattox	9,148	9,784	11,971	12,298	13,705	14,973	63.7	9.3
Campbell	32,958	43,319	45,424	47,572	51,078	54,842	66.4	7.4
Bedford	31,028	26,728	34,927	45,656	60,371	68,676	121.3	13.8
Virginia	3,966,949	4,651,448	5,346,797	6,189,317	7,078,515	8,001,024	101.7	13.0

Source: US Census

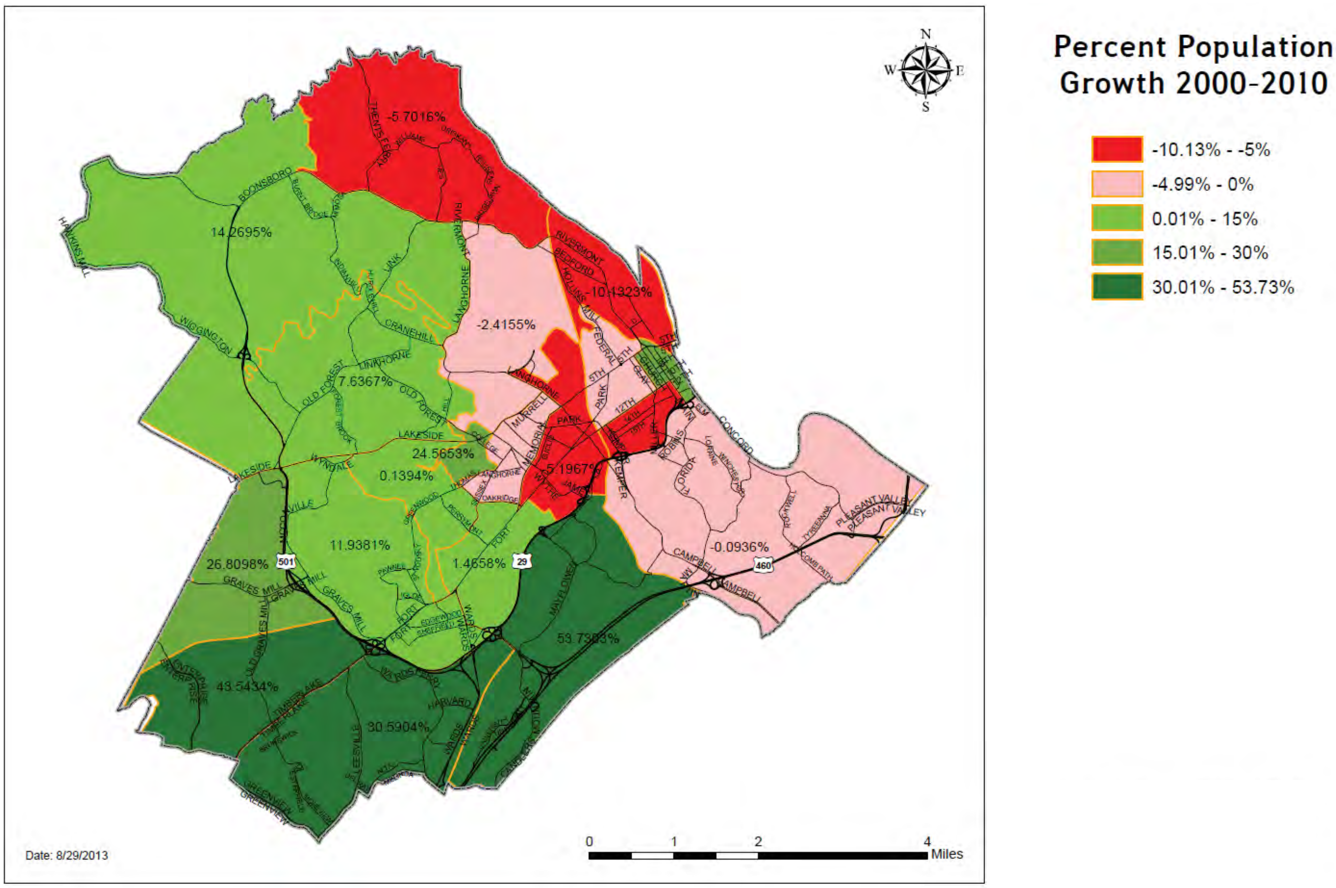


Exhibit 5-2 compares the population changes for seven First Cities of comparable size to Lynchburg. Virginia's First Cities, of which Lynchburg is a member, is a coalition of 14 of the most fiscally stressed cities in Virginia. The group was formed to promote the needs of these cities to state government. Of these 14 cities, 7 are small to medium size cities with populations between 20,000 and 100,000. During the first decade of this century, Lynchburg has grown faster than any of these comparable cities and more than twice the 7.2 percent rate projected for Lynchburg's MSA by the Weldon Cooper Center at the University of Virginia in 1999.

Exhibit 5-2: Population Changes 2000-2010 for Selected Cities in Virginia

	1990	2000	2010	% Change	
				90-2000	2000-10
Lynchburg	66,049	65,269	75,568	-1.2	15.8
Charlottesville	40,341	45,049	43,475	11.7	-3.5
Danville	53,056	48,411	43,055	-8.8	-11.1
Hopewell	23,101	22,354	22,591	-3.2	1.1
Petersburg	38,386	33,740	32,420	-12.1	-3.9
Roanoke	96,397	94,911	97,032	-1.5	2.2
Staunton	24,461	23,853	23,746	-2.5	-0.4
Winchester	21,947	23,585	26,203	7.6	11.1

Source: US Census

The Weldon Cooper Center at the University of Virginia projects that Lynchburg's population will increase by 10.9 percent between the years 2010 and 2030. As shown in Exhibit 5-3, with the exception of Campbell County, the population of each jurisdiction in the City's MSA is projected to increase faster than the City's.

Exhibit 5-3: Population Projections for Lynchburg and Surrounding Counties

	2010	2020	2030	% Change 2010-2030
Lynchburg City	75,568	80,229	83,840	10.9
Amherst County	32,353	33,353	34,386	6.3
Appomattox County	14,973	15,833	16,551	10.5
Campbell County	54,842	57,834	60,459	10.2
Bedford County	68,676	77,257	86,325	25.7
Bedford City	6,222	6,625	7,101	14.1
Lynchburg MSA	252,634	271,132	288,662	14.3
Virginia	8,001,024	8,811,512	9,645,281	20.6

Sources: * Virginia Employment Commission through the Weldon Cooper Center, ** US Census

While the above population projections may prove to be correct, they are not consistent with growth trends since the year 2010 or the enrollment projections for student enrollment. The Census Bureau estimates that Lynchburg's population had reached 77,113 by the year 2013. Liberty University projects the addition of 3,100 students (increasing from 12,900 to 16,034) and 680 non-student employees between the years 2013 and the year 2020. Lynchburg College projects an increase of 100-150 students over the next decade and Randolph College projects an increase of nearly 100 students. If these student projections are correct, the increases in college and university student populations alone would exceed the above projections. The City should continue to monitor growth and update projections to ensure that it can accommodate a population that could approach 100,000 residents in the foreseeable future. Based on input from the public during this Plan update, future land uses have been modified and reviewed to ensure that the plan can accommodate more growth than projected.

Demographic Characteristics

The characteristics of the City's population will help the City understand future service needs. Exhibit 5-4 describes the age characteristics of the City. The City's median population age decreased from 35.1 to 31 over the last decade, which reflects the increases in the significant increase in student-aged populations between 15 and 24, which comprise more than one-fourth of the total population. Other changes of note include:

- The increase in children under age 5 who have or soon will soon enter the school system;
- The decrease in adults between the ages of 35 to 44, which may indicate a shortage of opportunities for upward mobility;
- Increases in adults between the ages of 45 and 64, which likely reflects the attractiveness of the community for adults with older children and empty nests;
- The slight decrease in retirement aged residents between the ages of 65 and 84; and
- The increase in residents aged 85 and older, who likely are residents who have aged in place and those who have moved to Lynchburg for access to medical care or housing options that better suit their needs.

Exhibit 5-4: Sex and Age Characteristics - Lynchburg 2010

	2000		2011		2000-2011
AGE	Number	Percent	Number	Percent	Percent Change
Under 5 years	3,817	5.8	4,528	5.9%	19%
5 to 9 years	4,102	6.3	4,052	5.3%	-1%
10 to 14 years	4,192	6.4	3,665	4.8%	-13%
15 to 19 years	5,796	8.9	8,199	10.7%	41%
20 to 24 years	6,644	10.2	11,178	14.6%	68%
25 to 34 years	7,972	12.2	9,011	11.8%	13%
35 to 44 years	8,530	13.1	7,510	9.8%	-12%
45 to 54 years	8,094	12.4	8,732	11.4%	8%
55 to 59 years	2,923	4.5	4,009	5.2%	37%
60 to 64 years	2,554	3.9	3,554	4.6%	39%
65 to 74 years	4,888	7.5	4,751	6.2%	-3%
75 to 84 years	3,989	6.1	3,653	4.8%	-8%
85 years and older	1,768	2.7	2,007	2.6%	14%
Median age (years)	35.1	—	31		
TOTAL POPULATION	65,269	100	76,504	100	17%

Source: US Census

Exhibit 5-5 shows that while the majority of households are family households, non-family households are increasing in number and as a percentage of the whole. This reflects the increasing student population in Lynchburg. Since 1990, the percentage of the non-family households has increased from 35 percent to 42 percent of all households and the percentage of residents living in group quarters (which includes dormitories) increased from 9.1 percent to 13.5 percent of Lynchburg's total population.

Exhibit 5-5: Household and Family Characteristics - Lynchburg 1990 - 2010

	1990 Number	1990 Percent	2000 Number	2000 Percent	2010 Number	2010 Percent
TOTAL HOUSEHOLDS	25,143	100	25,477	100	28,746	100
Family Households	16,380	65%	15,588	61%	16,368	57%
Married Couple	11,749	72%	10,597	68%	10,598	65%
Female household	3,930	24%	4,066	26%	4,637	28%
Male household	701	4%	925	6%	1,133	7%
Nonfamily households	8,763	35%	9,889	39%	12,108	42%
TOTAL POPULATION	66,049	100	65,269	100	75,568	100
In households	66,049	100	65,269	100	75,568	100
In group quarters	6,018	9.1	6,551	10	10,198	13.5
Institutionalized	1,228	1.9	1,703	2.6	1,534	2
Non-institutionalized	4,790	7.3	4,848	7.4	8,664	11.5

Source: US Census

Exhibit 5-6 shows that despite the decrease in population, the number of households increased from 1990 to 2000 by a small amount, 334 households or 1.3% and the size of households decreased from 2.4 to 2.30 in the year 2000 and maintained that size in 2010. The average household size in the City in 1960 was 3.3 persons, a full one person per household more than is found today. This reflects a national trend towards decreasing household size.

Exhibit 5-6: Average Household Size

	1960	1970	1980	1990	2000	2010
Average Household Size	3.3	2.9	2.6	2.4	2.3	2.3

Source: US Census

Some additional comparisons between Lynchburg and the 7 selected Virginia's First Cities regarding demographic characteristics are provided in Exhibit 5-7. This Exhibit shows that Lynchburg is a relatively low density city compared to the other Virginia's First Cities. Charlottesville exhibits the highest density of 4,221 persons per square mile compared to Lynchburg's 1,530 persons per square mile. Lynchburg's density is similar to that found in Petersburg and Staunton. Lynchburg's average household size is found in the middle of the range of average household sizes from Staunton's low of 2.15 persons per household to Hopewell's 2.45 persons per household. All of the cities have a higher median age than Lynchburg except Charlottesville, which has a median age almost 3 years lower than Lynchburg's.

Exhibit 5-7: Year 2010 Demographics for Selected Cities in Virginia

	Density Pop/Sq Mi	Number of Households (Total)	Average Household Size	Percent Male	Percent Female	Median Age (Years)
Lynchburg	1,530	28,746	2.3	46.9	53.1	30.3
Charlottesville	4,221	17,778	2.31	47.7	52.3	27.8
Danville	999	18,831	2.21	45.6	54.4	42.6
Hopewell	2,215	9,129	2.45	46.4	53.6	36.5
Petersburg	1,416	16,326	2.3	46.7	53.3	39.8
Roanoke	2,262	47,453	2.22	47.8	52.2	38.5
Staunton	1,205	11,738	2.15	45.3	54.7	42.2
Winchester	2,818	10,607	2.38	49.2	50.8	35.1

Sources: US Census and Wiki Land for population per square mile

Income Levels

Exhibit 5-8 compares income levels in Lynchburg to those in surrounding counties and across Virginia. The figures show that the City has the lowest median household income and highest poverty rate in the region. The Bureau of Economic Analysis, U.S. Department of Commerce, calculates a higher 2000 per capita personal income for Campbell County/Lynchburg compared to Amherst and Appomattox counties, but that may be due to higher income levels in Campbell County pulling up the average. Lynchburg's median household income and per capita income levels are significantly lower than the State averages. By federal standards, poverty exists in Lynchburg; it is a problem that the City must be cognizant of providing needed services to its citizens.

Exhibit 5-8: Income Levels 2010

	Median Household Income*	Per Capita Personal Income**	Percent of People of All Ages in Poverty*
Lynchburg	37,733	22,107	15%
Amherst County	44,383	22,128	7.7%
Appomattox County	57,191	22,721	14%
Campbell County	55,589	22,588	9.5%
Bedford County	56,021	27,845	6.4%
Virginia	63,302	33,040	7.5%

Sources: *US Census, **Bureau of Economic Analysis, US Department of Commerce

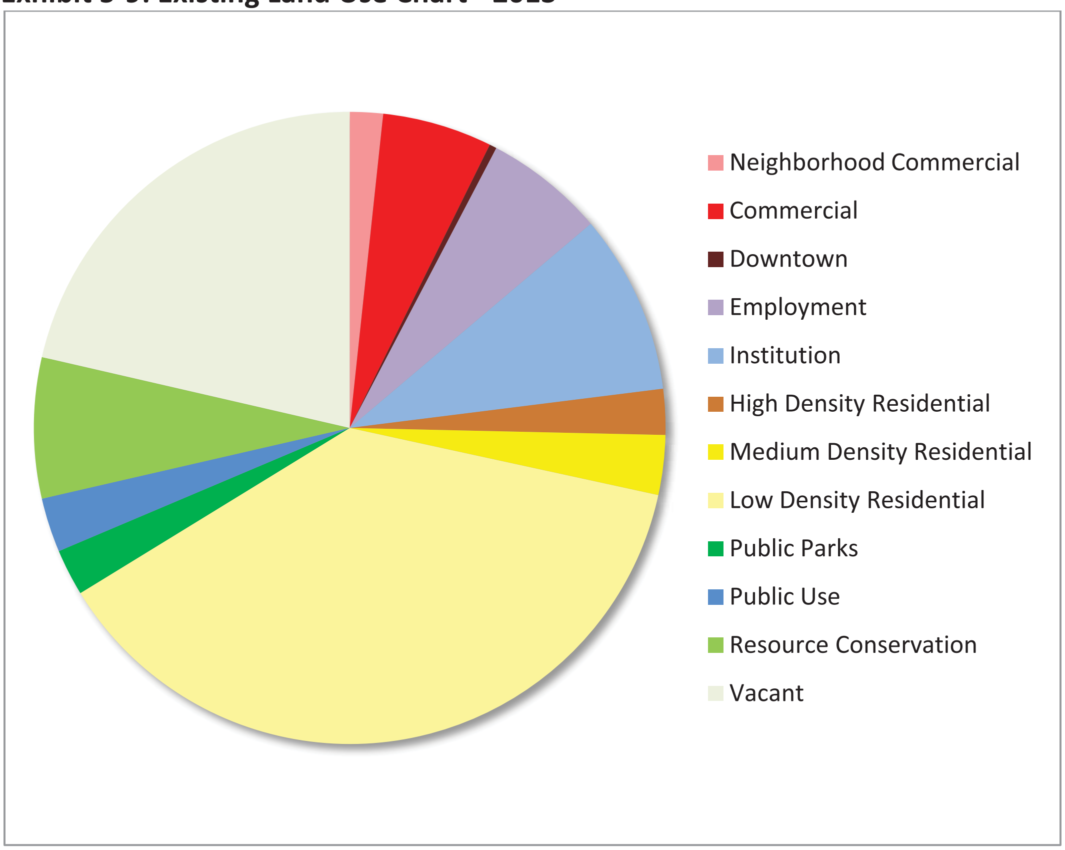
Existing Land Use and Zoning

The previous sections of this chapter describe the size and characteristics of the City's population, as well as that population's income levels. This section describes how land in the City is used to house the population and its economic activity.

The land use analysis was developed by compiling the City's Computer-Aided Mass Appraisal (CAMA) real estate files (real estate tax records) and linking them to the City's geographic information system. The result was a map and data set that could be used to determine the location and the acreage for each land use type within the City. Assessor Land Use Descriptions were summarized according to a Generalized Land Use based upon assessor, zoning and park data.

The City of Lynchburg encompasses approximately 31,661 acres (just under 50 square miles) of land. After removing the 4,608 acres of right-of-way, there remain 27,053 acres of land. Exhibit 5.9 shows the percentage of this remaining land area devoted to each land use. Exhibit 5.10 provides the data in tabular form.

Exhibit 5-9: Existing Land Use Chart - 2013



Source: GIS, City CAMA Real Estate Files, Planning Works, August 2013

Exhibit 5.10: Existing Land Use Data - 2013

Land Use	Acres	Percent
Neighborhood Commercial	459	1.7%
Commercial	1,521	5.6%
Downtown	100	0.4%
Employment	1,660	6.1%
Institution	2,488	9.2%
High Density Residential	632	2.3%
Medium Density Residential	827	3.1%
Low Density Residential	10,236	37.8%
Public Parks	644	2.4%
Public Use	752	2.8%
Resource Conservation	1,947	7.2%
Vacant	5,789	21.4%
Total (excluding right-of-way)	**27,053**	**100.0%**

Source: GIS, City CAMA Real Estate Files, Planning Works, August 2013

Neighborhood Commercial: Including small scale retail, service and office uses occupy about 1.7% of the City's acreage, or about 459 acres, and are located within and at the edges of neighborhoods throughout the City.

Commercial: Uses include shopping centers, hotels, convenience stores, gas stations, restaurants, and so forth, and are found throughout the City and comprise about 5.6% of the City's land, or 1,728 acres. The Wards Road area is home to the City's major shopping districts, including Wards Crossing, River Ridge Mall, and Candler's Station. Other major retail uses are found along Timberlake Road, Lakeside Drive, and Old Forest Road.

Downtown: Uses include a mix of office, retail, service, residential and employment uses in this 100 acre area that is the historic core of the City.

Employment: Including limited and general industrial uses account for about 6.1% of the City's total land use acreage and are concentrated primarily along major highways and rail corridors. Industrial uses include manufacturing, warehouse, and distribution facilities. The City's major industrial areas are found in its Business / Technology and Employment Areas, as identified on the Plan Framework map.

Schools, Colleges & Institutions: Account for 9.2% of the City's acreage. Schools and colleges include public and private facilities and are found throughout the City. Institutions, including churches, other places of worship, lodges, hospitals, and libraries, are found mostly mixed among residential uses. In addition to its own elementary, middle, and high schools, the City is home to five colleges: Randolph-Macon Woman's College, Lynchburg College, Liberty University, Virginia University of Lynchburg, and Central Virginia Community College.

Residential: Including low, medium, and high density, are found throughout the city. Low density residential uses include detached single family homes and are generally zoned R-C, R-1, or R-2. Medium density residential uses include attached single family houses, duplexes, townhouses and mobile home parks, generally zoned R-3. High density residential uses include multifamily units of condominiums, apartments, and nursing homes and are generally zoned R-4 or R-5.

The low density areas of the City are made up of mostly single family subdivisions located in the western half of the City. The majority of homes in these areas were built after 1926. Low density residential lands make up 37.8% of the City's land area, more than any other residential use, or any developed use. Generally, they are found in large blocks of single land uses.

Older medium density residential neighborhoods surrounding the downtown, such as College Hill, Miller Park, Diamond Hill, and Tinbridge Hill, contain many houses built prior to 1926. These tend to be mixed use neighborhoods with houses mixed among retail, commercial, office, industrial, and public uses. More recently built medium density residential uses are scattered mostly near Breezewood Drive and the 501 Expressway and between Lakeside Drive and Old Forest Road. Other medium density uses are located along Leesville Road and Wards Ferry Road. Medium density residential uses make up 3.1% of the City's land area.

High density residential land uses are found in scattered sites and comprise 2.3% of the City's land area. Other residential uses are common areas (1.2%) and commercially zoned residential uses (.9%) Overall, residential uses, low, medium, high density and common areas occupy 43% of the City's acreage.

Public Parks: The 644 acres of public park land and facilities occupy 2.4 percent of the City and are located throughout the City, with concentrations along major drainageways.

Other Public Uses: Public facilities, including city-owned, state, or federal facilities, such as City Hall, properties of the Greater Lynchburg Transit Company, or the landfill (excluding schools and colleges), about 2.8% of the City's land, or 752 acres. A major portion is the City's landfill in the Tyreeanna / Pleasant Valley area. Other major public uses, including City offices, are found downtown. Land owned by the City Economic Development Authority is included in this category.

Resource Conservation: Lynchburg is a City of Hills, with steeply sloping land, floodways, and floodplains comprising 7.2% of the City of 1,947 acres.

Vacant: Vacant land is defined as land that has no buildings or improvements. At first glance, it appears the city has more than enough land to accommodate new growth. According to the analysis, almost 5,789 acres, or 21.4% of the total land area inside the City limits, are identified as vacant. However, a large portion of the vacant land is affected by environmental constraints such as steep slopes, floodplains, or soils unsuitable for septic systems. The latter may be surprising, but as discussed in Chapter 15, Public Utilities, there are areas of the City that are not currently served by public sewer service. Poor soils in these areas limit development there. The largest parcels of vacant land are found on Candlers Mountain in the southeastern portion of the City along the eastern side of 460. Other significant vacant land is found in the Tyreeanna / Pleasant Valley area in the easternmost corner of the City and along the western border of the City west of the Expressway.

Transportation/Utilities ROW: Omitted from the previous analysis were lands subject to transportation and utility rights-of-way. Cumulatively, these lands account for almost 4,608 acres of the City and include land reserved for roadways, utilities and railroad uses.

Chapter 6: Land Use & Community Design

Chapter Overview

This chapter focuses on land use patterns and incorporates three key components:

- The Planning Framework provides an overview of the main ideas and themes addressed in the Plan;
- Future Land Use describes the future land use categories and their relationship to existing land use, zoning and anticipated changes in Lynchburg's land use and development patterns; and
- Community Design summarizes design factors to be considered as changes occur within the public and private realms to ensure consistency with the Comprehensive Plan's vision, goals and policies.

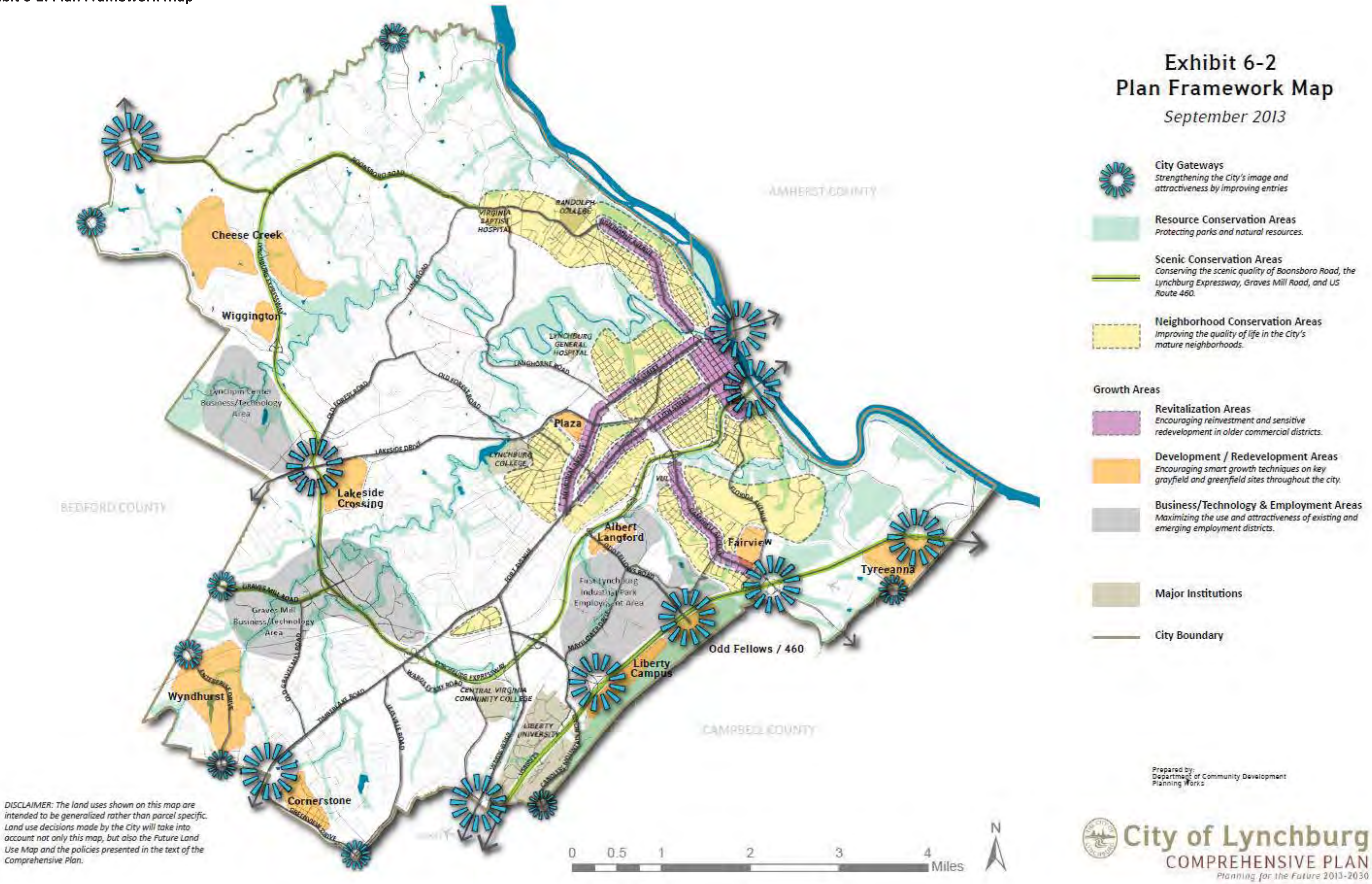
Planning Framework

The Plan Framework Focuses and Map are shown in Exhibits 6-1 and 6-2, respectively. Exhibit 6-1 lists the areas on the framework map and summarizes focus for changes in each area. The Plan Framework illustrates the City's general pattern of development and highlights areas where some degree of change is encouraged or anticipated. The following sections elaborate on the focus for each area.

Exhibit 6-1: Plan Framework Focuses

Framework	Focus
City Gateways	Strengthening the City's image and attractiveness by improving entries.
Resource Conservation Areas	Protecting parks and natural resources.
Revitalization Areas	Encouraging reinvestment and sensitive redevelopment in older commercial districts.
Corridor Study Areas	Improving the conditions, character, and quality of primary travel corridors.
Neighborhood Conservation Areas	Improving the quality of life in the City's mature neighborhoods.
Development/ Redevelopment Areas	Encouraging coordinated planning for large tracts of vacant, developable land that incorporates smart growth techniques on key gray-field and green-field sites throughout the City.
Business/Technology & Employment Areas	Maximizing the use and attractiveness of existing and emerging employment districts and incorporating appropriate residential development through mixed-use, live-work and other residential options that enhance the areas' employment function.
Scenic Conservation Areas	Conserving the scenic quality of Boonsboro Road, the Lynchburg Expressway, Graves Mill Road, and US Route 460 (future US Route 29 Bypass).

Exhibit 6-2: Plan Framework Map



City Gateways

The Framework Map identifies the City's major and minor gateways—places where the regional road network enters the City. These gateways serve as the community's front door, establishing first impressions and reinforcing images and perceptions of Lynchburg's quality of life and vitality.

The City should evaluate the visual qualities and entry experience at each of the gateways and identify appropriate improvements, including the installation of updated entry signage, landscape improvements, and screening of unsightly views. Gateway improvement plans should be developed in collaboration with VDOT, neighborhood and business groups, and nearby property owners. City-wide gateway and wayfinding designs should be coordinated with the City's branding initiative.

Downtown Entry Sign

Major Gateways

Major gateways have been designated in locations where heavily traveled, typically four-lane roads cross from surrounding counties into the City. Major gateways include:

- The John Lynch Memorial Bridge
- US Route 29 Bypass (existing) at the Carter Glass Memorial Bridge
- US Route 29 Bypass (future)/US Route 460 Interchange in the Tyreeanna/Pleasant Valley neighborhood
- Campbell Avenue /US Route 460 Interchange
- US Route 460 /US Route 501 Interchange (near River Ridge Mall)
- Wards Road and the US Route 460/US Route 29 Interchange (near the Airport)
- Boonsboro Road
- Odd Fellows Interchange
- Timberlake Road
- Lakeside Drive and the Lakeside Drive/Lynchburg Expressway Interchange (future)

The John Lynch Memorial Bridge, which affords an unparalleled panoramic view of the City's skyline and provides direct access to downtown, major visitor destinations, historic sites, and visitor support services, is identified as the City's preferred entry into the Downtown area for traffic from the north. Directing visitors to this entry presents certain challenges, especially given the changes in regional circulation anticipated once the Madison Heights Bypass is complete. The City should work closely with VDOT and Amherst County to enhance the appearance of the John Lynch Memorial Bridge as a welcoming gateway and direct visitors to it.

Minor Gateways

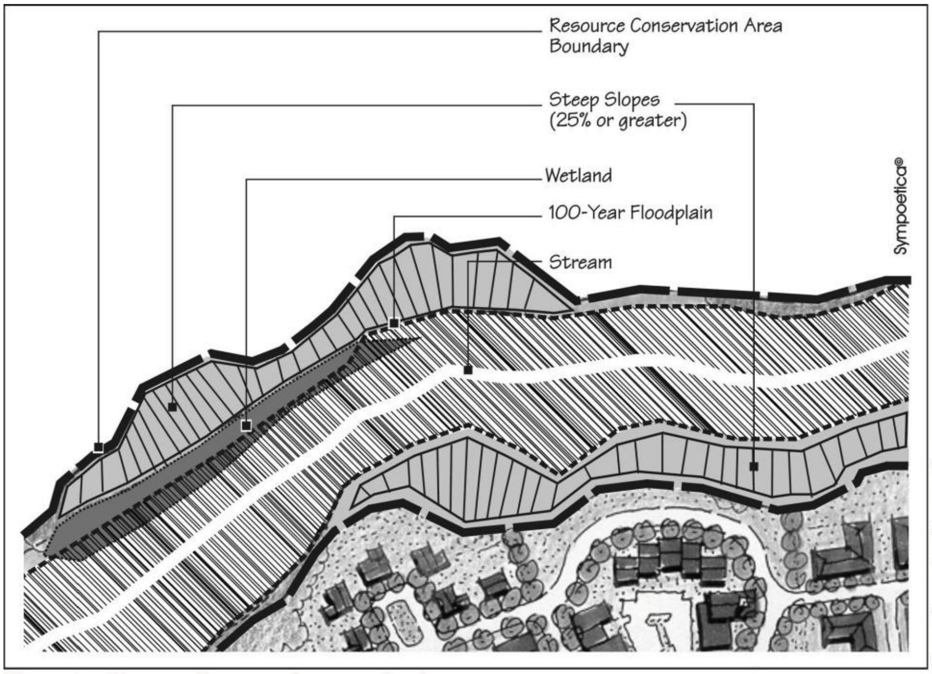
Minor gateways have been designated in locations where secondary (typically two-lane) roads cross City boundaries. Minor Gateways include:

- Candlers Mountain Road
- Leesville Road
- Graves Mill Road
- Tyreeanna
- Leesville Road/Greenview Drive
- Coffee Road
- Enterprise Drive
- Trents Ferry Road

Resource Conservation Areas

Resource Conservation Areas, illustrated in green on the Framework Map, include rivers, streams, wetlands, floodplains and adjacent steep slopes (25 percent or greater). Many of the City's parklands incorporate significant resource conservation land. These areas serve a range of important functions—wildlife habitat, natural stormwater control, active and passive recreation—and are counted among the City's primary assets. The conservation of these environmentally sensitive areas is one of the primary goals of the Plan.

Like other communities in Virginia's Piedmont region, rivers, stream valleys, and hillsides have had a profound influence on the development of the City's form. The City was founded at a convenient crossing along the James River, the downtown was built on high ground above the floodplain, and later development extended outward from the core along roads following the ridge lines—Rivermont Avenue, Fort Avenue, and Campbell Avenue. Neighborhoods developed on the high ground, and railroads—and later highways—followed the contours in the lowlands.



Resource Conservation Area Diagram

(source: Barry Carpenter, Sympoetica)

As the City approaches build-out, pressure to develop adjacent to and within sensitive areas will increase. To ensure that the natural function and beauty of the City's remaining natural areas are conserved, the City should carefully evaluate development proposals and employ a range of strategies to accommodate infill while protecting resources. These strategies may include incentives such as density bonuses for resource protection or dedication, site development flexibility for clustering, acquisition of critical lands, requirements for best management practices, stormwater fee credits or other approaches that accomplish the plan's goals to facilitate infill development while protecting or enhancing the function of natural areas.

Revitalization Areas

Some of the City's older commercial areas have experienced decreased vitality, following patterns of change common to older commercial areas in many cities across Virginia and the country. Downtown, the City's historic mercantile center has experienced significant reinvestment and revitalization over the last decade. Other retail areas serving the City's inner ring of older neighborhoods have yet to attract significant reinvestment. The Plan Framework Map targets the following areas for revitalization based on such factors as high vacancy rates, building obsolescence, proximity to residential areas underserved by retail, traffic, land use conflicts and historic character:

- Campbell Avenue
- 12th Street
- Fort Avenue
- Memorial Avenue
- Downtown

Revitalization is important for many reasons and meets many City goals, including:

- Restoring historic mercantile centers;
- Eliminating vacancy and blight;
- Providing retail service and employment opportunities in close proximity to inner City neighborhoods;
- Taking advantage of the City's existing infrastructure;
- Reusing and recycling existing buildings for a stable mix of residential and non-residential uses, including important historic buildings; and
- Improving the City's image.

Revitalization plans should address such issues as:

- The appropriate mix and location of uses based on market potential and compatibility with surrounding neighborhoods;
- Adaptive reuse of historic and other quality buildings;
- The design quality of buildings and spaces—design guidelines;
- Streetscape and façade improvements;
- Pedestrian, bicycle, and vehicular circulation;
- Redevelopment opportunities;
- The incorporation of public parks, public facilities, and civic uses; and
- Public investments and incentives to spur revitalization.

Illustrative Revitalization Concept, Twelfth Street Corridor/The Shoe Factory Condominiums

Corridor Study Areas

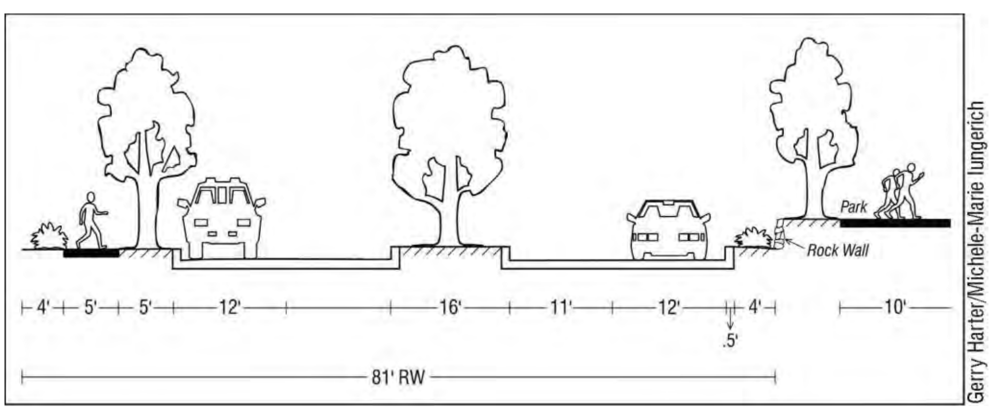
The Plan Framework Map highlights the City's primary commercial and mixed use corridors. As important local and regional travel routes and commercial destinations, these areas strongly influence the City's accessibility, attractiveness, and economic vitality. For each Corridor Study Area, the Plan recommends the completion of studies to analyze existing conditions and uses; to evaluate development, redevelopment, design, and conservation alternatives; and to identify improvement strategies. The Corridor study areas on the Plan Framework Map include:

- Rivermont Avenue
- Boonsboro Road
- Old Forest Road
- Lakeside / 221
- Timberlake Road
- Wards Ferry Road
- Candlers Mountain / Wards Road
- Fort Avenue
- 12th Street
- Florida Avenue
- Concord Turnpike
- Tinbridge Hill

These studies should address:

- Land use and design quality
- Vehicle and pedestrian circulation
- Development, redevelopment, and reuse opportunities
- Conservation of special features
- Provision of utilities and public facilities

Illustrative, street profile showing a design for the Midtown Connector



Neighborhood Conservation Areas

The Plan Framework Map identifies five neighborhood conservation areas. Four of the areas are traditional residential neighborhoods built generally before WWII. The fifth is somewhat younger with most houses built after 1950. These five areas are described as:

1. **The Lower Rivermont Area.** Extending north from 3rd Street downtown, and including frontage along Rivermont and Bedford Avenues to Oakwood Court, this area includes the neighborhoods of Daniel's Hill and Rivermont, and portions of Riverside, Woodland, Oakwood, and Peakland.
2. **The Fifth Street Area.** Extending west from Harrison Street to Morgan Street and north from 10th Street to Gatlin Street and Blackwater Creek, this area includes the neighborhoods of Garland Hill, Tinbridge Hill, College Hill, Dearington, and a portion of Miller Park.
3. **The Twelfth Street Area.** Extending south from 14th Street between Pierce and Harrison Streets, continuing along the north side of the Expressway to Fishing Creek and east to the railroad tracks, this area centers on Twelfth Street and includes the neighborhoods of College Hill, Diamond Hill and White Rock Hill.
4. **The Fort Avenue Area.** Extending southwest from the intersection of Fort and Campbell Avenues to New Hampshire Avenue and north from the Western Railway tracks to College Street, this area includes portions of the Miller Park, West End, and Fort Hill neighborhoods.
5. **The Edgewood/Edinboro Area.** Extending west from Wards Road, south from Fort Avenue, and north of the railroad tracks, this area is the youngest of all those designated and the only one not located in the traditional neighborhood areas shown on the Future Land Use Map.

Neighborhood Conservation Areas 1- 4 form the inner ring of residential development around the central business district. These neighborhoods are an extension of the Downtown with mostly traditional street layouts and excellent direct access to Downtown amenities. All of the City's historic districts and many of the recognized historic places are found within Neighborhood Conservation Areas 1-4.

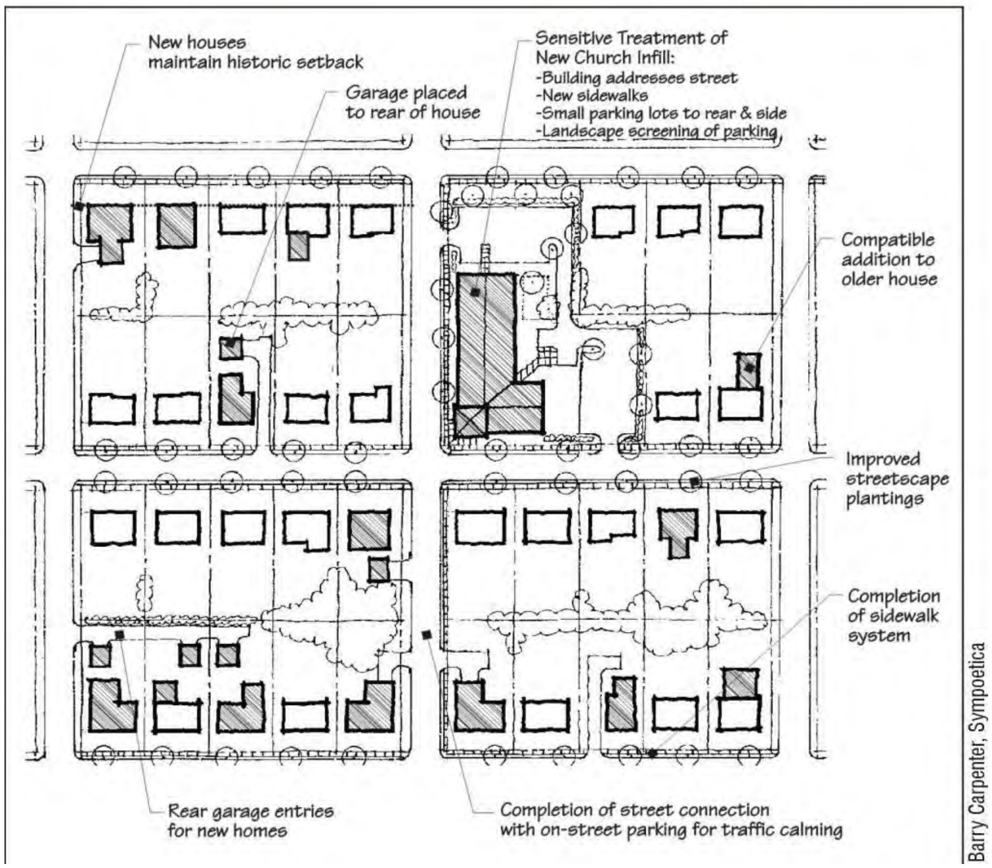
Although rich in historic and cultural fabric, these mature neighborhoods face challenges of reinvestment and rehabilitation. Some of the homes are very large wood structures over 3,000 square feet in size. The cost of rehabilitating and maintaining these large homes may deter some potential home buyers and investors. Other houses are very small, less than 1,000 square feet, and not as attractive to families as larger suburban homes. Conversion of some homes in Neighborhood Conservation Areas to rental units has resulted in their gradual deterioration. Citizens in public meetings have expressed concerns about the negative effects of poorly maintained, deteriorating, vacant, and abandoned homes within their neighborhoods. Others discussed inappropriate infill development and teardowns, where the style and size of new construction does not blend well with the architectural character of existing homes on the block. Maintaining the existing housing stock and encouraging public and private investment that supports neighborhood character is critical to neighborhood stabilization.

Neighborhood Conservation Area 5 has somewhat different issues than Areas 1-4; the primary problem being the encroachment of new commercial development from Fort Avenue and Wards Road. Multiple small lots have been purchased and houses demolished to make way for suburban style shopping centers, fast food restaurants, and other retail developments. Visual and traffic impacts have become a destabilizing force in the neighborhood.

The City plans to address the issues for Neighborhood Conservation Areas by working with residents, as well as public and private housing providers to develop community-based neighborhood plans that address neighborhood issues through:

- Rehabilitation and renovation of older houses;
- Facilitating home ownership and improving the quality of rental housing;
- Applying Traditional Residential Overlay zoning to reduce the number of variances and conditional use permits needed to build and renovate older homes on small lots;
- Land use conflict reduction, including conflicts between residential areas and adjacent commercial or industrial areas and conflicts created by the expansion of public and civic uses within neighborhoods;
- Reducing pressures to convert single family houses and lots to other uses, such as commercial uses, along major roads;
- Mitigating traffic impacts, such as commuter traffic on major through roads and industrial truck traffic;
- Providing infrastructure improvements, including street and sidewalk repairs, traffic calming measures, new sidewalks and trails, CSO improvements, upgraded water and sewer lines;
- Making other public investments, such as street tree planting, pocket parks, and community centers;
- Maintaining neighborhood schools;
- Addressing safety and security issues, particularly as identified through the Community Policing Program;
- Encourage the involvement of neighborhood residents in the improvement and maintenance of their neighborhoods (building leadership capacity, encouraging civic involvement); and
- Applying standards for public landscape, streets, and utilities in the Historic Districts to enhance their distinctive design.

Illustrative, Rehabilitated Neighborhood Conservation Area 2002

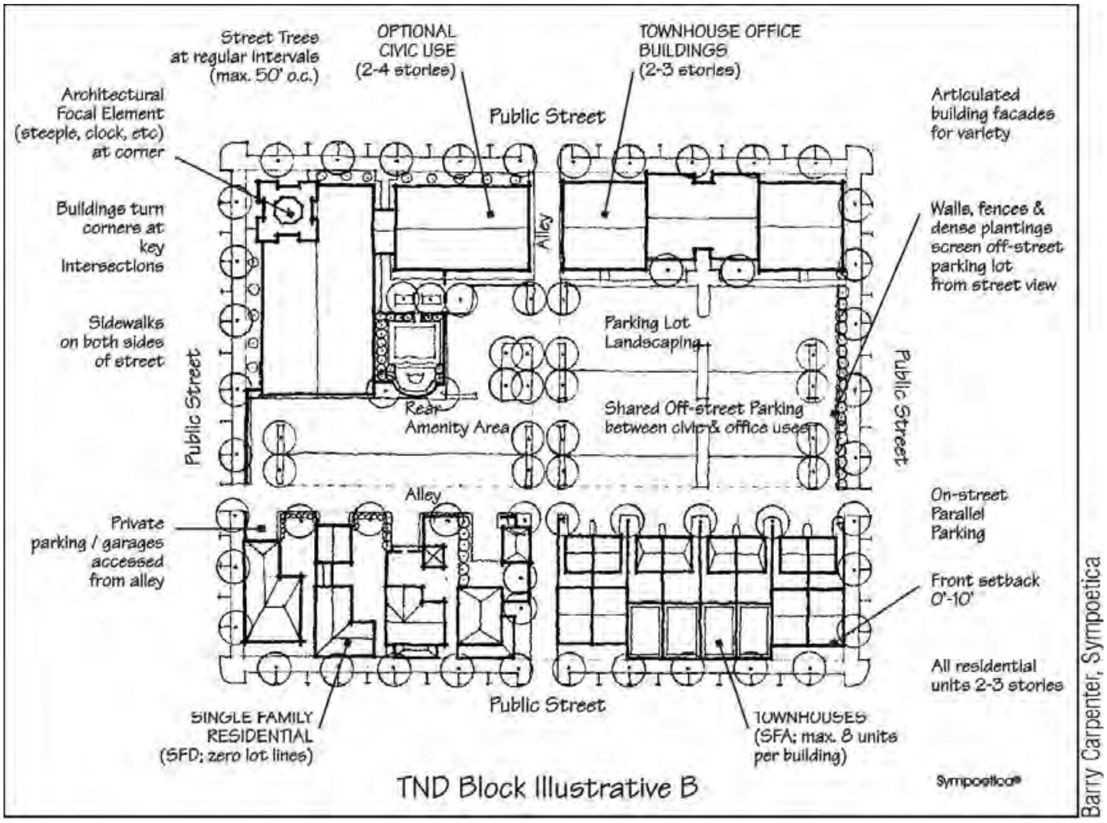


Growth Areas

The City of Lynchburg has a limited number of large areas remaining for new development, which increases the importance that remaining vacant areas be well-planned and constructed so that they become assets to the City. This Plan recommends that several of these areas include a mix of uses to efficiently address infrastructure and mobility challenges. The Plan Framework Map identifies the following growth areas:

- Cheese Creek
- Candlers Mountain
- Plaza/Midtown

Sample Layout for Mixed Use Growth Area



Each of these areas has unique characteristics that will shape the mix of land uses, intensity and design. The Cheese Creek area is likely to develop in a pattern similar to Wyndhurst's with a mix of housing types and a community commercial area with a "Main Street" character that serves as a central retail area for the northwestern part of the City. The Candlers Mountain area is relatively steep and so the maximum gross residential density will be lower than other mixed use areas. Retail and service development should be limited in this area due to the large amount of retail space already located across US Route 460. The Plaza/Midtown area includes the Plaza Shopping Center, strip commercial areas and small shopping centers, E.C. Glass High School, the City's main library, the City's main bus transfer center, office uses, and some residential areas. The goal of the plan for this area is to create integrated in-town community with a commercial core, medium to high density housing, and professional offices, with complementing high school and library.

Common factors for the development/redevelopment of each of these growth areas should be:

- Interconnected grid street systems, though the grid will be somewhat limited by the terrain of the Candlers Mountain area;
- Compatible mixes of residential and non-residential land uses;

- Accessible community facilities and spaces;
- Better Street designs that support bicyclists, pedestrians and other modes of transportation; and
- Resource conservation area designs that improve water quality, while effectively managing stormwater and providing pedestrian amenities.

Business/Technology & Employment Areas

As the region's economy has expanded and diversified—balancing a reliance on heavy industry and manufacturing with a mix of technology and service industries—demand for industrial buildings and sites has changed. Once concentrated along rail lines downtown and along the river, the City's industrial uses have migrated to more suburban locations along the US 29 Bypass and the Expressway.
Several factors have influenced this shift, including access to transportation, changes in building requirements, and, to a lesser but increasingly important extent, proximity to communication infrastructure. While rail access remains important, access to the regional road network has become a central factor shaping the location of industry in the region. Easy access to the US 29/ Lynchburg Expressway and the region's arterial road network is among the most important factors affecting the location of industrial uses in the City. Airport access also has become an important factor, especially for warehousing and distribution facilities, manufacturers, and assemblers serving national and international markets.

The second driver of these locational shifts in industry relates to the evolution of manufacturing practices and the associated change in demand from multi-story buildings to single-story, open span structures with on-site parking, truck loading facilities, and expansion potential. As demand has changed, large (10-50 acres), relatively level sites with access to sewer, water, road, rail, and communications infrastructure have increased in popularity as smaller, closer-in properties have become less attractive for industrial development

Recognizing these shifts in demand, the Plan Framework Map identifies the following business/technology & employment areas:

- Graves Mill
- First Lynchburg Industrial Park
- Lynchpin Center

Generally, these areas share the following characteristics:

- Existing or emerging concentrations of industrial, office, and technology uses;
- Easy access to highway and/or rail facilities;
- Remaining developable land;
- Natural buffers adjacent to existing and developing residential areas; and
- Access to public utilities and communication infrastructure.

For these areas, the Plan encourages the efficient use of developable lands, the preservation of natural buffer zones between industrial and surrounding residential uses, the discouragement of large-scale retail uses in areas better suited to industrial development, and the gradual removal of isolated residential uses within the areas. By encouraging the clustering of similar uses in these designated areas, the City seeks to preserve and expand the City's employment base, concentrate infrastructure investment, and minimize potential use conflicts. While limited commercial use may be appropriate to serve the needs of employers and employees in these areas, permitting a broad mix of uses is not recommended. Given the size and location of the Graves Mill area, a mixed use core with higher density residential development and retail uses is appropriate for the area south and west of the interchange of Graves Mill Road and the Lynchburg Expressway.

Scenic Conservation Areas

Several major roadways in Lynchburg have scenic qualities that should be conserved. Land along them is highly visible to the residents and visitors that use these roads. The image they present sets an image for the entire City, one that the City would like to protect and enhance.

Highlighted in light green on the Plan Framework Map, Scenic Conservation Area roads include Boonsboro Road, the Lynchburg Expressway, Graves Mill Road and US Route 460 (the future US 29 Bypass). The Expressway, Boonsboro Road, and Graves Mill are already subject to the City's Scenic Corridor Overlay District, a zoning district that contains extra landscaping and buffering requirements. The other road corridors highlighted should be added to the Scenic Corridor Overlay District. In addition, the provisions of that district should be revised to enhance its effectiveness in protecting the scenic quality of these corridors.

While each of the following factors is important throughout Lynchburg, they are particularly critical to retain and enhance the scenic quality of designated scenic conservation areas:

- Retention of trees
- Limits on grading
- Landscape treatment of cut and fill slopes
- Limits for the size and number of commercial signs
- Lighting standards
- Limits on curb cuts and requirements for interparcel access
- Enhanced landscaping of land developed within the viewshed of the road
- Sidewalk and bicycle land/path standards

In addition, the City plans to pursue expansion of the LEAF program, the private-sector funded right-of-way landscaping program that has been so successful along the Expressway.

An area in the Scenic Corridor Overlay District landscaped by the LEAF Program

Future Land Use

One of the primary functions of a Comprehensive Plan is to set forth a community's policies regarding the future use of land and needed improvements to the community's land use management ordinances. This section discusses general patterns of development and where changes in land use and development character are encouraged or anticipated.

Future Land Use Map

The City adopted a Future Land Use Map in its 1984 Plan. Significant amendments to the map were made in 1989, 1992, 1994 and 2003. The Future Land Use Map (See **Exhibit 6-3**) depicts the City's intention for the future use of land. Each color on the map represents a different land use as shown to the right:

The City will use the Future Land Use Map to guide decisions regarding development proposals, such as rezonings and conditional use permits. The City will use the map for planning its own facilities and for influencing state and federal agencies to plan their facilities, including roads. The Future Land Use Map is not static. It should be changed to reflect changing conditions, opportunities, and priorities, though such changes should always be made with eye toward both their local and citywide impacts. The Future Land Use Map amendment process should be designed so that it can run concurrently with a rezoning, conditional use permit and area plan approvals.

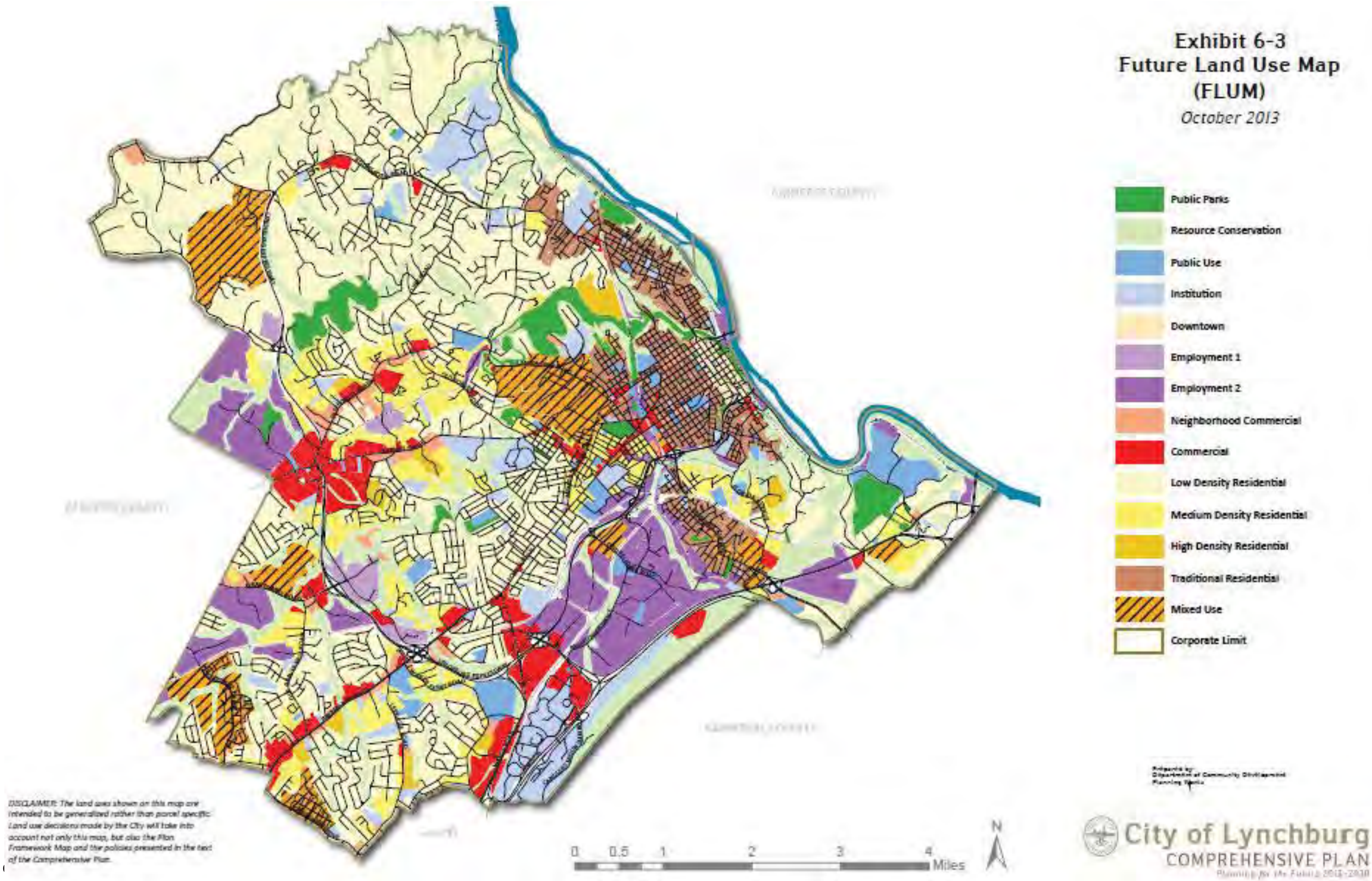


Exhibit 6-3
Future Land Use Map
(FLUM)
October 2013
Public Parks
Resource Conservation
Public Use
Institution
Downtown
Employment 1
Employment 2
Neighborhood Commercial
Commercial
Low Density Residential
Medium Density Residential
High Density Residential
Traditional Residential
Mixed Use
Corporate Limit
0 0.5 1 2 3 4 Miles
N
City of Lynchburg
COMPREHENSIVE PLAN
DISCLAIMER: The land uses shown on this map are intended to be generalized rather than parcel specific. Land use decisions made by the City will take into account not only this map, but also the Plan Framework Map and the policies presented in the text of the Comprehensive Plan.

It is important for users of this Comprehensive Plan, the Plan Framework Map, and the Future Land Use Map to understand that both the text of the Plan and these two maps should be used in concert to guide decisions that affect land use. Neither map is parcel-specific. However, the City should coordinate zoning map and Future Land Use Map amendments to keep both maps consistent.

The Future Land Use Map provides adequate development potential to meet the projected growth needs of the City through 2030, with sufficient additional capacity for market flexibility. However, significant reductions in the planned densities, particularly in areas designated for mixed use, traditional residential, medium density residential and high density residential areas could negatively impact the City's ability to accommodate projected growth.

Description of Future Land Use Categories

Descriptions of the various land uses provided below should be used to characterize the uses and intensity of uses that either exists or that the City would like to see develop or redevelop, as depicted on the Future Land Use Map. While the map provides for compatible land uses within categories, the design of development is essential to ensure compatibility within and between categories.

The Future Land Use Map establishes maximum densities within residential areas. In some cases, site constraints may limit achievable densities. The zoning ordinance may enable density bonuses in some areas to achieve or exceed gross densities established in for the applicable future land use category when development provides community benefits. Community benefits include the protection of natural resources, mobility enhancements and other improvements that benefit the community as a whole as established in the zoning ordinance. While stand alone residential uses are not encouraged in commercial and employment areas, they may be allowed as part of an overall development plan.

Low Density Residential. Low Density Residential areas are dominated by single family detached housing at densities of up to four dwelling units per acre. These areas are colored light yellow on the Future Land Use Map. In addition to residential uses, they may include public and institutional uses compatible in scale with single family residential homes. Private recreation uses, including country clubs and swim and racquet clubs, and private open space are also appropriate for Low Density Residential areas.

Medium Density Residential. These areas are characterized by small-lot single family detached housing, duplexes, and townhouses at densities up to 12 units per acre. Where neighborhoods already exist, infill development should be at a compatible density and housing type. In addition to residential uses, they may include public and institutional uses compatible in scale with single family residential homes. Private recreation uses, including country clubs, swim and racquet clubs, and private open space are also appropriate.

High Density Residential. High Density Residential areas are developed or planned to be developed into high density townhouse or multifamily housing. Densities can range up to 30 units per acre. They may include public, institutional, private recreation, and private open space uses. Limited retail and service uses may be established as part of mixed-use developments and within high density residential projects.

Traditional Residential. This land use category, shown light brown, has been applied to the City's older neighborhoods, generally built before World War II and before the City was zoned. The City's historic districts are located in the traditional residential area. Consequently, for many of the houses here, lot sizes, setbacks, and/or building heights do not conform to the standards of the City's residential zoning districts. Most of these neighborhoods are identified as Neighborhood Conservation Areas on the Plan Framework Map and are planned for further study for appropriate zoning changes, public investment, and community building efforts. Infill residential development in these neighborhoods should be designed to complement the style and type of housing there and to utilize comparable setbacks, yards, and building heights. Large new or expanded public and institutional uses are not appropriate for these areas unless they can be designed to blend into the existing urban fabric through landscaping or architectural treatments. Within Traditional Residential neighborhoods, small retail, personal service, office, and restaurant uses are often found. These uses may continue, although expansion is not recommended unless supported by a recommendation in a Neighborhood Conservation Area Plan.

Neighborhood Commercial. These areas are intended to consist primarily of office, retail, personal service, and restaurant uses that are scaled and designed to be compatible with and serve their immediate neighborhood. Patrons can walk, bike or take a short drive to reach them. They are comprised of individual businesses, clusters of businesses, or small shopping centers. Neighborhood shopping centers meet the day-to-day needs of a limited residential trade area of 2,500 to 10,000 people and average about 50,000 square feet of space. A small grocery store or drug store is often the anchor for a neighborhood shopping center. Office uses should be relatively small-scale with building floor areas not exceeding 20,000 square feet and heights not exceeding four stories. Residential uses may be established on the upper floors of commercial structures or as transitional structures between residential and commercial buildings.

Community Commercial. Community Commercial areas contain retail, personal service, entertainment, and restaurant uses that draw customers from at least several neighborhoods, the entire City or the region. Community Commercial areas contain clusters of businesses, often at major intersections, and shopping centers. Most community shopping centers range from 100,000 to 200,000 square feet and serve 40,000 to 70,000 people. Regional shopping centers would be at least as large as Community Commercial ones, 100,000 to 200,000 square feet, possibly larger, if parcels of sufficient size can be found or assembled. They are intended to serve 70,000 to 100,000 people. 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. In particular, conversion of existing vacant retail space to these uses may be appropriate in areas where there is sufficient retail to serve the community and space for employment uses is needed. Residential uses may be established on the upper floors of commercial structures or as transitional structures between residential and commercial buildings.

Employment 1. These areas are intended for large-scale office (greater than 20,000 square foot floor areas and/or more than four stories), small-scale office, research and development, and light manufacturing uses. "Flex-space," an industry term for flexible building space that is designed to accommodate office, small-scale storage, and/or light manufacturing uses, is also appropriate for Employment 1 areas. Restaurant, small scale retail, hotel and business service (e.g., copy shop, computer sales and service) uses that support the office/industrial uses can be constructed in Employment 1 areas, though shopping centers are not recommended. When a corporate campus development is proposed, integrated residential development at medium to high densities may be approved. The mix of uses should be determined as part of a development approval.

Employment 2. Employment 2 use areas are intended to include light and heavy manufacturing, research and development, flex space, and large-scale office uses. Restaurant, hotel and business service uses are also appropriate, if sized and designed to serve the employment area. Employment 2 differs primarily from Employment 1 in that it permits heavy industrial uses. The types of uses permitted will be defined more precisely when the Zoning Ordinance is updated.

Institution. The City’s institutions include the religious, educational, and other nonprofit entities in the City. Examples include churches, cemeteries, private schools and universities, private nonprofit hospitals, service clubs and organizations, and other nonprofit institutions.

Downtown. Downtown is governed by the policies and recommendations of the Downtown and Riverfront Master Plan 2000, which is incorporated into this Comprehensive Plan by reference. Downtown is the central commercial core of the City and appropriately contains a mix of retail, entertainment, restaurant, office, employment, residential, public, park, and institutional uses. The area should retain its urban character. Demolition of historic buildings and erection of suburban style, low-density/intensity development is inappropriate.

Mixed Use. These areas do not fit into any single use category as they are planned for a mix of uses carefully designed so as to mitigate any potential land use conflicts. The mixed use areas generally consist of large undeveloped or greenfield areas that are intended to be developed for a balanced mix of residential, neighborhood commercial, civic uses, parks and open spaces. The mix of uses in these areas is intended to be determined at the time of development review and approval. The adopted area plans should be consulted for a more fine grained discussion of the mix of uses planned for the Midtown/Plaza area and the Tyreeanna mixed use area.

Public Use. Public Use areas include properties currently owned and operated by government (local, state, federal) excluding public parks and recreation centers, but including City Hall and other City government buildings, public schools, police stations, fire stations, libraries, museums, and others. State facilities and federal facilities, such as post offices, are included as well. When the City wishes to add a new public facility, the Future Land Use Map should be amended to show the new facility.

Public Parks. The dark green areas on the map represent existing public parks and recreation centers. These lands are owned by the City of Lynchburg or other governmental agencies and are intended to be open for public recreational or conservation use. When new parks and segments of the greenway system are acquired by the City or other governmental agency, they should be added to the Public Park category on the Future Land Use Map through a plan amendment.

Resource Conservation. Resource Conservation Areas encompass lands with special natural characteristics that limit land uses and development to protect the City's environmental health. The mapped Resource Conservation Areas include the steep slopes of Candlers Mountain as well as the City's stream valleys. The stream valleys, as defined in this Comprehensive Plan, include streams and rivers, their 100-year floodplains, connected wetlands and adjacent steep slopes. Steep slopes are defined as slopes of 25% or greater. The actual boundaries of the Resource Conservation Area should be determined on a site-by-site basis using the best available environmental data.

Resource Conservation Areas are planned to remain in vegetated open space with development limited to: 1) trails and other passive recreational facilities that involve minimal removal of vegetation, and 2) public facilities that must be located in stream valleys. These include sewer mains, wastewater treatment plants, water intakes and outfalls, road crossings, and public boat ramps. The goal is to keep Resource Conservation Areas as natural as possible to stabilize slopes, prevent soil erosion, provide natural absorption areas for urban runoff, moderate climate, and provide wooded areas for wildlife and for the respite of City dwellers. Many of the stream valley Resource Conservation Areas are recommended to become greenways in the Parks and Recreation element, and thus may have public access trails. Other Resource Conservation Areas, not designated as greenways on the Parks & Recreation Map, are to remain in natural vegetation for purely environmental protection reasons.

On privately owned land within conservation areas, the intent of this Plan is to allow appropriate land uses and infrastructure as long as the environmental value of the areas is conserved or enhanced and public safety is protected through buffers and other best management practices. The zoning ordinance should enable clustering, transfers of development rights and density bonuses to encourage resource protection.

Relationship between Future Land Use and Zoning

The future land use categories are intended to provide general guidance for zoning and development decisions. In most cases, more than one zoning district may be appropriate in any given future land use category based on existing and surrounding land uses and physical constraints. The following table lists existing zoning districts that may be appropriate in each of the future land use categories. Less intensive zoning than shown on the list may be appropriate in some locations depending on site location, neighboring land uses, street capacity, existing utility capacity and other factors.

<table>
<tr><th>Future Land Use Categories</th><th>Applicable Zoning Districts</th></tr>
<tr><td>Resource Conservation</td><td>RC</td></tr>
<tr><td>Low Density Residential</td><td>R1, R2</td></tr>
<tr><td>Medium Density Residential</td><td>R1, R2, R3</td></tr>
<tr><td>High Density Residential</td><td>R3, R4, R5</td></tr>
<tr><td>Traditional Residential</td><td>R1, R2, R3, R4, R5, B1, B2</td></tr>
<tr><td>Neighborhood Commercial</td><td>B1, B2</td></tr>
<tr><td>Community Commercial</td><td>B1, B2, B3,B4,B6</td></tr>
<tr><td>Employment 1</td><td>I1, 12</td></tr>
<tr><td>Employment 2</td><td>I1, 12, I3</td></tr>
<tr><td>Downtown</td><td>B4, B6</td></tr>
<tr><td>Mixed Use</td><td rowspan="4">Each of these categories may be appropriate for a wide range of zoning districts, depending on the location, existing and planned land uses, surrounding neighborhoods, natural constraints and available infrastructure.</td></tr>
<tr><td>Institution</td></tr>
<tr><td>Public Use</td></tr>
<tr><td>Public Parks</td></tr>
</table>

Development Capacity

The Future Land Use Map provides more than enough capacity to accommodate projected growth through the year 2030. Ignoring the abundant redevelopment potential in the City, there are nearly 5,000 acres of vacant land within the City located outside of resource conservation areas. Of this vacant land, 2,954 acres are designated for residential use, 676 acres for mixed use (including Downtown), 332 acres for commercial, and 643 acres for employment purposes. The acreages in the following table are higher than the totals in Exhibit 5.10 because they include some easements and rights-of-way that were excluded from that analysis.

Future Land Use Category	Vacant Acres	Developed Acres	Total Acres
Resource Conservation	1,807	2,193	4,000
Low Density Residential	1,832	7,942	9,774
Medium Density Residential	794	1,588	2,382
High Density Residential	49	299	348
Traditional Residential	280	1,013	1,293
Mixed Use	672	1,131	1,802
Neighborhood Commercial	110	386	496
Community Commercial	222	1,138	1,360
Employment 1	99	168	267
Employment 2	544	1,778	2,322
Downtown	5	85	90
Institution	165	1,600	1,765
Public Use	31	730	761
Public Parks	8	908	916
Total	**6,618**	**20,958**	**27,576**

Design, Character & Quality

The design, character, and quality of Lynchburg's built environment strongly influences its livability, neighborhood stability and economic vitality. The City's image is shaped by the character and quality of its neighborhoods, commercial districts, employment centers, and public streets and spaces. Residents and visitors, as well as existing and prospective business owners, appreciate places that are safe, attractive, and well cared for. Such appreciation provides the foundation for investment—investment in the preservation of sensitive historic and natural resources, the revitalization of commercial districts and neighborhoods, the improvement of public facilities and spaces, and the building of new places that respect the City's architectural, natural, and cultural heritage.

For over 200 years, Lynchburg's built environment has been shaped by the actions of scores of individuals, property owners, builders, developers, institutions, and public agencies. From the early decision to apply a street grid on the hills overlooking the James River to the building of Wyndhurst and Cornerstone, two of the City's newer mixed use neighborhoods, people have sought ways to create places that are functional as well as memorable and beautiful. Monument Terrace offers an excellent example of how thoughtful design can elevate an investment in public infrastructure—in this case a stair linking public buildings on Church and Court Streets—to a place of exceptional beauty.

Design Context

Good Design is Good for Business & the Community. Good design contributes to the intrinsic value of a community. Recent research into the economic impact of design takes this understanding one step further—design quality affects the bottom line. As part of the process of preparing the Comprehensive Plan, research was undertaken to identify key attributes of quality design and to gain an understanding of its potential economic value. This research, summarized below, can form a basis for developing public policy initiatives focusing on tools, both regulatory and incentive-based, that might be used to improve the environmental quality, design, and aesthetics of existing and future development in Lynchburg.

Benefits to the Community. High quality landscaping and varied amenities in new projects can affect an entire community by stimulating a higher expectation or standard of quality. This can elevate the standards followed by subsequent developers and spur reinvestment. Good design enhances the "quality of life" for a community's residents, benefitting individual residents and the community as a whole. Many communities with active historic preservation and downtown revitalization programs experience an increase in property values, new employment, and tourism. A community's overall quality of life is a significant factor when businesses are determining where to locate. The community as a whole benefits when projects incorporate open space and environmental protection measures, particularly in sites that contain sensitive habitat or terrain. Research indicates that local public officials recognize that they spend less in public funds to fix environmental problems when development is well-designed in the first place. Lower expenditures are needed for stormwater drainage system retrofits, water pollution control measures and stream restoration. The wider community also benefits when development projects containing open space and recreational facilities lessen the need to provide these facilities with public tax dollars.

- Well designed residential and mixed use projects create a distinct sense of community that attracts buyers, particularly those with high quality landscaping, natural views and other amenities;
- Well designed commercial projects, such as office parks and shopping centers that include active recreational amenities, such as health clubs and jogging trails, and passive amenities, such as landscaped green space and informal seating areas, enhance employee morale and productivity and increase customers' enjoyment of the environment and increase sales for retail uses.
- Well designed landscaping and amenities draw the attention of prospective tenants and purchasers, which translates to increased marketability and profitability.

In summary, research supports the premise that all community stakeholders can benefit from good design. These stakeholders include real estate developers, project residents, mortgage lenders, commercial tenants, and members of the surrounding community. A city can enhance the quality of the built environment through policies and programs that encourage good design in all public and private development, redevelopment, and revitalization projects.

Lynchburg Citizens Support Good Design

During the preparation of the plan in 2001-2002, the update in 2007 and the current planning update process, residents have expressed the desire for good design in public and private sector improvements. While residents expressed appreciation for the City's significant stock of historic structures and praised recent efforts by private property owners to renovate and restore older buildings downtown and in the City's historic neighborhoods, they were less pleased with the lack of investment along the City's traditional commercial streets and the poor condition of structures in several older neighborhoods.

Participants in meetings and workshops highlighted the following concerns for the quality of the City's built environment:

- The need for landscaping and trees along streets and in parking areas;
- Large number, height, and size of commercial signs;
- The generic quality of design used by some franchise businesses;
- The lack of adequate facilities for pedestrians and bicyclists;
- High vacancy rates in older commercial buildings and strip centers;
- The unattractiveness of overhead power lines;
- The poor design of stormwater facilities and detention ponds;
- The lack of buffering and poor transitions between commercial and residential areas;
- The poor design of multi-family developments;[2] and
- Extensive clearing of mature trees and forested areas.

When preparing the Plan in 2001, the City conducted a community character survey to determine citizen perceptions and preferences. The findings from that survey and subsequent public Comprehensive Plan and area plan outreach sessions have shown continued support for:

- Active, pedestrian-friendly streetscapes;
- Landscaped streets;
- Well-maintained public spaces, including urban plazas and natural park settings;
- Houses with porches and rear yard garages;
- Neighborhoods with narrow streets and mature street trees;
- Walkable streets with adequate sidewalks;
- Commercial areas following "Main Street" design conventions— human-scale buildings, stores with sidewalk frontage, and streets with on-street parking, street trees, pedestrian-scale lighting, benches, and decorative planting;
- Commercial projects with design features and building materials that reflect the local character and history as opposed to more generic "off-the-shelf" franchise designs;

[2] While several residents complained about high density housing, the complaints seemed more directed at design, property maintenance and traffic than the actual density. This was reflected in the strong citizen preference for a variety of well-designed housing types during the community character survey and responses to keypad polling questions during this plan update.

- Articulated entries, display windows, pedestrian-scale exterior lighting, and landscaping;
- Ground mounted signs, rather than free-standing pole signs;
- Landscaped parking lots with mature shade trees, well maintained planting areas and provisions for safe pedestrian circulation;
- Well-maintained and landscaped stormwater management facilities;

Implications

Since adoption of the 2002 Comprehensive Plan, the City has implemented a wide variety of design requirements to improve the quality of building design, landscaping, signage, parking areas and other design factors which will be incorporated into the City's 2014 zoning ordinance update. Current initiatives for "Better Streets" (see Chapter 12) and water quality master planning will address citizen desires for better designed streets and stormwater management facilities. Together, these initiatives ensure that new development, redevelopment and public improvements achieve the public's design objectives identified in this section and the design policies established in Chapter 3.

Chapter 7: Economic Development

Chapter Overview

Economic development is an essential activity of local governments. They act to make local markets work more efficiently; they supply infrastructure, such as roads, water, and sewer; they collect taxes; and they regulate use of the land, buildings, and activities that take place on the land. Economic development involves public sector collaboration with private entities to promote and improve local economies. Successful economic development requires cooperation among government, business, educational institutions, and civic organizations.

Communities also compete with each other, both regionally and in an increasingly global marketplace. When business and industry have so many choices of places to locate—now that most of them are no longer required to locate near natural resources—to attract those businesses a city must capitalize on local assets, such as a skilled workforce; quality transportation resources; comprehensive telecommunications services; good climate; proximity to cultural, educational, natural, and recreational resources; and availability of attractive housing and retail opportunities, among others. Many of these assets are interconnected. For example, a quality public educational system is an essential prerequisite for a skilled workforce. The importance of Lynchburg Public Schools and Central Virginia Community College cannot be understated as a means of maintaining a skilled workforce. A city whose economic development objectives complement those of the surrounding localities will have a stronger base to attract new business and retain existing businesses.

The goals of an economic development program include a combination of: job creation, job retention, tax-base creation, increase in property values, retention of wealth, reduction of poverty, economic stability, and economic self-sufficiency.

Economic development is one of Lynchburg's priorities. Closely related priorities are the Downtown Fifth Street and Midtown Development/Redevelopment efforts and the enhancement of real estate value throughout the City. In an older city like Lynchburg with limited vacant land and significant topographical constraints, redevelopment of previously developed sites and underutilized or vacant buildings is an important part of economic development.

Context

In several respects, Lynchburg is an economically favored city. From its auspicious beginnings at the site of the safest place in the area to cross the James River, to the decision around 1800 to process tobacco locally rather than send it to Richmond, Lynchburg became the commercial and social center of the region. The James River & Kanawha Canal came to the City in the mid-1800s, as did the railroad, after citizens voted to finance it themselves. State lawmakers then agreed to provide half the funds for the railroad.

Because it did not suffer the devastation during the Civil War that affected many other parts of the state, the City was able to get back to business shortly afterwards. Tobacco was again the major product. But, by late in the 1800s, North Carolina tobacco became more desirable for the new machine-made cigarettes. So, Lynchburg turned from heavy reliance on that industry to others, including pharmaceuticals, shoes, textiles, and foundries. These industries continued to be the economic backbone of the area until the end of World War II. After the war, the City experienced commercial growth, but began to struggle with competition from foreign imports during the 1950s. The closing of some of these older industrial employers was, fortunately, offset by the relocation to Lynchburg of new industries, such as General Electric and Babcock & Wilcox. Ever since, Lynchburg has pursued a multi-industry approach to economic development. This diversified approach has served the City well and continues to be its goal.

Current economic development efforts are focused on retention and expansion of existing businesses throughout the City, along with redevelopment of the Downtown, Midtown and the Fifth Street Corridor. More information about these areas is included in the plan summaries in Chapter 3.

Partners in economic development efforts continue to be the major industry sectors in the City, as well as our smaller businesses, and Virginia's Region 2000 Partnership, the Greater Lynchburg Chamber of Commerce, Lynch's Landing, and City government, especially the Office of Economic Development and the Lynchburg Economic Development Authority. In addition to coordinating with economic development entities throughout the region, the City emphasizes the importance of coordinating economic development with the City's long-range planning and community development efforts.

Lynchburg's MSA includes: the town of Bedford, and Amherst, Bedford, Appomattox and Campbell counties. Focusing on the MSA rather than just the City incorporates the regional impacts of growth and development and is a more accurate reflection of commercial, retail, office, and industrial markets. It recognizes the fact that people who live in one of the surrounding counties may work and shop in Lynchburg, and conversely. Lynchburg should continue to be the region's retail and commercial hub, while coordinating its economic development efforts with those of the surrounding counties and the town of Bedford.

The City places a strong emphasis on understanding the fiscal impacts of economic development initiatives. When a proposed program of development for a site, the City evaluates following potential economic impacts:

- Construction investment
- Temporary construction income/state income taxes during construction
- Permanent new jobs/new annual state income taxes
- Net new annual City property taxes
- New annual retail sales taxes
- New residents
- Retail and restaurant space supported by new employees and residents

Challenges

Lynchburg, now a city of 50 square miles, has a limited amount of vacant land remaining. One reason is the topography; many sites are sloped (some steeply) or crossed by one of the City's many streams. Sites for buildings requiring large floorplates or large, flat parking areas are the most limited. There are many more sites available for smaller businesses.

A number of sites have vacant buildings of varying sizes and conditions. Future users of these sites face either renovation of the buildings or demolition and new construction. The added cost of dealing with these existing buildings must be factored into a company's expansion/relocation calculations. The City should look into additional incentives to encourage businesses to reuse previously developed sites. Reuse would both lessen demand for "greenfield" sites, some of which would be outside the City, and preserve the City's remaining vacant sites for those users that required them.

The Plan Framework Map included in Chapter 6 identifies several areas in which the City would like to focus new businesses. Concentrating businesses, rather than scattering them throughout the City, means business users are more likely to meet their needs in the same area. Less travel will be necessary, thereby lessening traffic congestion, and businesses in the same area can market their proximity. These focus areas are along major corridors, such as Lakeside Drive (the future Crosstown Connector), Old Forest Road, and Wards Road, among others. Other areas are the City's three major business/technology and employment areas: Lynchpin Industrial Center, Lynchburg Center for Industry and surrounding properties and First Lynchburg Industrial Park. Great care needs to be taken by the City during planning for these areas to encourage the most appropriate uses, based on type of business and space needs.

Development, particularly retail, has followed a pattern that reflects nationwide trends. From its founding as a City, the downtown area was the major retail location. Then, in 1960, the Plaza Shopping Center was built at the intersection of Lakeside Drive and Memorial Avenue. Many retailers moved from downtown to the Plaza, beginning the downtown's decline. In the 1980s, many of these same retailers joined others to move to the River Ridge Mall. Most recently in the late 1990s, new "big box" retail development has focused on Ward's Crossing, the new "power center," and the immediately surrounding area. As noted on the Future Land Use Map, the City has three levels of retail, based on market served: neighborhood, community, and regional. The smallest businesses are neighborhood serving ones where most of the patrons will either walk from the surrounding neighborhood or drive a short distance. Community commercial will feature those businesses that will attract customers from throughout the City; a customer might drive across town. The largest retailers are those which will attract customers from throughout the region, well beyond the City limits. Retailers in Ward's Crossing are examples of regional commercial.

The City, along with Lynch's Landing, is partners with developers to revitalize the downtown by encouraging "mixed use" to renovate existing buildings. The Office of Economic Development works to attract unique retailers and other commercial businesses to create or expand a business in these distinctive spaces, which celebrate the City's past while embracing the future. There are a number of incentives available to facilitate this process. The City is also providing infrastructure improvements to support the revitalization process.

The City faces a number of issues. First, the City will work to persuade businesses to locate in the City. If an appropriate City site is not available, then the business will be referred to other sites in the region. As the number of vacant sites, especially large ones, in the City decreases, large parcels just outside the City limits will become increasingly attractive to retail developers. Because of the separation of cities and counties in Virginia, loss of a business to a location just outside the City limits in one of the surrounding counties means that the City will lose sales tax and possibly other revenues.

In order to make the best use of limited land resources and to identify possible incentives for location and expansion of business in the City, the Office of Economic Development has prepared an Economic Development Strategic Plan. Along with the goals, objectives, and strategies in Chapter 3, the Economic Development Strategic Plan will serve as the basis for sound economic planning in Lynchburg.

Chapter 8: Neighborhoods & Housing

Chapter Overview

As the housing market in Lynchburg and the region changes over the next twenty years, so must residential development standards. The City's zoning and subdivision ordinances must adapt to meet new housing trends and demands while protecting the integrity and fabric of the City's neighborhoods.

A primary goal of the Plan is to improve the livability of the City's neighborhoods through conservation, stabilization, and revitalization. The Citizens of Lynchburg are proud of their neighborhoods. Many of the City's neighborhoods are home to people who also work in the City, serve on neighborhood committees, and participate in community activities. The City's Neighborhood Map, shown in Exhibit 8-1, identifies more than 40 distinct neighborhoods throughout the City, including traditional neighborhoods and more conventional subdivisions. Residents continue to invest time and energy to improve their neighborhoods and homes.

Neighborhood Partnerships

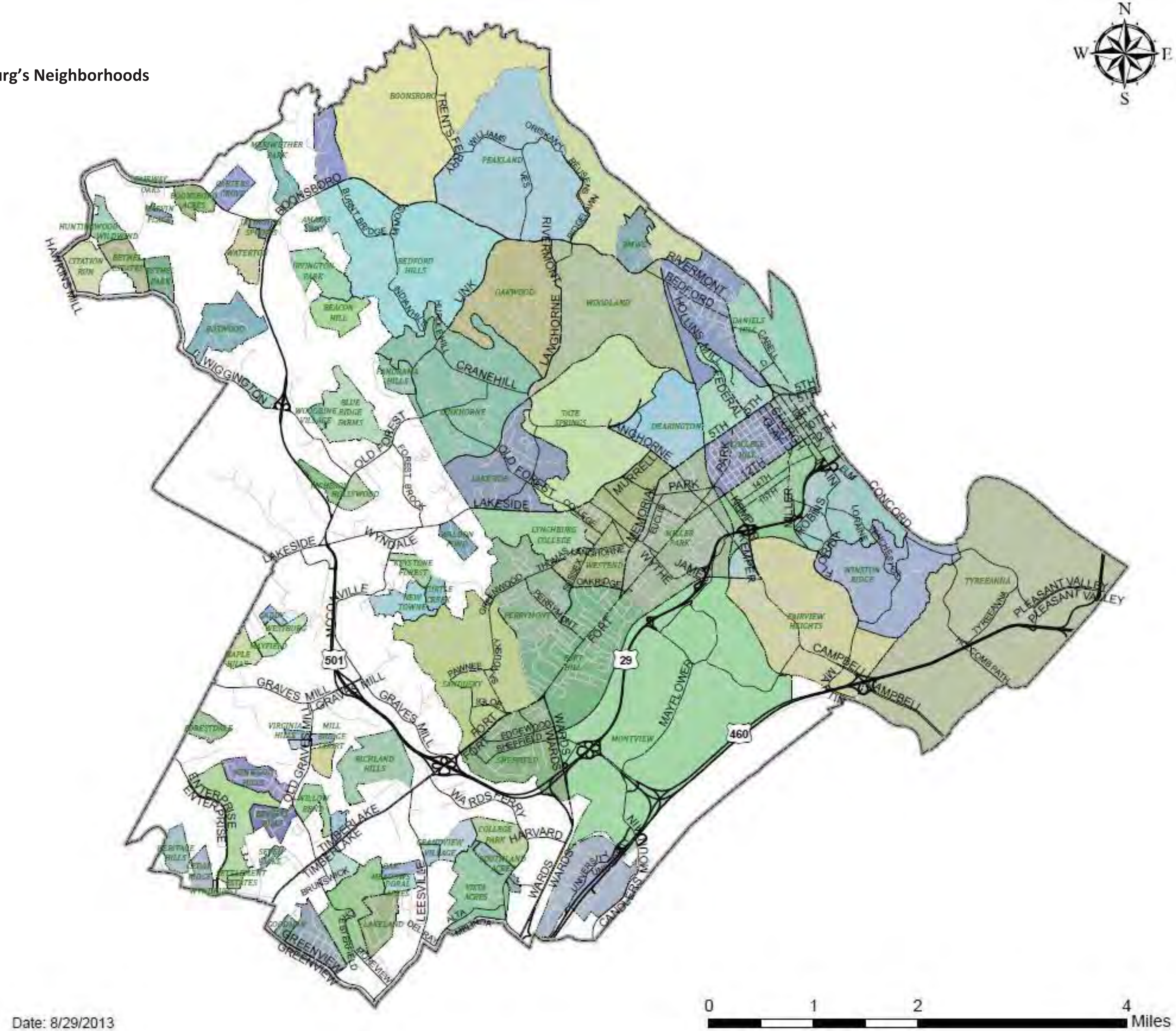
Numerous public agencies, City departments, housing providers and businesses are organized to support Lynchburg residents and potential homebuyers. In addition to working through the Housing Collaborative, the City should continue to work with residents and other stakeholder groups to improve neighborhoods and address residents' varied housing needs by helping the City to:

- Monitor neighborhood conditions;
- Provide technical support to neighborhood organizations;
- Prepare community-based neighborhood plans;
- Increase awareness of housing investment opportunities;
- Identify needed services and amenities to support neighborhood livability;
- Target CDBG funding in specific neighborhoods;
- Increase the effectiveness of the Community Code Compliance Team; and
- Identify vacant or undeveloped sites appropriate for housing development.

Neighborhood Fabric

Many residential neighborhoods are also home to local institutions, places of worship, schools, and other facilities. To maximize the positive impacts of these institutions, the City should encourage all institutions to work with surrounding neighborhoods to prepare master plans that document the institution's expansion projects and their impacts. To improve connections within neighborhoods, the City should work with neighborhoods to extend sidewalks and pedestrian paths between residential areas and parks, natural areas, institutions, and other public amenities.

Exhibit 8-1: Lynchburg's Neighborhoods



A well-planned and preserved neighborhood street.

Many residents have expressed great pride in their neighborhoods and support efforts to improve the identity of all neighborhoods as part of a single larger community. The City should support installation of attractive identification signs at neighborhood entries, improvements in landscaping in public rights of way, and creation of an “adopt a neighborhood” program to coordinate cleanup efforts and activities.

The City’s neighborhoods offer a variety of housing types in a mix of suburban, traditional and newer mixed-use neighborhoods, each with separate needs and opportunities. A common factor in the quality of life for all neighborhoods is residents’ access to goods and services needed on a regular basis, such as food, parks, schools and many commercial services. The City is committed to working with neighborhoods to help provide access to these services through the most appropriate options for each neighborhood. A few options include facilitating the development of neighborhood services through zoning or other measures, improving access through street improvements, sidewalk improvements or improved transit service; or through approaches such as facilitating the creation of neighborhood markets and gardens.

Traditional Neighborhoods

Near downtown are numerous older traditional neighborhoods that offer a mix of housing types, are compact and walkable, and have narrow and connected streets that link parks and other compatible uses, such as schools and small-scale retail establishments. Residents value the convenience and character of these neighborhoods and housing, but many of the units are smaller and lack the amenities of newer homes. Some of these smaller, older homes contribute the City’s supply of affordable housing.

While the mix of housing and uses can contribute to the neighborhood character and stability, it also requires that the City pay closer attention to the mix of uses and property maintenance. This Plan recommends:

- The creation of neighborhood conservation plans to identify specific needs, and opportunities in traditional neighborhoods;
- Traditional neighborhood zoning overlays to provide the flexibility needed to maintain and update existing homes and businesses while maintaining the integrity of the neighborhood character;
- Targeted housing programs to encourage home ownership and private reinvestment;
- Active code enforcement to ensure that properties are maintained; and
- Community investment in improved connectivity, streetscapes and sidewalks and other infrastructure to maintain safe and convenient mobility.

Suburban Neighborhoods

Further from the downtown core are many predominantly single family residential neighborhoods that are typically built on larger lots that are located on longer blocks than in traditional neighborhoods. While these neighborhoods offer a sense of separation from urban activities of the City, this separation is an inconvenience in many of the neighborhoods. Lack of sidewalks, bikeways and an interconnected street system requires that most trips involve driving a car. The low density reduces transit viability, which reduces the ability of these neighborhoods to support residents who chose to remain in their neighborhoods as they age. To address these challenges, the Plan recommends:

- Establishing bicycle and pedestrian facilities to improve mobility;
- Evaluating opportunities to improve connectivity between neighborhoods and non-residential uses serving those neighborhoods; and
- Allowing for a greater range of small-scale neighborhood retail and service uses at key intersections at the edges of these neighborhoods.

Mixed-Use Neighborhoods

As the market has recognized the demand for development patterns that reflect many of the characteristics of traditional neighborhoods land use patterns, the market has responded by providing developments that incorporate a mix of uses and housing types. These developments also include community facilities, open space and commercial buildings that are designed to be pedestrian-oriented. Many of these “traditional neighborhood developments” that established a balanced mix of uses and created village atmospheres fared much better in the market than conventional development during the recent recession. Wyndhurst and Cornerstone are recent examples of this type of development in Lynchburg that provides single family and attached housing around a core of retail, office and service uses.

Housing Market Conditions and Opportunities

To ensure that all current and future City residents are served by a range of housing opportunities, a variety of housing types in a range of prices must be available.

While the City captured a greater percentage of regional growth than adjacent jurisdictions, each of the surrounding counties and communities grew over the last decade and will continue to provide housing for people who work, shop and visit Lynchburg.

The key factors in determining where individuals and families choose to live include:

- The quality of schools;
- Safety and security;
- Availability of affordable housing that meets the individual's or family's needs;
- Return on investment;
- Proximity to work, school, shopping and local amenities (e.g., health care, parks, libraries, entertainment, restaurants and other public and private services);
- Mobility – the ability to get to and from work, services and amenities; and
- Neighborhood character.

While some of these factors are addressed in other chapters of this plan, each can have a significant impact on private investment decisions and the health of the City's neighborhoods. Housing conditions directly relate to the well-being of their occupants. Lynchburg faces some unique housing challenges, but enjoys a wealth of housing assets that can help the City achieve its goals to continually enhance its neighborhoods.

Housing Age

One of these challenges is the age of the City's housing stock. The City's homes have a median age of 49 years old, which is ten years older than the median for the Commonwealth as a whole. More than 42 percent of the City's homes were built in 1959 or earlier. This creates a variety of challenges, including the suitability of structures for current lifestyles, energy efficiency (heating and cooling costs), parking and general maintenance needs.

Housing Affordability

Housing affordability is affected by housing costs, energy costs, travel costs and household incomes. Lynchburg's owner occupied homes had a median value of $145,100 in 2010 as compared to a median value of $249,100 for Virginia as a whole. At less than $700 per month, median rents in Lynchburg are also lower than the average for the Commonwealth and most comparable communities. Lynchburg's Housing Affordability Index, which compares incomes and housing costs, is significantly lower than comparable cities in Virginia, which means that it is more affordable for most of its residents. Despite its favorable comparisons, a significant proportion of lower income households are burdened by rents or mortgages that exceed 30 percent of household income. For more detailed information, see the "City of Lynchburg, VA: Housing Assessment."

Housing Occupancy

Exhibit 8-2 shows housing occupancy data for Lynchburg and the Commonwealth for the year 2010. While occupancy rates are relatively similar, Lynchburg has a far lower percentage of owner occupied units. This is primarily due to the higher percentage of students who typically reside in rental units.

Exhibit 8-2: Housing Occupancy in Lynchburg and Virginia

	Lynchburg	Percent of Total	Virginia
Total Housing Units	31,992	100%	3,364,939
Occupied Housing Units	28,476	89.0%	90.8%
Owner Occupied	15,102	47.2%	61.1%
Renter Occupied	13,374	41.8%	29.7%
Vacant Housing Units	3,516	11.0%	9.2%
For Rent	1,609	5.0%	2.5%
For Sale Only	539	1.7%	1.3%
Rented or Sold, Not Occupied	237	0.7%	0.5%
For Seasonal, Recreational, or Occasional Use	168	0.5%	2.4%
For Migrant Workers	0	0.0%	0.0%
Other Vacant	963	3.0%	2.5%

Source: American Community Survey 2010

The number of and projected growth of colleges and universities in the City will continue to generate demand for rental property throughout the City. As described in chapter 5, students are projected to comprise a significant proportion of the City's projected growth over the next twenty years. While many will live on campus, a significant proportion will seek rental housing off-campus and will compete with lower and moderate income families for affordable units.

Citizens are concerned about the proliferation of rental housing, particularly properties that are poorly managed, which can damage neighborhood integrity. These concerns can taint the reputation of all rental housing in the City. In collaboration with the schools and landlords, the City should continue to explore opportunities that encourage the upkeep and rehabilitation of rental properties. The rental housing registration and inspection program has worked well in the City's historic neighborhoods and offers potential benefits in other areas.

The City's policy to encourage higher rates of homeownership is intended to promote the pride in ownership that encourages residents to invest in property maintenance, participate in neighborhood and civic affairs and contribute to neighborhood stability. While economic conditions have made it difficult for many first-time homebuyers, low interest rates and a variety of federal programs have helped many people buy or retain their homes. To foster homeownership among low and moderate income households, the City should continue to coordinate with lenders and housing providers to implement programs that reduce the barriers to home ownership.

Special Needs Housing

The City's demographics contribute to housing demands for individuals and families with special housing needs, including aging residents, individuals with physical or mental challenges and lower income residents. The City has taken a two prong approach to addressing these critical housing needs by

- Maintaining a Consolidated Plan that gives the City access to Community Development Block Grant and HOME Program funds; and
- Establishing a Housing Collaborative to coordinate the efforts of the many housing stakeholder groups.

As the City considers the housing needs of special populations, it will be important to emphasize the role and proximity of mass transit and social services. The City should use a mix of funding possibilities, including Community Development Block Grants (CDBG) and state and federal programs to promote the rehabilitation of owner-occupied and rental units for use by physically and mentally challenged residents.

Entitlements

Since 1975 the City of Lynchburg, as an entitlement jurisdiction through the Department of Housing and Urban Development (HUD), has received annual allocations for the Community Development Block Grant (CDBG) Program. In 1994 the HOME Investment Partnerships Program began and the City was designated as a participating jurisdiction. As an entitlement jurisdiction, the City is required by HUD to submit a Consolidated Plan every five years. Consolidated Plan preparation is intended to be a collaborative process whereby the community establishes a unified vision for community development actions.

The City anticipates that HUD will provide approximately $1.4 million new funds annually between 2010 and 2015. The primary objective of the CDBG program is to develop viable urban communities by providing decent housing, a suitable living environment, and economic opportunities, principally for persons of low and moderate income levels. The HOME program provides federal funds for the development and rehabilitation of affordable rental and ownership housing for low and moderate income households.

The following approved goals for housing and non-housing development constitute the priority needs stated in the Consolidated Plan. These goals reflect the needs that historically have been the needs of the very low-, low-, and moderate-income persons living within the target census tracts. The City supports the allocation of funds to achieve measurable results for both public and non-public services and notably supports assisting individuals with disabilities, substance abuse or addiction, persons with AIDS, persons that are homeless, and elderly persons. The goals are to:

Housing Goals

- Provide diverse housing choices.
- Increase the number of owner-occupied units.
- Rehabilitate substandard housing units. Emphasis is to be placed on programs that require an investment of funds and/or labor on the part of the owner commensurate with the owner's resources.
- Support initiatives to increase permanent affordable rental and housing ownership opportunities.
- Support programs that assist individuals in retaining their homes in challenging economic times.

Non-Housing Goals

- Eliminate neighborhood deterioration, blight and blighting influences.
- Support the organized efforts in neighborhoods to leverage their resources to improve and sustain community livability and services.
- Support economic development efforts which will expand job opportunities and retention.
- Promote activities which support the healthy development of the City's at-risk youth, adults and families.

The City of Lynchburg's Consolidated Plan focuses on the geographic area in which the greatest indicators of distress exist -- the neighborhoods that surround Downtown. Population demographics and surveys of these neighborhoods show that they have the highest degree of housing need and are where many of the City's very low- and low-moderate-income persons reside.

An overriding objective stated in the Consolidated Plan is to maximize existing partnerships between the private and public sector so that City funds will continue to be leveraged with outside resources. It is through such collaborative efforts that the citizens of Lynchburg can address housing and non-housing needs where they are felt the greatest. Other objectives include:

1. Setting an optimum balance in neighborhoods where 70% are owner-occupants;
2. Placing a priority on helping existing owners maintain their homes;
3. Coordinating services with housing, assisting individuals with disabilities, substance abuse or addiction, persons with AIDS, persons that are homeless, and elderly persons.
4. Preserving existing housing by identifying appropriate present uses for structures and by applying available resources, such as tax credits, for low-income and for historic renovation;
5. Continuing the rental inspection program; and
6. Coordinating the City's downtown revitalization efforts with housing improvement efforts in the target area.

The City’s Housing Collaborative includes a variety of stakeholders to shape City’s policies and programs designed to serve the needs of these populations. In their initial stakeholder's sessions, the group found the need for:

- A clear leader in housing efforts;
- A housing resources inventory to identify gaps in services;
- Youth education to promote financial literacy;
- Continued efforts to address blight and substandard housing conditions; and
- Promotion of universally designed housing and other strategies to increase access to housing of the special-needs population.

Monitoring Housing Needs

Understanding the City's true competitive position will require working with the Lynchburg Redevelopment and Housing Authority, banking professionals, appraisers, and real estate professionals. The City, together with these groups, should develop a system to track housing values and conditions, code violations, and vacancies to determine neighborhood stability and to assist in setting priorities for code enforcement activities, neighborhood planning efforts, and public investment.

Developing Neighborhood Conservation Plans and Traditional Neighborhood Overlays

To protect the character of our neighborhoods, to encourage new infill housing that respects the community's history and design character, and to stabilize and revitalize both neighborhoods and the specific Neighborhood Conservation Areas, the City should establish a new Traditional Residential Overlay District that requires new housing to respect the community's history and design characteristics. The City should also limit the conversion of single family homes into multifamily use. Efforts to consolidate parcels for larger-scale redevelopment efforts should be encouraged, where appropriate, to enable developers to provide a variety of housing types to meet the needs of residents of all income levels.

Using the Tax Assessor data on the age of residential structures, a preliminary definition of areas that should be considered for the Traditional Residential Overlay District includes neighborhoods with housing built on small lots constructed prior to 1950. Neighborhoods such as Sandusky, Richland Hills, Miller Park, Fort Hill, Perrymont, and others are now at a critical stage. Many of the initial owners who bought homes in these neighborhoods are moving out and care must be taken to ensure that the neighborhoods are preserved. While many of the homes in these neighborhoods have been lovingly cared for by their owners, others have been rented or not maintained. Some of these homes are older and more dated. The City needs to both encourage continuing homeownership and to be extra careful that any rentals are maintained to the same standards as owner-occupied homes. This overlay district should also provide opportunities for housing in neighborhoods adjacent to the downtown.

As part of an effort to encourage a range of housing types in various locations to satisfy market demand, accessory dwellings and housing above retail establishments should also be permitted in appropriate locations.

Improving Housing Conditions

The City should take an active role in encouraging the improvement of older housing within the City through loans, tax abatements and/or credits that make renovations more feasible. The housing stock in Lynchburg presents both challenges and opportunities to potential homebuyers. Over half of the City's single family dwellings are between 1,000 and 2,000 sq. ft. in size, and about 20 percent are less than 1,000 sq. ft. in size. The majority of homes less than 1,000 sq. ft. are found within the traditional neighborhoods mentioned above. Many potential homebuyers, especially families, are searching for homes with two full baths, large updated kitchens, and three bedrooms; criteria not easily found within the City's housing stock. To address this issue, the City should develop a program to encourage the renovation of outdated housing that reviews loan programs with lenders, works with builders and financial institutions in sponsoring workshops on modernizing and making appropriate upgrades and additions to homes to meet today's standards, and develops guides on the steps involved in renovation or rehabilitation efforts. Improving the process to clear property liens and establish clear title for older housing stock may accelerate improvements in housing conditions.

To address those concerns, and to improve safety and security in all neighborhoods, the City should take aggressive action on deteriorated, vacant, and abandoned properties by:

- Expanding programs to encourage owners to fix up deteriorated property through "Spot Blight" procedures, focusing on the neighborhoods at greatest risk;
- Enforcing code regulations and supporting increased penalties for owners of abandoned property who do not maintain their property, as well as continuing to post signs and publish lists of owners of abandoned, dilapidated, or tax delinquent property;
- Using the demolition program to remove dilapidated structures; and
- Waiving demolition fees and liens for redevelopment projects.

Chapter 9: History, Culture, Arts & Education

Chapter Overview

History, culture, the arts and education exert an important influence on Lynchburg's quality of life. The City's image and unique sense of place, as well as its attractiveness to visitors and newcomers, are inextricably tied to the condition of its historic resources, the vitality of its arts and cultural institutions, and the quality and diversity of educational opportunities. These assets can help attract and retain businesses that seek cities with a high quality of life.

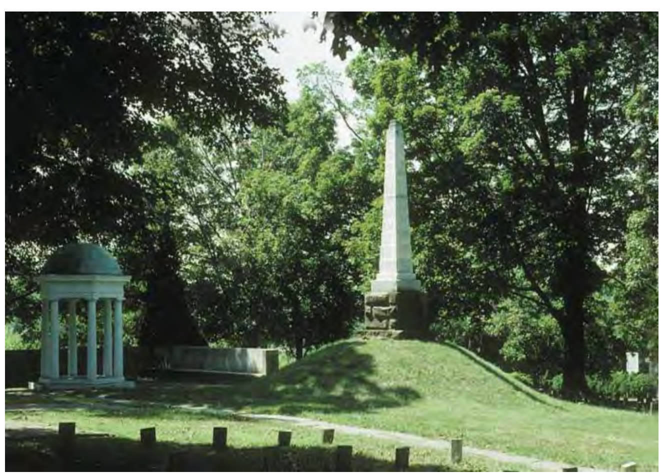
The City should identify and conserve its sensitive historic and cultural resources, expand local preservation incentives and educational programs, and require the sensitive treatment of public spaces and facilities in historic areas. The City also should engage in active promotion of heritage tourism and the expansion of efforts to strengthen local networks of arts, cultural, and educational organizations.

History & Culture

Preservation Threats & Challenges

Lynchburg is fortunate to have a significant collection of historic sites, buildings, and neighborhoods—from the Downtown and the City's early residential districts to special sites like the Old City Cemetery, Point of Honor, and the Anne Spencer House—as well as areas recognized for their special architectural and urban character. These places provide a strong foundation for future planning, offering tangible symbols of the City's colorful past and enduring models for the creation of new buildings, neighborhoods, and commercial areas.

Old City Cemetery



As one of the Commonwealth's older independent cities, Lynchburg is home to an impressive number of pre-World War II residential and commercial structures (see Exhibit 9-1). According to tax assessment data, nearly half of the City's houses are at least 50 years old, and 1,742 were built in 1900 or earlier. Downtown and surrounding historic neighborhoods contain the highest percentages of houses in the City constructed prior to 1850 (81% of the City's total), between 1851 and 1900 (75% of the City's total), and between 1901 and 1925 (40% of the City's total).

Exhibit 9-1: Age of Housing

Year of Construction	Number of Houses	Percent of Total
1850 and prior	104	0.4%
1851 to 1900	1,638	6.5%
1901 to 1925	3,472	13.8%
1926 to 1950	5,533	22.0%
1951 to 1975	9,163	36.4%
1976 to 2000	2,851	11.3%
2000-2010	2,431	9.6%
Total	**25,192**	**100%**

Source: American Community Survey

The presence of older neighborhoods and the commercial areas that grew up to serve them presents both opportunities and challenges, especially for a city experiencing growth pressures at its edges, but not closer in. Some of the most pressing issues include:

- Uneven maintenance and upkeep of properties with pockets of significant deterioration;
- A generally weak market for investment in older areas of the City that are not historically designated;
- The absence of mechanisms in areas outside of historic districts to ensure sensitive renovations, infill development, and public improvements;
- Inappropriate zoning and inflexible building code provisions, some of which may serve as barriers to preservation; and
- Limited knowledge of existing preservation assistance programs.

Since the completion of the first major survey of historic resources and the adoption of the Historic District Ordinance in 1978, City regulation has played a central role in supporting the preservation of locally significant historic sites and districts. The Historic District Ordinance provided for the designation of sites and districts, the creation of a review board, the development of design guidelines, and the establishment of review procedures. Revisions to the Ordinance were adopted by City Council in July 2001.

Under the ordinance, individually designated properties and those located within historic districts are protected from inappropriate or insensitive alteration. The Ordinance requires the issuance of a certificate of appropriateness either administratively or by the Historic Preservation Commission before a building can be erected, reconstructed, restored, demolished, or altered in any way that affects its external appearance.

Currently, there are seven locally designated historic districts and fifteen individually designated historic properties in Lynchburg. The historic districts— Court House Hill, Daniel's Hill, Diamond Hill, Garland Hill, Federal Hill, Pierce Street Renaissance,and Rivermont—contain approximately 750 of the City's most significant historic buildings. Individual sites include the Academy of Music Theater, the Anne Spencer House, and the Old City Cemetery (see Exhibits 9-2 and 9-3). With few exceptions, these districts and properties are listed on the Virginia Landmarks Register and the U.S. Department of the Interior's National Register of Historic Places.

Several areas have been identified as eligible for local historic district designation, including the Downtown, the Lower Basin, and the Diamond Hill South and College Hill neighborhoods, among others.

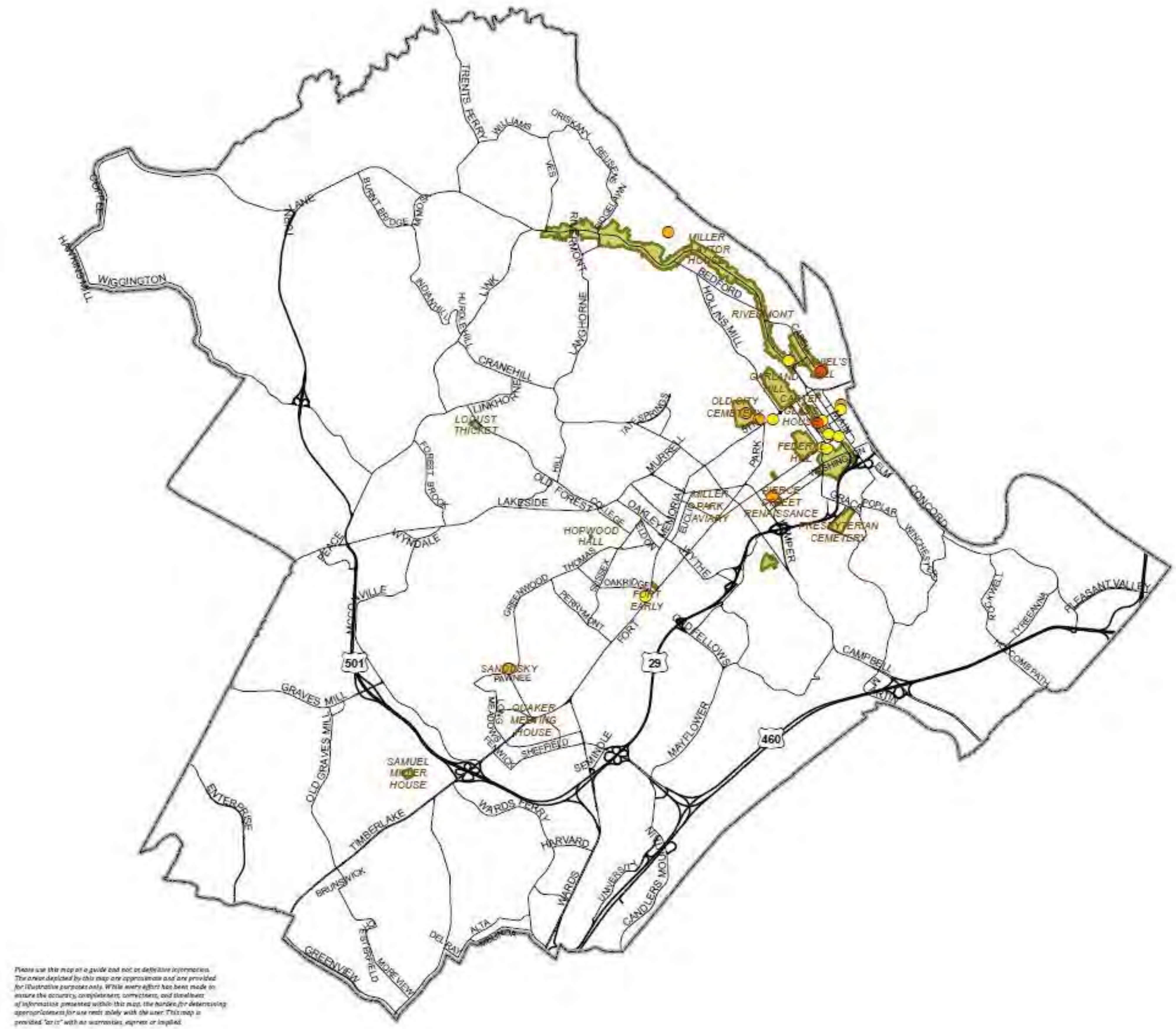
Garland Hill Historic District

Exhibit 9-2: Historic Sites

Individual Properties	Address	National Register of Historic Places	Virginia Landmarks Register	Local Register of Historic Places
Academy of Music	522-526 Main Street	06/11/69	11/05/68	02/14/78
Allied Arts Building	725 Church Street	12/19/85	04/16/85	
Anne Spencer House	1313 Pierce Street	12/06/76	09/21/76	02/14/78
Bragassa Toy Store	323-325 12th Street	01/11/91	08/22/90	
Carter Glass House	605 Clay Street	12/08/76	02/15/77	02/14/78
College Hill Baptist Church	1101 Floyd Street			05/08/84
Court Street Baptist Church	523 Court Street	07/08/82	06/16/81	09/08/81
First Baptist Church		09/09/82	04/21/81	09/08/81
Fort Early	3511 Memorial Avenue			08/11/98
Hopwood Hall, Lynchburg College Campus	Lakeside Drive			09/09/80
Jones Memorial Library	434 Rivermont Avenue	10/30/80	07/31/80	
Kentucky Hotel	900 Fifth Street	12/11/86	06/17/86	
Locust Grove	US 501 South Side	12/17/92	10/92	
Main Hall, Randolph College	2500 Rivermont Avenue	06/19/79	02/26/79	
Miller-Claytor House Treasure Island Road	Miller-Claytor Lane	05/06/76	10/21/75	04/11/78
Miller Park Aviary	402 Grove Street	07/30/80	04/15/80	05/22/79
Montview (Carter Glass Estate)	Liberty University Campus			
Old City Cemetery	Taylor & Fourth Street	04/02/73	09/19/72	
Old Court House	901 Court Street	05/19/72	04/18/72	02/14/78
Point of Honor	112 Cabell Street	02/26/70	12/02/69	02/14/78
Rosedale	Old Graves Mill Road	07/07/83	10/82	
Saint Paul's Vestry House	308 7th Street	02/21/97		
Sandusky House	757 Sandusky Drive	07/26/82	02/16/82	
South River Meeting House (Quaker Meeting House)	5810 Fort Avenue	08/28/75	05/20/75	04/11/78
St. Paul's Episcopal Church	605 Clay Street	09/09/82	04/21/81	09/08/81
Samuel Miller House	1433 Nelson Drive	11/12/92	1992	07/14/92
VA Episcopal School	400 VA Episcopal School Rd.	10/28/92	1992	
Warwick House	720 Court Street	12/06/96		
Western Hotel (Joseph Nichol's Tavern (NRHP)	501 Madison Street	07/22/74	06/18/74	02/14/78
J.W. Wood Building	23-27 Ninth Street	02/17/83	05/18/82	

Exhibit 9-3
Historical Sites

September 2013



Street Centerline

- Highway
- Major Arterial
- Minor Arterial
- Collector
- Historical Site
- Museum - Private
- Museum - Public
- Local Historic Districts

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Design Advisory Districts

In addition to locally designated historic districts and sites, the City has established Historic District Advisory Areas along Church, Main, Commerce, Jefferson, Fifth, Cabell and Court Streets in the Downtown. All proposals to erect, reconstruct, restore, demolish, or alter the external appearance of a building within the Advisory Area are reviewed by the Design Review Board for compliance with guidelines published in the report *Commercial Historic District Guidelines: Lynchburg, Virginia*. Upon completion of their review, the Board prepares an advisory finding of conformity or non-conformity with the guidelines. Applicants are required to submit plans for review—building or demolition permits may not be issued until the Board issues its recommendations—but compliance with the Board's recommendations while strongly encouraged is not required.

Questions have been raised about the utility of an "advisory only" process for the Downtown, arguably the most visible of the City's areas of distinctive character. Although some applicants follow the Board's recommendations, several projects have not.

City staff should assess compliance with the recommendations of the Design Review Board for the Historic District Advisory Areas. Working with the Design Review Board and Downtown stakeholders, staff should develop measures of effectiveness, evaluate conformance with recommendations, and offer recommendations for appropriate changes to the program.

Aviary in Miller Park

Historic Preservation Incentives, Advocacy & Education

In partnership with local and regional preservation, tourism development, and community improvement organizations, the City actively promotes preservation and resource conservation and educates the community about existing assistance and incentive programs and initiatives. A recent collaboration between the City of Lynchburg

Department of Community Development, the Lynchburg Historical Foundation, Inc., and the Diamond Hill Historical Society, Inc. resulted in the publication of the report, *Incentives and Assistance for Real Estate Rehabilitation*, a thorough resource for owners and developers of older properties.

Expanding the pool of incentives and increasing awareness of the benefits of preservation can help build community support for further work and the development of new partnerships. For example, local lending institutions may be willing to develop products tailored to support the purchase and rehabilitation of historic structures or a small-scale loan program targeted to low- and moderate-income homeowners in historic areas that may provide the means for modest renovations and repairs.

The City should expand its ongoing efforts to raise awareness of preservation-related regulations and financial incentives. Such a program, involving workshops, brochures, web-based outreach, and other efforts, should help developers, realtors, homeowners, and potential property owners better understand the benefits of preservation and the resources available to support it.

Building Codes & Zoning Standards Affecting Historic Preservation

The City is currently enforcing the 2009 Uniform Statewide Building Code (USBC) and it's referenced standards, as adopted on March 1, 2011. These referenced standards include the 2009 International Existing Building Code, which provides building officials with a high degree of flexibility in handling renovations and alterations to existing buildings. The Zoning Ordinance should also provide a degree of flexibility regarding the requirements for older structures. The City anticipates adoption of the 2012 USBC in the Spring of 2014.

In addition, Chapter 10, Neighborhoods & Housing, includes recommendations for the creation of a new Traditional Residential Overlay district that recognizes the unique physical character of the City's older residential areas and promotes sensitive infill development.

Historic City-Owned Properties

The City should also develop and follow design guidelines for City-owned property and public facilities located in and around the City's Historic Districts and potential conservation areas. Citizens who participated in development of the Plan goals felt strongly that the City should set a good example by preserving and protecting City-owned buildings and properties.

Heritage tourism is a central element in the region's economic development efforts. According to research conducted by the tourism industry, the typical heritage tourist shops more, spends more, stays in hotels more often, travels longer, and visits more destinations than typical travelers. These tourists are often referred to as "high-yield" tourists; fewer tourists spending more money and providing a high economic return. Communities that have preserved their historic buildings and rural landscapes—which tell compelling stories about their history and culture and provide opportunities for “outsiders” to experience the uniqueness of a region—are particularly successful at attracting heritage tourists, often for repeat visits.

The City is a logical destination for the heritage tourist. Central Virginia is home to an impressive array of important historic, cultural, natural, and recreational resources. Lynchburg’s location on the James, its wealth of local resources and special events, and its proximity to nationally significant historic sites, such as the National D-Day Memorial, Appomattox Courthouse National Historical Park, Thomas Jefferson’s Poplar Forest, Patrick Henry’s Red Hill, and the Booker T. Washington National Monument, make it an especially attractive place from which to experience the region’s special places.

Legacy Museum

An expanded emphasis on heritage tourism efforts offers genuine opportunities for both the cultural and tourism industries to work together and, over time, to build business, stimulate economic growth, showcase resources, and encourage visitors to explore the City and the region.

Several projects provide excellent models of collaborative action:

- Venues like the Legacy Museum of African American History will deepen appreciation for local history and heritage;
- The Region 2000 Commission’s wayfinding study, along with recommendations in the Downtown & Riverfront Master Plan 2000, lay the groundwork for a new system of signs guiding locals and visitors to important destinations; and
- The Lynchburg Regional Convention and Visitors Bureau’s new publications provide excellent introductory information on the City’s historic districts and the region’s African-American Heritage.

A collaborative approach is required to expand understanding of the City’s history and heritage and to increase local and regional appreciation of the important role culture and the arts play in supporting the City's livability and economic vitality.

Arts

Lynchburg contains a vibrant arts community from individual artists, to performing arts groups, to galleries, to performing arts presenters. Citizens enjoy the opportunity to participate in and attend performances of the Lynchburg Symphony, the Dance Theatre of Lynchburg, the Lynchburg Regional Ballet Theatre, the Renaissance Theater and the Jefferson Choral Society, for example. They can visit many local galleries, including the Daura Gallery at Lynchburg College, and the Maier Museum of Art at Randolph College. Citizens can take classes in the arts at the Virginia School of the Arts and other venues, as well as through the City's Department of Parks and Recreation. The City hosts many arts performances at E.C. Glass High School, though the City's major presenters are Lynchburg College, Randolph College and The Academy of Music.

The Academy of Music is the City's historic theater. Opened in 1905, it closed in 1958. In its heyday, the theater hosted such artists as Will Rogers, Sarah Bernhardt, Eubie Blake and George M. Cohen. The Academy of Music Theatre, Inc., formed to renovate and bring performances back to the theater.

Academy of Music in Downtown

During the planning process, community leaders emphasized the importance of building a strong network of allied organizations—City and regional agencies; community—based arts, heritage, and preservation groups; and local schools and colleges-to encourage on-going communication, improve access to information, open lines of communication, and leverage resources. Expanding partnerships and collaborations, and strengthening existing networks of support for the advancement of local and regional heritage tourism, arts, and cultural initiatives is also essential. The City's efforts should involve the James River Council for the Arts & Humanities and other stakeholders.

The City is in the process of developing a public arts policy to promote the provision and maintenance of art in public places.

Education

Quality educational opportunities must be provided for youth at the secondary school level and college level and for adults as part of continuing education. Many expressed an interest in having the City promote a community culture of life-long learning. Maintaining and improving the quality of the Lynchburg Public Schools' education program is essential because school quality has an impact on so many other aspects of Lynchburg, including the skill level of the workforce, the stability of neighborhoods, and the availability of recreational and educational facilities, among others. The City supports education by providing a public school system that strives for excellence.

The City School System's physical plan is described in Chapter 14, Public Facilities, where the need to renovate and update school facilities is highlighted. So that these schools play a role in adult life-long learning, Chapter 11, Parks & Recreation, discusses the importance of City school facility availability for evening continuing education classes sponsored by the Parks & Recreation Department for both adults and children.

The City is fortunate enough to have five institutions of higher learning: Central Virginia Community College, Liberty University, Lynchburg College, Virginia University of Lynchburg, and Randolph College. These institutions offer opportunities to earn advanced degrees, for career training, and for general continuing education. The City places high value on these educational resources and will continue to support their presence within the City and to work with them in coordinating City planning with campus master planning and facilities development. In addition, the faculties of these schools bring a wealth of knowledge and skills that the City hopes to continue to tap. To facilitate the ongoing growth and development of these institutions, the City recently adopted two institutional zoning districts -- an IN-1 district intended for institutions that are smaller in scale and located primarily within or adjacent to residential areas and an IN-2 district intended for large scale institutions primarily located within or adjacent to non-residential areas.

Chapter 10: Natural Systems

Chapter Overview

Lynchburg residents attach a high value to preserving and enhancing their natural and environmental resources. For many residents, the beauty of the City is an essential part of their quality of life. The City is known for its hills and steep ravines that harbor rich woodlands, wildlife, and rare plants. The James River, Lynchburg's most prominent natural feature, provided the City's early reason for being—a source of water power and a transportation vehicle. Now the James River is becoming the focus for downtown revitalization

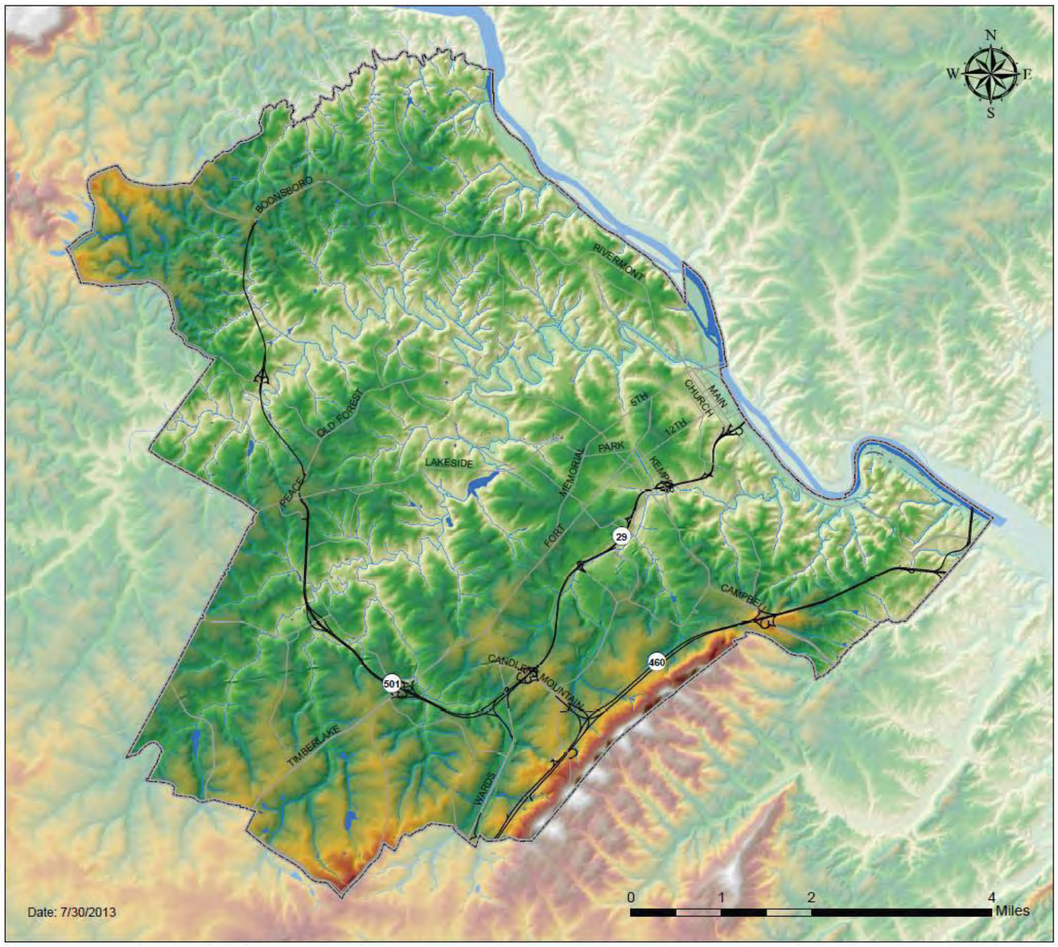
James River: Pedestrian bridge to Percival's Island nature trail

As the City has developed, pressures have increased to build on sensitive natural lands. Citizens have expressed a desire to increase efforts to protect natural and environmental resources and to move towards a more sustainable community. Lynchburg embraces sustainability and recognizes that elements such as environmental stewardship, financial responsibility, economic development and social impact must serve as a filter for the City's decision making and development of policy. Only through appropriate consideration of these principles will Lynchburg provide its residents with the opportunity to meet the needs of the present without compromising the ability of future generations to meet their needs. This Plan strives to lead Lynchburg towards a more sustainable future by protecting, and promoting and restoring the City's outstanding natural resources.

Geology, Topography and Soils

The natural features of Lynchburg, including the geology, topography, and soils, have a significant impact on the suitability of the land for development. The variable rock types underlying the City have formed the hills and steep ravines of the central city, the imposing Candlers Mountain along the City's southern border, and the foothills of the Blue Ridge Mountains that begin in the Reusens area along the northwest border. Those areas of the City that feature a highly dissected landscape of narrow ridges and steep-sided valleys present a challenge to developers, especially for large retail and industrial buildings needing large areas for parking. Clearing and grading of steep slopes can result in significant soil erosion and sedimentation of streams, though to accomplish much additional development in Lynchburg, some steep areas will likely need to be graded. Exhibit 10-1 illustrates the topography of the City.

Exhibit 10-1: Topography



Some areas of the City are so steep that they remain wooded and relatively natural today. Many steep-sided stream valleys harbor a rich diversity of plant and animal life. The amount and extent of forested areas is quite unusual for a city of Lynchburg's size and age. Large areas of woodland remain on Candlers Mountain, in the Tyreeanna area, in the vicinity of the Blackwater Creek Natural Area and Peaks View Park, and in the Cheese Creek and Judith Creek watersheds. These areas have the potential to be connected to create a natural greenways system that builds on the success of the Blackwater Creek Natural Area.

Steep slopes such as these are challenging to develop

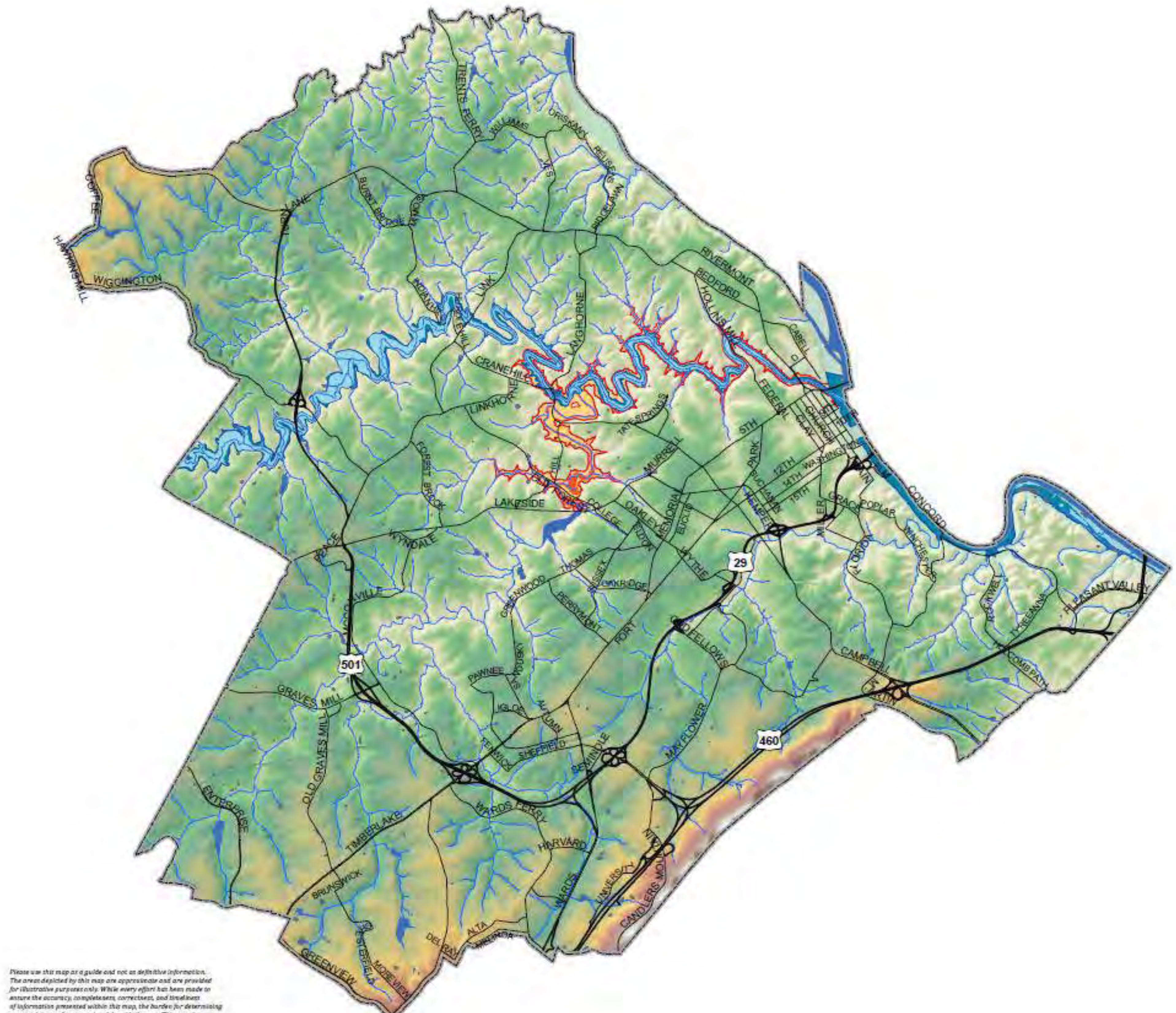
Water Resources

Lynchburg is drained by eleven streams. Judith, Pigeon, Blackwater, Fishing, and Opossum Creeks all drain directly to the James River, while Ivy, Cheese, Tomahawk, Burton, and Dreaming Creeks are tributaries of Blackwater Creek. By far, Blackwater Creek has the largest watershed area affecting the City and extending into neighboring Bedford and Campbell counties.

Both the frequency of bank overflow and flood elevations have risen in these streams. The increased impact of floods appears to be due to increased urbanization of stream watersheds, not only in the City, but also in neighboring counties. This resulted in an update of the City's floodplain mapping with new FEMA 100-year floodplain maps being adopted by the City, effective June 3, 2008. While the City has permitted development to occur in the 100-year floodplain in the past, it should limit new development in the floodplain in the future and seek to protect existing development that may be affected by flooding. As required by dam safety regulations, the City also should monitor and update dam break inundation zones shown in Exhibit 10-1. Due to the potential impacts to downstream properties this map should be updated regularly as new information becomes available for public and private regulated dams.

Exhibit 10-2
Dam Inundation Zones

September 2013



Ivy Lake SD
Ivy Lake PMFnb
Ivy Lake PMFbr
Sunny Day Breach
PMF No Breach
PMF Breach

Elevation

Height Feet
High : 834
Low : 132

Highway
Major Arterial
Minor Arterial
Collector
Water

The areas shown on this map include currently available information on areas subject to inundation from dam failures. This map should be supplemented with information from other dams as soon as it becomes available.

Please use this map as a guide and not as definitive information. The areas depicted by this map are approximate and are provided for illustrative purposes only. While every effort has been made to ensure the accuracy, completeness, correctness, and timeliness of information presented within this map, the burden for determining appropriateness for use rests solely with the user. This map is provided "as is" with no warranties, express or implied.

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Blackwater Creek: One of eleven creeks in Lynchburg.

The water quality of several streams, including Blackwater, Burton, Fishing, Ivy, Judith and Fishing Tomahawk Creeks and the James River, has been found to violate the state and federal water quality standard for bacteria, specifically Escherichia coli (E. coli), a type of fecal coliform, which indicates contamination from human or animal wastes. The bacteria levels in these streams exceed those allowed by Virginia's Water Quality Standards. As a result, theVirginia Department of Environmental Quality (DEQ) has placed these streams on the priority list of impaired waters pursuant to Section 303(d)(1) of the Federal Clean Water Act. The DEQ, in cooperation with local stakeholders performed a study called Total Maximum Daily Load (TMDL) to determine the total amount of a pollutant from point and non-point sources that the streams can handle daily and still meet water quality standards for their designated uses. The study, "Bacteria TMDL for the James River Basin" dated August 2007 identifies Lynchburg's Combined Sewer Overflows as a major point source contributor to the E. coli impairment. The study also states that the majority of the impairment originates from non-point sources, which primarily include: agriculture, residential and forested areas. Non-agriculture anthropogenic non-point sources include loadings from straight pipes, leaking sanitary sewers, failing septic systems and pet waste.

The bacteria TMDL has not yet finalized due to pending revisions to the CSO Long Term Control Plan (LTCP). If the revised LTCP is approved, the completion of the CSO Program will greatly be accelerated potentially saving the citizens of Lynchburg over $200 million. The revised LTCP would dramatically change the direction of the CSO Program. The current plan includes completely separating the storm and sanitary sewer systems with the goal of eliminating the combined sewer overflows. The proposed plan would capture and convey most of the remaining combined stormwater and wasterwater flow to the Lynchburg Regional Wastewater Treatment Plant (LRWWTP). While some overflows would still occur through permitted overflow points, water quality standards would still be met in part due to capturing much of the stormwater in the combined area and treating it at the LRWWTP.

In conjunction with the revisions to the LTCP, the Bacteria TMDL is also being revised in order to accurately reflect the changes in the CSO Program. Upon completion of the TMDL an Implementation Plan (IP) , which develops bacteria load reduction goals from each contributing sector in each watershed, will then be developed through collaboration with DEQ and other stakeholders.

The EPA, DEQ and DCR are implementing various regulations and requirements related to reducing nutrient (phosphorus and nitrogen) and sediment pollution as part of the Chesapeake Bay TMDL. Through the Watershed Implementation Plan (WIP) various sectors including regulated and unregulated sectors, have specific pollution reduction requirements. The regulated goals are incorporated into the City's Virginia Pollution Discharge Elimination System (VPDES) permits including the Regional Wastewater Treatment Plant's Nutrient General Permit and the Small Municipal Separate Storm Sewer System (MS4) Phase II General Permit. Additionally, the unregulated urban areas of the City also have specific reduction goals. All of which must meet certain timelines established by the permit cycles or the Bay target dates of 2017 and 2025. One significant outstanding issue is the ongoing study of the James River Chlorophyll-A standard. The outcome this study may result in significant additional nutrient reductions especially in the stormwater and wastewater sectors and could require a major capital investment in the LRWWTP. Lynchburg will continue working to meet its regulatory obligations and water quality goals.

As a result of these water quality challenges, the City has initiated the development of a strategic plan. The plan will be the foundation for decisions to cost effectively meet the goals of the Bacteria and Chesapeake Bay TMDLs, various other water quality regulations and permit requirements.

Air Quality

Lynchburg continues to maintain excellent air quality and DEQ monitoring confirms Lynchburg is compliance with federal ambient air quality standards. In addition, the American Lung Association releases the "State of the Air" report every three years which uses measurements taken by the U.S. Environmental Protection Agency's Air Quality System. In 2013, Lynchburg received an A rating for 24-hour particulate pollution and exceeded the standard for annual particulate pollution – which can include emissions from factories, vehicle exhaust and the like. The City's efforts to improve its mass transit, bicycle and pedestrian systems, implement various "anti-idling" transportation features such as roundabouts and reduce energy consumption through building design, energy audits and efficiency efforts have been key. Land use patterns that promote redevelopment, connectivity and an appropriate mix of uses also reduce emissions while providing for more efficient service delivery and cost savings.

Understanding the Value of Natural Systems

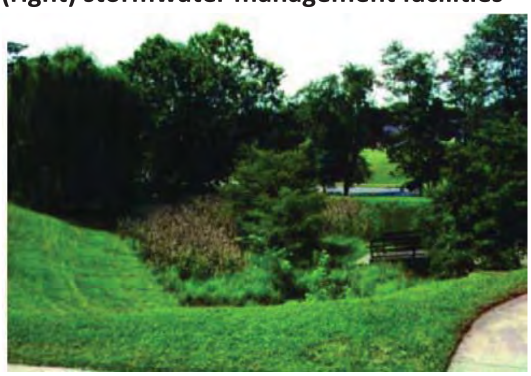
There is a keen interest among citizens in improving the environmental quality of Lynchburg and protecting its natural resources. The first step in protecting these resources is to understand their value in providing a healthy environment. Monitoring and managing the environmental resources within the City can require a significant amount of resources. Many cities and counties across Virginia are developing environmental databases in their GIS systems to help them plan environmentally sensitive communities. Most cities map topography, soils, water bodies, floodplains and parks.

City officials and citizens could benefit from more comprehensive information about effective environmental protection techniques. City staff from a variety of departments should be kept abreast of environmental trends and practices through training, conferences, workshops, and other educational forums. The City has also established a panel of local experts to serve on a Natural Resources Advisory Committee and/or a Stormwater Advisory Committee to evaluate and comment on natural resource-related policies.

Resource Management & Protection

The City desires to improve the protection and management of its natural systems in order to create a truly sustainable community. There are a number of approaches that the City may choose to pursue, including environmental performance standards, incentives for private actions, education and awards programs, and direct City actions.

Poorly landscaped (left) and well-landscaped (right) stormwater management facilities



As described above, it is important for the City to consider environmental performance standards for new development and redevelopment, not only to ensure compliance with state and federal standards, but also to address the protection and management of important natural resources. Through the application of reasonable standards limiting the development of floodplains, wetlands and streamside steep slopes, these important resources could be preserved. Standards for the construction and maintenance of stormwater management facilities would ensure that flooding levels are kept in check and that the water quality of stormwater discharges is addressed. A major concern raised by citizens is the design, quality, and upkeep of stormwater management facilities. During the Community Character Survey, poorly functioning stormwater management facilities received some of the lowest rankings. Maintenance and upkeep of such facilities are directly linked to their effectiveness in managing stormwater. The

City should adequately enforce post construction maintenance agreements on private stormwater best management practices to ensure that they are performing as designed.

Incentives, rather than codified standards, may be more appropriate for other efforts to achieve sustainable development. For example, the City should continue to promote the recycling and re-use of existing buildings and offer incentives for the cleanup and redevelopment of brownfield sites, including tax abatement, density/intensity increases, and contributions to infrastructure and public amenities. Density increases or other incentives for private developers should be available in a variety of zoning districts, not just the Traditional Neighborhood Development and Planned Unit Development zones, in exchange for the preservation of significant wooded open space, unique species areas or critical habitats, and for green building design. The City should also continue to work with property owners desiring to participate in the stormwater credit program.

The City should also employ softer techniques for natural resource protection such as educational programs and programs to recognize private environmental initiatives. The City supports a variety of environmental education efforts including interpretive signage, programming and design workshops. A number of communities in Virginia also use awards programs to promote green development. These programs could be used to highlight a variety of topics including the eradication of invasive plant species developments that incorporates green building techniques, water conservation initiatives and various efforts to protect steam valleys and woodlands.

Finally, the City itself could become actively involved in natural resource protection and management. When the City constructs a building, a parking lot, a road, or a park, for example, it should strive to protect wooded areas, steep slopes, and floodplains to the extent feasible. The City should use green building techniques and demonstrate well-landscaped stormwater management facilities that not only serve as best management practices, but also provide visually pleasing amenities. The construction of Heritage High School and the Juvenile Detention Group Home will continue the standard of City buildings that are built with sustainable guidelines. Citizens in public meetings voiced a great deal of support for City establishment of a greenway program to expand the James River Heritage Trail and the Blackwater Creek Natural Area and to establish similar areas along other City streams. The greenway program should promote the purchase and accept donations of open space for resource protection along streams. The City could also use environmental performance standards to obtain the dedication of stream valley open space for the greenway program in developing and redeveloping areas.

A Regional Approach

Since nature does not respect political boundaries, regional cooperation is essential in addressing environmental problems and managing natural systems. The expansion of existing partnerships should be encouraged to address regional environmental issues such as stormwater (in progress), greenways, scenic resources, water and air quality, and invasive species. Collaboration between state agencies, local and regional environmental groups, and colleges and universities may prove more effective in addressing resource protection and management. The regional stormwater management effort is a good example of environmental planning that extends across jurisdictions and utilizes grant funds from the Virginia Department of Conservation and Recreation. The City should continue to pursue other funding opportunities to monitor and manage environmental resources.

Information about the health of the natural systems in the City and region is dispersed among various groups, and data collection is currently a cooperative effort. There is no local repository for information. Information-sharing responsibilities and data collection protocols should be established between the various groups so that an annual report on the state of the City's and region's natural systems and environmental health can be produced.

Chapter 11: Parks & Recreation

Chapter Overview

The City's parks, recreation facilities, and public open spaces are among its most important and valued assets. City parks, playgrounds, trails, and recreation centers and facilities contribute to the City's quality of life in many ways. In addition to offering places to play, meet, relax, and exercise, they enhance neighborhood livability, improve the image and attractiveness of commercial areas, give context to historic and cultural sites, bolster property values, and provide access to the natural environment. Commitment to a long-term program of recreational facility and park improvement, maintenance, and expansion is key to preserving the City's investments and ensuring the recreational needs of all citizens, including seniors, youth, indoor and outdoor athletic users, and others are met.

This element of the Comprehensive Plan builds on the City's *Recreation Facilities Study and Parks and Recreation Master Plan*, adopted by the City Council in 1997. Recommendations in the *Recreation Facilities Study and Parks and Recreation Master Plan* call for improvements to existing parks and recreation centers, the development of new facilities in underserved areas, the preservation of historic facilities and landscapes, and the expansion of local and regional bikeways and greenways. The recommendations of the *Recreation Facilities Study and Parks and Recreation Master Plan*, along with new opportunities identified through the planning process, are addressed below.

Park & Facility Improvement

The *Recreation Facilities Study and Parks and Recreation Master Plan* includes an inventory of public recreation facilities and parks with an evaluation of their condition and quality. Existing parks and recreation facilities are mapped in Exhibit 11-1. In addition, planners used a variety of methods to assess demand for facilities and activities. Research on the demand for recreation facilities and activities included a telephone survey, an analysis of current participation in recreation activities, and a review of recreation demand standards published by the Virginia Department of Conservation and Recreation in the Virginia Outdoors Plan. Based on this research, the *Recreation Facilities Study and Parks and Recreation Master Plan* recommends standards for the number and types of recreation facilities needed in Lynchburg. Taken together, the inventory and demand assessment resulted in recommendations for improvements to facilities throughout the City as well as the development of new facilities in underserved areas. A summary of key findings and recommendations follows.

- Many of the City's community centers as well as the Department's headquarters at 301 Grove Street are in need of renovation to make them more usable and to ensure that they meet current fire and building codes, as well as the Americans with Disabilities Act (ADA) standards.

- The City's 770 acres of parkland generally are in good condition, though many require improvement to meet ADA standards.
- Playgrounds and play equipment must be rehabilitated for improved safety according to modern standards.
- Several parks, including Miller and Riverside Parks, contain historic City Beautiful landscapes that need to be preserved, improved and interpreted. The City Beautiful movement of the late 1800s featured classically designed parks, many modeled after those developed by Daniel Burnham and Frederick Law Olmsted for the 1893 World Columbian Exposition in Chicago. Examples include New York City's Central Park and the parks in Boston's Emerald Necklace.
- The inventory of parks in the *Recreation Facilities Study and Parks and Recreation Master Plan* shows that recreation facilities and park lands are not evenly distributed across the City. The Cheese Creek and Tomahawk Creek-Timberlake areas are underserved, so the Plan recommends establishing new community parks in those areas and in the Tyreeanna/Pleasant Valley area. In addition, since the publication of the Parks and Recreation Master Plan, the City has been able to acquire land in the Lynchpin Industrial Center for a nature park and an environmental education center.
- Large recreation facilities in the plan include a new athletic field complex and an indoor recreation center with gym and, in the future, an indoor pool. Citizens expressed a desire for neighborhood-based recreation, but also supported the construction of a new central indoor recreation center with a gym and pool.

Shared Use of Facilities

City residents depend a great deal on ballfields, outdoor courts, and gymnasiums in the school system to provide opportunities for general recreation. Many of those facilities show wear due to heavy use and are in need of renovation and improvement. Lynchburg's colleges and universities also provide recreational facilities and their students generate demands for City facilities. The City should continue to coordinate efforts to establish and refine shared use agreements with each of these entities to make efficient use of facilities and to equitably address operations, maintenance and improvement costs.

Park Master Plans

The *Recreation Facilities Study and Parks and Recreation Master Plan* contains detailed recommendations for improvements to Perrymont, Jefferson, and Peaks View parks. Master plans have been created for many of the City's parks. These master plans are the basis for the Parks & Recreation Department's 10-year capital improvements program, which schedules major improvements for parks, trails and facilities, such as the City's football stadium.

In addition to improving existing parks, citizens support the provision of indoor recreational facilities, additional neighborhood parks, facilities for teens and expansion of the City's greenway system.

Greenways

Citizens place particular emphasis on protecting existing open space and expanding the City's greenway system. The City should continue to expand its greenway system to extend and create additional connections to the James River Heritage Trail, the Blackwater Creek Natural Area and trails along other City streams. Restoring, preserving and protecting sensitive natural environments along the City's streams is likely to be a high priority in the City's comprehensive water quality plan. The City's Parks & Recreation Department should coordinate greenway trail efforts with water quality initiatives and the City's bikeway improvement plans.

Additionally, greenway planning efforts should be coordinated with the development review process to facilitate efforts to purchase or accept donations of open space in fee simple or by easement. To maximize planning efforts and develop a comprehensive greenway system, the City should coordinate its greenway planning efforts with on-going regional efforts.

Water Recreation

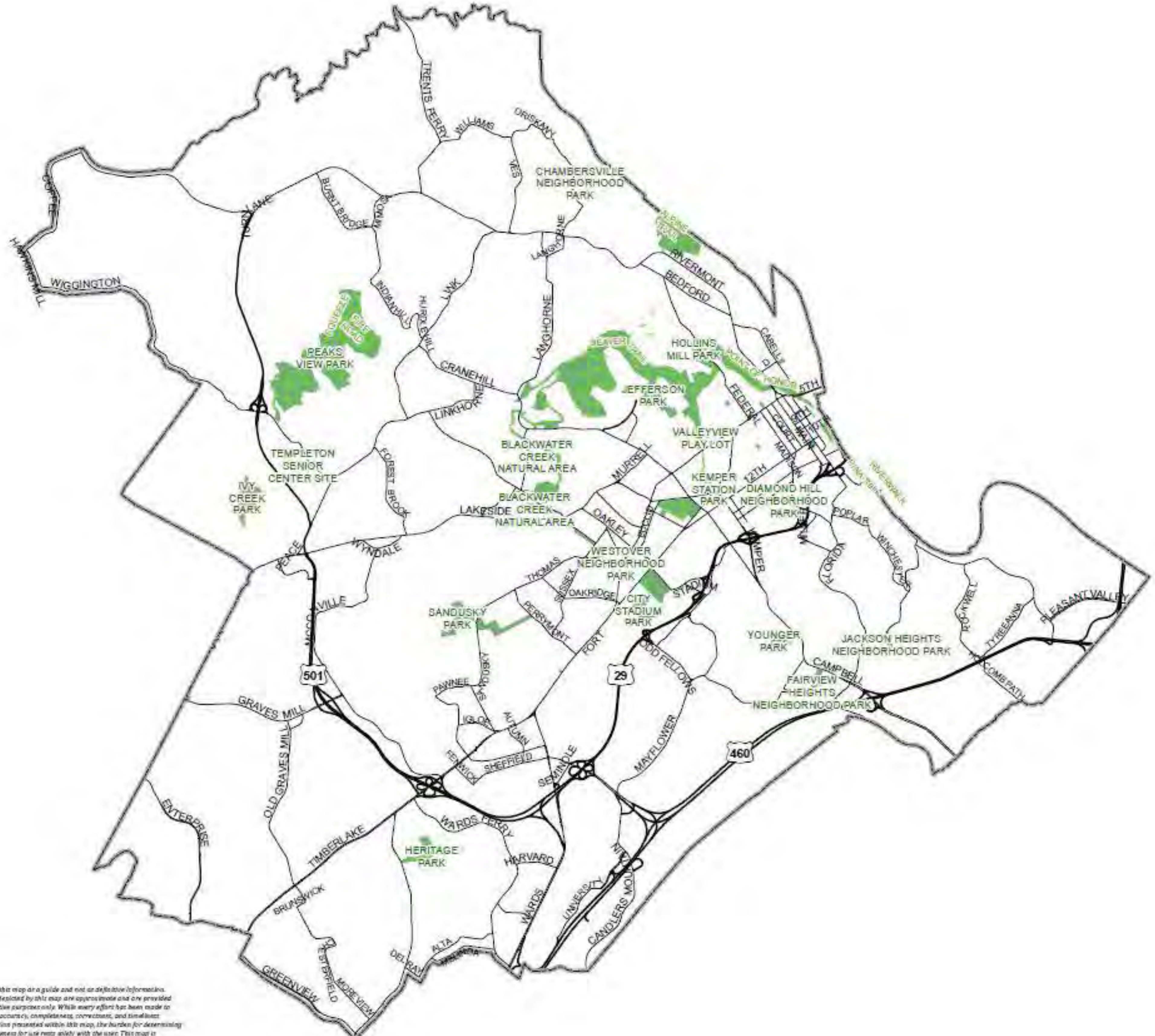
Citizens attending the public forums also favored water recreation and improved access to the James River. Connected to this interest in the James River was support for the recreational and community event spaces of the *Downtown and Riverfront Master Plan 2000*.

Funding

Additional sources of funding, both public and private, must be explored in order to pay for all the recommended park and recreation improvements, as well as maintenance and operations costs. The City needs to evaluate fee structures on an annual basis to ensure delivery of quality recreational programs and to seek funds from all available state and federal resources to support facility and program improvements. The City should also pursue donations and sponsorships from private individuals, businesses, industries, and others.

Exhibit 11-1
Parks & Recreation

September 2013



Trails
Park
Highway
Major Arterial
Minor Arterial
Collector

Please use this map as a guide and not as definitive information. The areas depicted by this map are approximate and are provided for illustrative purposes only. While every effort has been made to ensure the accuracy, completeness, correctness, and timeliness of information presented within this map, the burden for determining appropriateness for use rests solely with the user. This map is provided "as is" without warranties, express or implied.

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Planning Works

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Chapter 12: Transportation

Chapter Overview

The City of Lynchburg lies at a significant crossroads of major traffic corridors within the State of Virginia. The Heartland Corridor, which includes US Route 460 is considered a corridor of statewide significance. Nevertheless, Lynchburg is the largest metropolitan area in the Commonwealth without interstate access. Primary highways to the City include US Route 29, US Route 460 and US Route 501. Historically, these traffic corridors have been focused on routing traffic through the City of Lynchburg rather than around it. Such traffic patterns and trends can have profound impacts, both positive and negative, on neighborhoods, corridors, and the economic viability of the City and the region.

The City also has a long history of providing mass transit for its residents, beginning in the 1890s. Today, the Greater Lynchburg Transit Company (GLTC) provides bus service from a central hub at the Plaza Shopping Center.

During the development of this Plan, public input on transportation issues focused principally on certain specific aspects of the existing and projected transportation system: "gateway" issues related to the US Route 29 bypass and its effect on access to downtown and the City in general; isolated areas of congestion during high traffic periods; neighborhood traffic levels; integration of various alternative transportation modes including rail, transit, bicycle, and pedestrian; access to the City's historic and cultural resources using the various transportation modes; and aesthetic design standards for street and other transportation improvements.

The City recognizes the critical relationship between transportation, and land use planning. The primary goals of this transportation element are to provide the citizens of Lynchburg with safe, efficient, effective, and well planned transportation systems and facilities that are sustainable, enhance economic development and redevelopment opportunities and preserve the integrity and character of the affected neighborhoods, historic districts, and natural areas.

This chapter includes:

- Guiding principles to provide a vision for the City of Lynchburg's transportation policies and support decision making;
- The City's Better Streets policy;
- The Transportation Improvements Map (see Exhibit 12-1) to identify needed transportation system improvements;
- A description of the interrelated regional and local transportation planning programs; and
- Discussions of design issues related to different elements of the City's transportation system.

Guiding Principles for Transportation

Consistency. Transportation planning efforts shall be coordinated with and directed toward implementing the goals of this Comprehensive Plan. The City acknowledges the unique character of the City's many neighborhoods and the corresponding need to protect this character by ensuring that transportation projects fit into and enhance the neighborhoods in which they are located. The Plan is also consistent with VTrans2035 (Virginia’s Long-Range Multimodal Transportation Plan) and the Commonwealth’s Six-Year Improvement Plan (SYIP).

Multi-modal Support. The City supports the expansion of modal choices for residents with different needs and preferences. It also recognizes the importance of coordinating design to provide connectivity between modes and to ensure safety for motorists, transit riders, bicyclists and pedestrians. The City is in the process of preparing Multimodal System Design Guidelines to support its Better Streets policy and help achieve the goals of VTrans2035 Corridors of Statewide Significance.

Connectivity. The City supports improved connectivity between neighborhoods and the uses served by those neighborhoods to facilitate mobility between the places where residents live, work and play.

Efficiency. The City will capitalize on current investments in the system through effective maintenance and management while targeting funding for improvements that contribute the most to the safe and efficient movement of people and goods.

System Design. The City of Lynchburg Transportation Policy shall endeavor to create a safe, sustainable, connected and efficient transportation system that preserves the City's character and history.

Better Streets Policy

A Better Street in Lynchburg combines the principles of Complete Streets and Green Streets, and meets multiple Comprehensive Plan goals by improving the quality of life in Lynchburg for all citizens. Lynchburg’s Better Streets will be designed and built to strike a balance between all users, regardless of physical abilities or mode of travel. They will attend the needs of people first, prioritizing pedestrians, bicyclists, transit, street trees, stormwater, utilities, and livability, as well as vehicular circulation and parking. Through this policy, the City of Lynchburg intends to ensure that all agencies within the City shall routinely plan, fund, design, construct, operate, and maintain its streets according to this

Better Streets serve all modes of transportation and are designed to support the delivery of all services while enhancing neighborhood character, providing sustainable infrastructure, improving energy efficiency, improving stormwater quality and protecting natural resources.

Source: Complete Streets flickr photostream

Comprehensive Plan, the TMP, the Multi-Modal System Design Guidelines, the Region 2000 Bike Plan, and best practices in environmental planning and pedestrian-oriented, multimodal street design.

In support of the Better Streets Policy, the City of Lynchburg will develop and adopt Multimodal System Design Guidelines and evaluate the need for established processes to aid implementation.

By adopting this policy in Comprehensive Plan, the City of Lynchburg:

- Affirms its commitment to improve both Lynchburg's image and its transportation system function by providing a safe and attractive environment for street users of all ages and abilities such as pedestrians, bicyclists, transit riders and motorists.
- Recognizes that the development of pedestrian, bicycle, transportation, and stormwater infrastructure supports The Region 2000 Bike Plan and the City's Comprehensive Plan goals because it increases accessibility, enhances recreational opportunities, reduces effects of human activity on the environment and provides well-designed streetscapes, thus promoting a high quality of life for all citizens.
- Appreciates the positive role that good pedestrian, bicycle and transit facilities play in attracting population growth and sustainable economic development.
- Values the long-term cost savings of developing pedestrian, bicycle, and green stormwater infrastructure as they relate to improved public health and environmental quality, improved environmental stewardship, reduced fuel consumption, and the decreased demand for motor vehicle infrastructure.
- Recognizes that Better Streets may be achieved through single projects or incrementally through a series of smaller improvements or maintenance activities over time, or projects requiring rebuilding of transportation facilities, and that transportation-related funding sources be drawn upon to implement Better Streets.
- Intends to maximize the number of transportation options available within the public right-of-way.
- Recognizes that Green Streets offer the capability of transforming a significant stormwater and pollutant source into an innovative treatment system. Green Streets optimize the performance of public space and will allow the city to coordinate the implementation of stormwater control efforts in meeting water quality goals.

Transportation Planning Coordination

The primary mechanism for transportation planning in the region is the Long Range Transportation Plan (LRTP). Developed and updated by the Central Virginia Metropolitan Planning Organization (CVMPO), the LRTP includes the City of Lynchburg and the urbanized areas surrounding the City. Identified transportation needs for the metropolitan area that can be funded within the next 25 years, based on needs assessments performed every five years, are outlined in the fiscally constrained portion of the LRTP (referred to as the "Constrained Long Range Plan"). Computer models of the metropolitan area's growth patterns, as well as traffic forecasts, serve as the foundation for the needs assessment, The LRTP includes projects for streets, transit, bicycle and pedestrian facilities, air transportation, passenger rail service and the movement of freight. Virginia's Region 2000 Local Government Council (Region 2000), the Virginia Department of Transportation CVDOT), the Virginia Commonwealth Transportation Board (CTB), the Virginia Department of Rail and Public Transportation (VDRPT), the Federal Highway Administration (FHWA) and the other Region 2000 communities are also heavily involved in the regional transportation planning process.

The LRTP is implemented through the Transportation Improvement Plan (TIP). This is a six-year plan that includes both priorities and funding for projects identified in the LRTP, the City of Lynchburg's Capital Improvement Program, the Central Virginia Transportation Improvement Program (CVTIP) and the Commonwealth's Six-year Improvement Program (SYIP). Once a project has been included in one or more of these documents, it is scheduled for implementation.

One focus of this Transportation Element is to improve the level of communication between the City and transportation authorities and to influence transportation initiatives affecting the City.

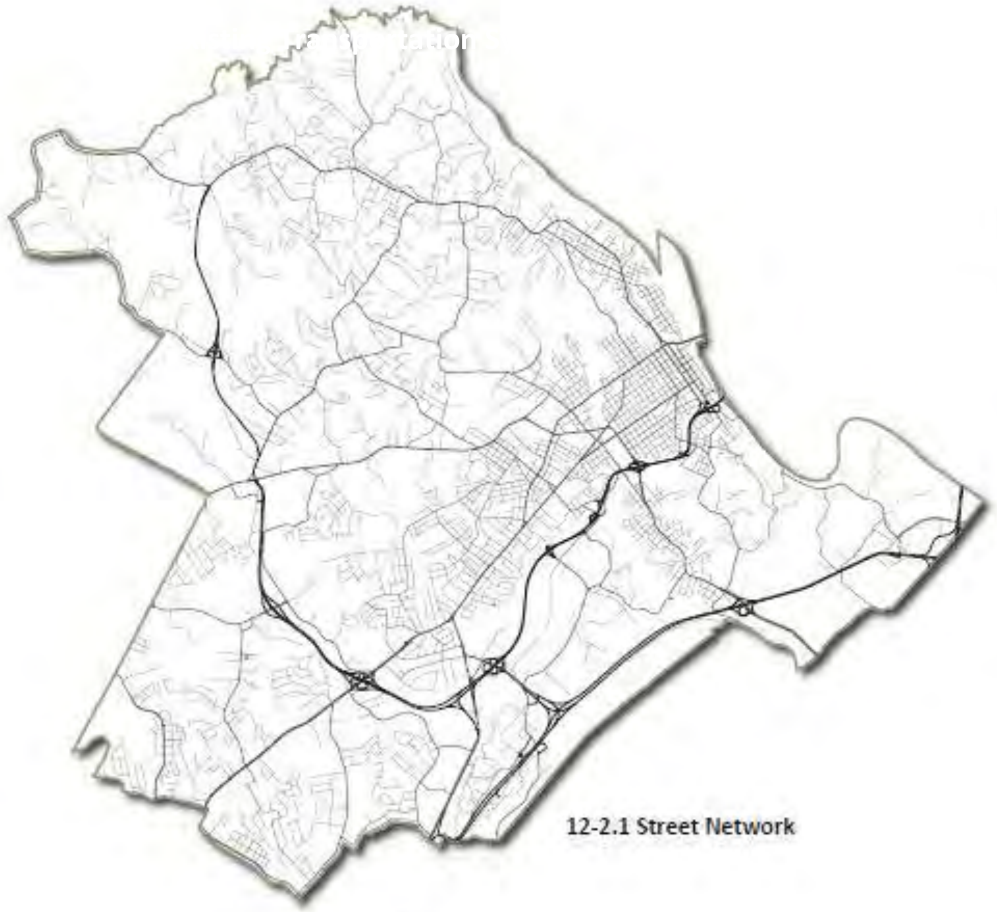
The City will continue to participate in regional transportation planning efforts, collaborating with the CVMPO, Region 2000 and the Region 2000 communities, VDOT, the GLTC and the Lynchburg Regional Airport Authority.

Transportation Improvements

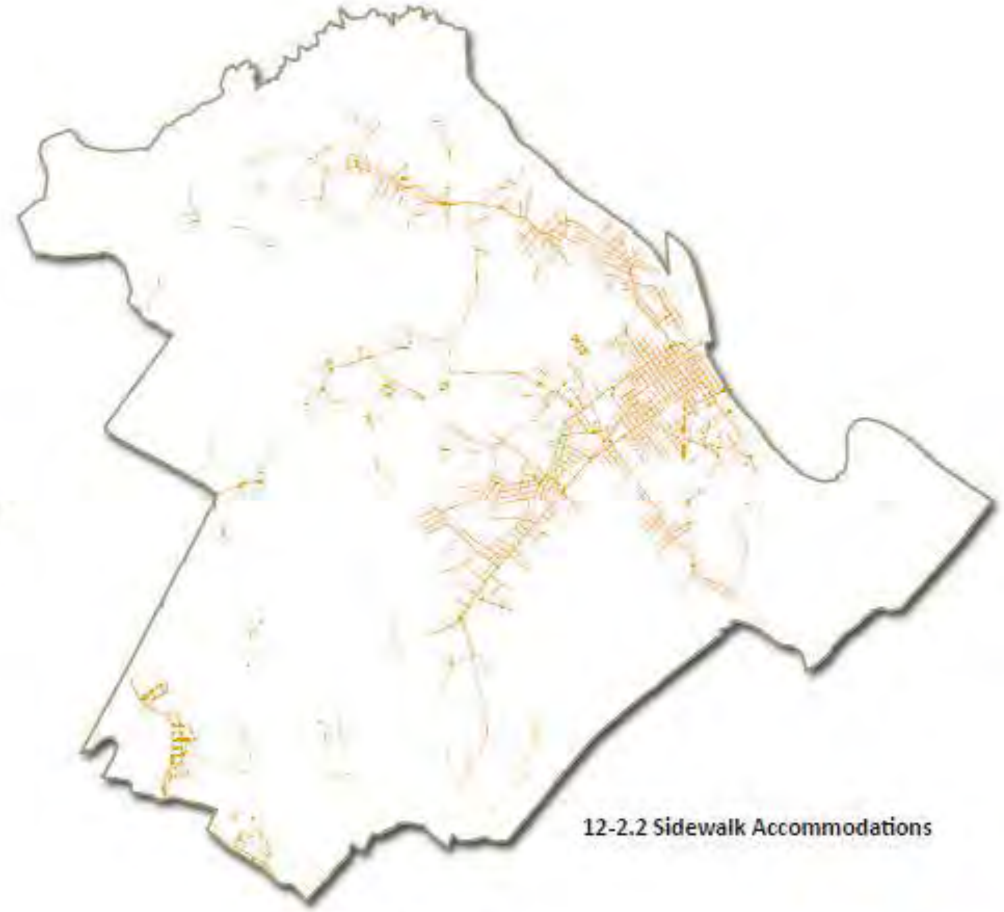
Exhibit 12-1 is an illustrated inventory of the existing transportation system, distinguishing transportation improvements by type. Exhibit 12-2 distinguishes streets based on their function in the system. Exhibit 12-3 lists planned transportation system improvements, their costs and their funding status. Exhibit 12-4 maps planned transportation improvements. These improvements include upgrades to existing streets, intersections and interchanges, bicycle and pedestrian trails, new street connections and other capital projects. Together, these exhibits are intended to be used and updated on an annual basis to reflect the City’s accomplishments, as well as its capital improvement priorities and resources. The City should monitor traffic conditions and evaluate significant development initiatives such as the potential convention center to identify the need for future updates.

Exhibit 12-1
Transportation Inventory
September 2013

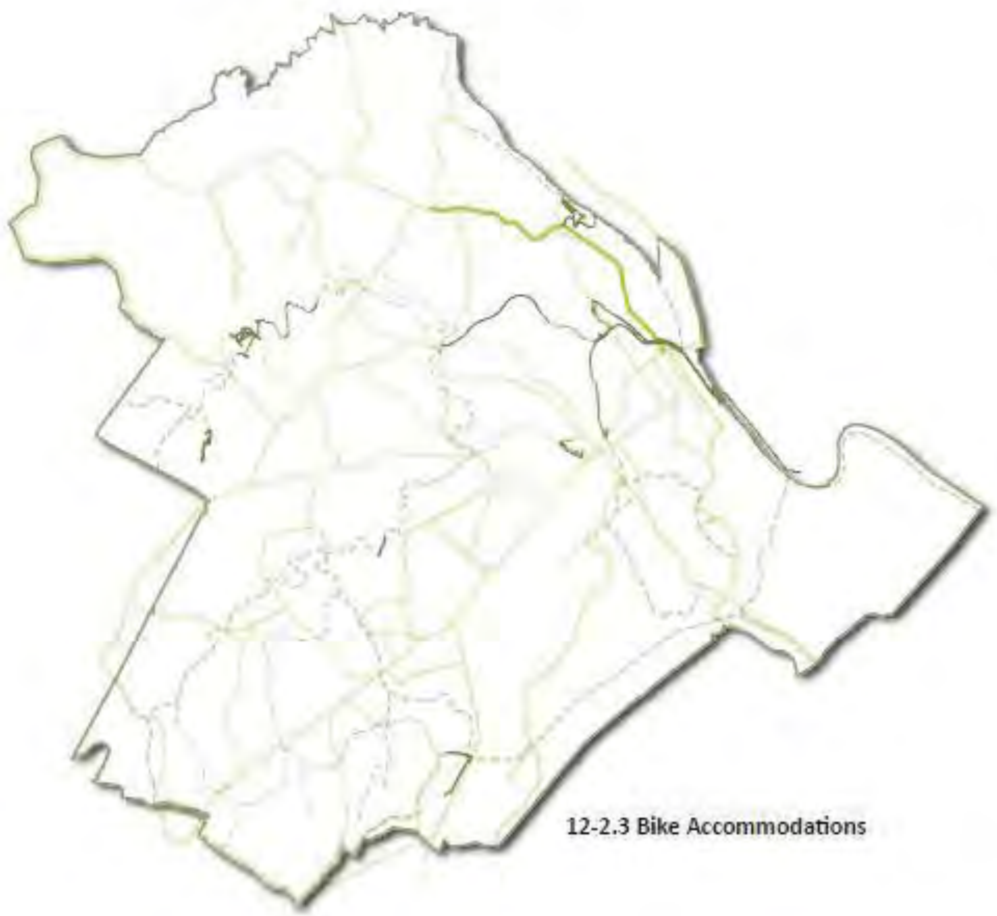
- Streets
- Sidewalks
- Bus Routes *(color varies)*
- Existing On-road Bicycle Facility
- Existing Multi-use Trail
- Proposed On-road Bicycle Facility
- Proposed Multi-use Trail



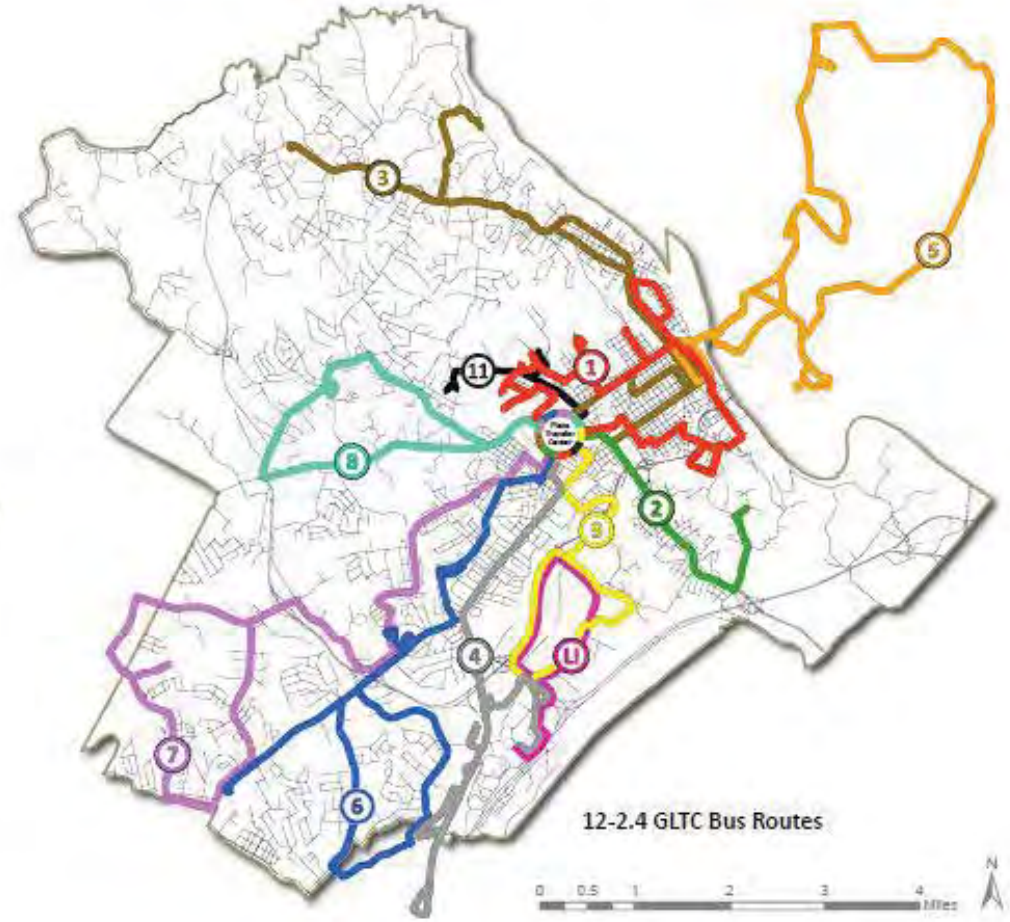
12-2.1 Street Network



12-2.2 Sidewalk Accommodations



12-2.3 Bike Accommodations



12-2.4 GLTC Bus Routes

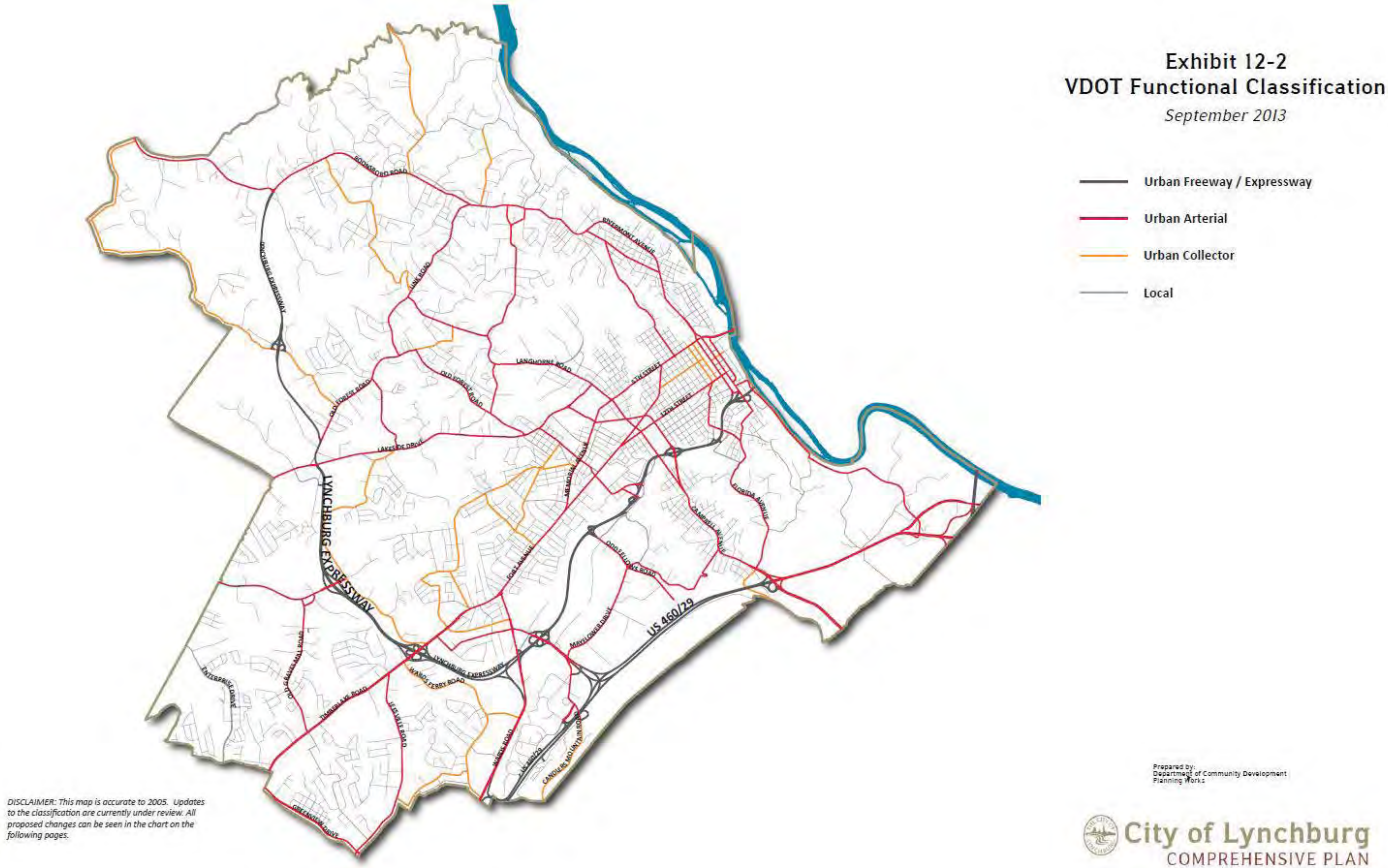


Exhibit 12-2
VDOT Functional Classification
September 2013
Urban Freeway / Expressway
Urban Arterial
Urban Collector
Local
LYNCHBURG EXPRESSWAY
US 460/29
LANGHORNE ROAD
LAKESIDE DRIVE
BOONSBORO ROAD
DISCLAIMER: This map is accurate to 2005. Updates to the classification are currently under review. All proposed changes can be seen in the chart on the following pages.
Prepared by:
Department of Community Development
Planning Works
City of Lynchburg
COMPREHENSIVE PLAN
Planning for the Future 2013-2030

Note: the existing transportation system inventory on the previous page does not yet reflect the following list of changes adopted by the MPO. When the MPO approved changes have been approved by VDOT, the Existing Transportation System Inventory map on the previous page will be updated.

Functional Classification Changes with VDOT and CVMPO Comments

Jurisdiction	Route #	Route Name	From	To	Length	Exist. Class	Prop. Class	Reason	Locality Recommendation	Locality Comments	CVMPO/ VDOT Lynchburg District Recommendation
Lynchburg	967	8TH STREET	COURT STREET	PARK AVENUE	0.6	Major Collector	Minor Collector	Lower CI score; lower volume			Minor Collector
Lynchburg	964	9TH STREET	CHURCH STREET	JEFFERSON STREET	0.2	Major Collector	Minor Collector	Lower CI score; lower volume			Minor Collector
Lynchburg	501	BOONSBORO ROAD	LYNCHBURG EXPRESSWAY	WCL LYNCHBURG	1.8	Other Principal Arterial	Minor Arterial	Principal Arterial must form a closed loop			Minor Arterial
Lynchburg	501	CAMPBELL AVENUE	SCL LYNCHBURG	RTE 460 NORTH	1.1	Other Principal Arterial	Minor Arterial	Principal Arterial must form a closed loop			Minor Arterial
Lynchburg	911	COMMERCE STREET	5TH STREET	MAIN STREET	0.6	Minor Arterial	Major Collector	Lower CI score	Minor Arterial	Our main truck route downtown, volumes likely down due to downtown construction, connects the City to Amherst and Campbell counties..	Minor Arterial
Lynchburg	912	CONCORD TURNPIKE	JEFFERSON STREET	RTE 460 BYPASS	2.9	Minor Arterial	Major Collector	CI score; volume	Minor Arterial	Our main connection from the City to the Tyreanna/Pleasant valley area and connecting to 460/29, again a major truck route providing relief to 460/29 and connection of Campbell and Amherst Counties.	Minor Arterial
Lynchburg	913	COURT STREET	5TH STREET	12TH STREET	0.5	Major Collector	Minor Collector	Lower CI score			Minor Collector
Lynchburg	914	CRANEHILL DRIVE	LINK ROAD	LANGHORNE ROAD	1.0	Minor Arterial	Major Collector	CI score			Major Collector
Lynchburg	915	EDGEWOOD AVENUE	FORT AVENUE	WARDS ROAD	0.7	Major Collector	Minor Collector	Volume; CI score			Minor Collector
Lynchburg	916	ELDON STREET	LANGHORNE LANE	MEMORIAL AVENUE	0.1	Major Collector	Minor Collector	Volume; CI score			Minor Collector
Lynchburg	918	FEDERAL STREET	HOLLINS MILL ROAD	5TH STREET	0.4	Minor Arterial	Major Collector	Volume; CI score			Major Collector
Lynchburg	919	FENWICK DRIVE	FORT AVENUE	SHEFFIELD DRIVE	0.2	Minor Arterial	Minor Collector	CI score; volume; continuity with network			Minor Collector
Lynchburg	920	FLORIDA AVENUE	MAIN STREET	CAMPBELL AVENUE	2.2	Minor Arterial	Major Collector	Lower CI score; lower volume; continuity in network	Minor Arterial	Again a major truck route and major connection from Campbell County to downtown Lynchburg beginning at 460/29/501.	Minor Arterial
Lynchburg	921	FOREST BROOK ROAD	OLD FOREST ROAD	LAKESIDE DRIVE	0.9	Minor Arterial	Major Collector	Continuity with network			Major Collector
Lynchburg	922	FORT AVENUE	PARK AVENUE	12TH STREET	0.4	Minor Arterial	Major Collector	CI score; volume	Minor Arterial	This will be shortly reconnected to the balance of Fort avenue due to the ongoing construction; volumes will increase significantly when the new road opens.	Minor Arterial
Lynchburg	923	GRACE STREET	12TH STREET	FLORIDA AVENUE	0.9	Minor Arterial	Major Collector	Lower CI score; lower volume; continuity in network			Major Collector
Lynchburg	927	HARVARD STREET	WARDS FERRY ROAD	WARDS ROAD	0.4	No Change	No Change	Match adjacent link; high volume			No Change
Lynchburg	929	HILL STREET	OLD FOREST ROAD	LANGHORNE ROAD	0.6	Minor Arterial	Major Collector	CI score; volume			Major Collector
Lynchburg	930	HOLLINS MILL ROAD	BEDFORD AVENUE	FEDERAL STREET	1.2	Minor Arterial	Major Collector	Volume; CI score			Major Collector
Lynchburg	933	JEFFERSON STREET	9TH STREET	WASHINGTON STREET	0.4	Major Collector	Minor Collector	Lower CI score; lower volume			Minor Collector
Lynchburg	936	LANGHORNE LANE	RICHMOND ST	ELDON STREET	0.1	Major Collector	Minor Collector	Volume; CI score			Minor Collector

Jurisdiction	Route #	Route Name	From	To	Length	Exist. Class	Prop. Class	Reason	Locality Recommendation	Locality Comments	CVMPO/ VDOT Lynchburg District Recommendation
Lynchburg	968	LANGHORNE ROAD	RIVERMONT TERRACE	RIVERMONT AVENUE	0.3	Minor Arterial	Major Collector	CI score; volume	Minor Arterial	Still part of the connection to Rivermont, volumes on this stretch are increasing.	Minor Arterial
Lynchburg	969	LONG MEADOWS DR	FORT AVENUE	PAWNEE DRIVE	0.7	Major Collector	Minor Collector	Volume; CI score			Minor Collector
Lynchburg	501	LYNCHBURG EXPRESSWAY	BOONSBORO ROAD	BOONSBORO ROAD	0.1	Other Freeway or Expressway	Minor Arterial	Downgrade prior to at grade intersection			Minor Arterial
Lynchburg	940	MAIN STREET	LYNCHBURG EXPRESSWAY	FLORIDA AVENUE	0.3	Minor Arterial	Major Collector	Lower CI score; lower volume; continuity in network	Minor Arterial	This portion connects Florida Ave to the balance of Main St. and also to Commerce St. again part of the truck route here in the City connecting Campbell and Amherst counties through the City.	Minor Arterial
Lynchburg	941	MARTIN STREET	CAMPBELL AVENUE	ECL LYNCHBURG	0.6	Major Collector	Minor Collector	Volume			Minor Collector
Lynchburg	128	MAYFLOWER DRIVE	ODD FELLOWS ROAD	CAMPBELL AVENUE	1.3	Minor Arterial	Major Collector	Volume	Minor Arterial	Major truck route from the new Oddfellows interchange to Campbell Ave. Will be a parallel reliever to 460 when the interchange opens. Connects to industrial park and major recycling facility, both large truck producers to and from other communities.	Minor Arterial
Lynchburg	947	ODD FELLOWS ROAD	MAYFLOWER DRIVE	DEAD END	0.7	Minor Arterial	Major Collector	CI score; volume	Minor Arterial	This piece will connect the new interchange on 460 to the expressway and Mayflower Dr. Will be a major truck and economic development corridor for Liberty and the City volumes already increasing significantly.	Minor Arterial
Lynchburg	946	OLD GRAVES MILL ROAD	GRAVES MILL ROAD	TIMBERLAKE ROAD	1.7	Minor Arterial	Major Collector	CI score	Minor Arterial	Significant volumes and provides connection from Campbell County through the city to Bedford County.	Minor Arterial
Lynchburg	948	PARK AVENUE	KEMPER STREET	5TH STREET	0.7	Minor Arterial	Major Collector	CI score; volume	Minor Arterial	Connects the new midtown connector, the Expressway and Memorial Ave. to the City multi-modal facilities (rail, interstate transit and local transit), volumes will increase significantly upon completion of the midtown project.	Minor Arterial
Lynchburg	949	PAWNEE DRIVE	LONG MEADOWS DRIVE	SANDUSKY DRIVE	0.3	Major Collector	Minor Collector	Volume; CI score			Minor Collector
Lynchburg	977	PLEASANT VALLEY RD	CONCORD TNPK	ECL LYNCHBURG	0.8	Minor Arterial	Major Collector	CI score; volume			Major Collector
Lynchburg	460	RICHMOND HIGHWAY	RTE 501 SOUTH	RTE 501 SOUTH	0.1	Other Principal Arterial	Other Freeway or Expressway	Downgrade just prior to at grade intersection or driveway			Other Freeway or Expressway
Lynchburg	952	RIVERMONT AVENUE	BEDFORD AVENUE WEST	BEDFORD AVENUE EAST	1.0	Minor Arterial	Major Collector	Volume; not path of travel	Minor Arterial	Connects Bedford County via 501 to the City and west to I-81 volumes are down due to CSO construction over the past year.	Minor Arterial
Lynchburg	954	SHEFFIELD DRIVE	FENWICK DRIVE	WARDS ROAD	0.7	Minor Arterial	Minor Collector	CI score; volume; continuity with network			Minor Collector
Lynchburg	970	SUSSEX STREET	PERRYMONT AVENUE	THOMAS ROAD	0.8	Major Collector	Minor Collector	Volume; CI score			Minor Collector
Lynchburg	971	UNIVERSITY BOULEVARD	CANDLERS MOUNTAIN ROAD	LIBERTY MOUNTAIN ROAD	0.4	Minor Arterial	Minor Collector	downgrade minor arterial for better continuity	Minor Arterial	Connects the City and 460 to Liberty University - a growing campus of 12000+ students with significantly increasing volumes.	Minor Arterial
Lynchburg	959	WASHINGTON STREET	MAIN STREET	JEFFERSON STREET	0.1	Minor Arterial	Major Collector	CI score; volume	Minor Arterial	Part of the truck route connection from Campbell County and us 460 via Concord Turnpike through the City to Amherst County.	Minor Arterial
Lynchburg	NA	Regents Pkwy	Demoss Dr	Wards Rd	0.1	Local	Minor Collector	upgrade local due to Liberty University			Minor Collector
Lynchburg	NA	13th St	Floyd St	Fillmore St	0.1	Local	Minor Collector	Access to school			Minor Collector

Jurisdiction	Route #	Route Name	From	To	Length	Exist. Class	Prop. Class	Reason	Locality Recommendation	Locality Comments	CVMPO/ VDOT Lynchburg District Recommendation
Lynchburg	NA	Turn Lane	Boonsboro Rd	PFC Desmond Moss Mem	0.1	Local	Minor Collector	Downgrade prior to at grade intersection.			Minor Collector
Lynchburg	NA	Atherholt Rd	Dead End	Tate Springs Rd	0.8	Local	Minor Collector	Traffic generator - hospital			Minor Collector
Lynchburg	NA	Berkshire Pl	Sheffield Dr	Glenfield Dr	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Bradley Dr	Odd Fellows Rd	Mayflower Dr	0.6	Local	Minor Collector	Traffic generator - industry			Minor Collector
Lynchburg	NA	Breckenbridge St	Jubal St	College Dr	0.1	Local	Minor Collector	Traffic generator - Lynchburg College			Minor Collector
Lynchburg	NA	Caroline St	Hillcrest Ave	Smyth St	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Carroll Ave	Exit 6/Carroll Ave	On Ramp/ Carroll Ave	0.1	Local	Minor Collector	Continuity and connect ramps			Minor Collector
Lynchburg	NA	Carroll Ne In N Rd	Carroll Ave	Lynchburg Expwy	0.1	Local	Other Frwy/Expwy	Classify ramp			Other Frwy/Expwy
Lynchburg	NA	Church St	Pearl St	Church St	0.1	Local	Minor Arterial	Continuity			Minor Arterial
Lynchburg	NA	College Dr	Lakeside Dr	Vernon St	0.4	Local	Minor Collector	Traffic generator - Lynchburg College			Minor Collector
Lynchburg	NA	College St	McCausland St	Vernon St	0.3	Local	Minor Collector	Traffic generator - Lynchburg College			Minor Collector
Lynchburg	NA	Concord Tpke	Pleasant Valley Rd	Richmond Hwy	0.2	Local	Major Collector	Continuity with network; finish connection			Major Collector
Lynchburg	NA	Demoss Dr	Regents Pkwy	University Blvd	0.4	Local	Minor Collector	upgrade local due to Liberty University			Minor Collector
Lynchburg	NA	Dunbar Dr	Federal St	Monroe St	0.2	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Enterprise Dr	Bedford CL	Campbell CL	1.5	Local	Major Collector	Traffic generators - businesses			Major Collector
Lynchburg	NA	Federal St	Dunbar Dr	12th St	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Fillmore St	13th St	12th St	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Floyd St	13th St	12th St	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Glenfield Dr	Berkshire Pl	Kenwood Pl	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Grayson St	Bedford Ave	Monsview Pl	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Harvey St	Poplar St	High St	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Hillcrest Ave	Caroline St	Langhorne Rd	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Holcomb Path Rd	Richmond Hwy	Campbell CL	0.5	Local	Minor Collector	CI score			Minor Collector
Lynchburg	NA	Jefferson Ridge Pkwy	Lynchpin Ln	Lakeside Dr	1.0	Local	Minor Collector	Traffic generator - industry			Minor Collector
Lynchburg	NA	John Capron Rd	Mayflower Dr	Dead End	0.4	Local	Minor Collector	Traffic generator - industry			Minor Collector
Lynchburg	NA	Kenwood Pl	Glenfield Dr	Fenwick Dr	0.2	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Locksview Rd	Locksview Rd	Trents Ferry Rd	0.8	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Mansfield Ave	Talbot St	Oakley Ave	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	McCausland St	Thomas Rd	College St	0.1	Local	Minor Collector	Traffic generator - Lynchburg College			Minor Collector

Jurisdiction	Route #	Route Name	From	To	Length	Exist. Class	Prop. Class	Reason	Locality Recommendation	Locality Comments	CVMPO/ VDOT Lynchburg District Recommendation
Lynchburg	NA	Miller St	Grace St	Exit 2	0.1	Local	Major Collector	Continuity with network; connect ramp			Major Collector
Lynchburg	NA	Monocan Ln	Dead End	Sanhill Dr	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Monroe St	12th St	Dunbar Dr	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Monsview Pl	Fauquier St	Grayson St	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Monticello Ave	Bristol St	Lakeside Dr	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Morningside Dr	Indian Hill Rd	McGuffey Ln	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Murray Pl	Odd Fellows Rd	Candlers Mtn Rd	1.4	Local	Minor Collector	Traffic generator - industry			Minor Collector
Lynchburg	NA	Nationwide Dr	Peggy Bowen Dr	McConville Rd	0.1	Local	Minor Collector	Traffic generator - health service building			Minor Collector
Lynchburg	NA	Poplar St	Florida Ave	Harvey St	0.2	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Robins Rd	Grace St	Exit 2	0.1	Local	Major Collector	Continuity with network; connect ramp			Major Collector
Lynchburg	NA	Sanhill Dr	Monocan Ln	Pawnee Dr	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Seabury Ave	Campbell Ave	Dead End	0.3	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Shawnee Ln	Dead End	Sanhill Dr	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Smyth St	1st St	Caroline St	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	Stadium Sw Ex S Rp	Lynchburg Expwy	Stadium Rd	0.1	Local	Other Frwy/Expwy	Classify ramp			Other Frwy/Expwy
Lynchburg	NA	Tate Springs Rd	Tate Springs Rd	Langhorne Rd	0.2	Local	Minor Collector	Traffic generator - hospital			Minor Collector
Lynchburg	NA	Turn Lane	Pawnee Dr	Sanhill Dr	0.1	Local	Minor Collector	Access to school			Minor Collector
Lynchburg	NA	University Blvd	Demoss Dr	Liberty Uni. Dr	0.3	Local	Minor Collector	upgrade local due to Liberty University			Minor Collector
Lynchburg	NA	Vernon St	College St	Richmond St	0.1	Local	Minor Collector	Traffic generator - Lynchburg College			Minor Collector
Lynchburg	NA	Williams Rd	Trents Ferry Rd	VES Rd	0.7	Local	Major Collector	Continuity with network			Major Collector
Lynchburg	NA	Church St	Church St	12th St	0.1	Local	Minor Arterial	Continuity			Minor Arterial

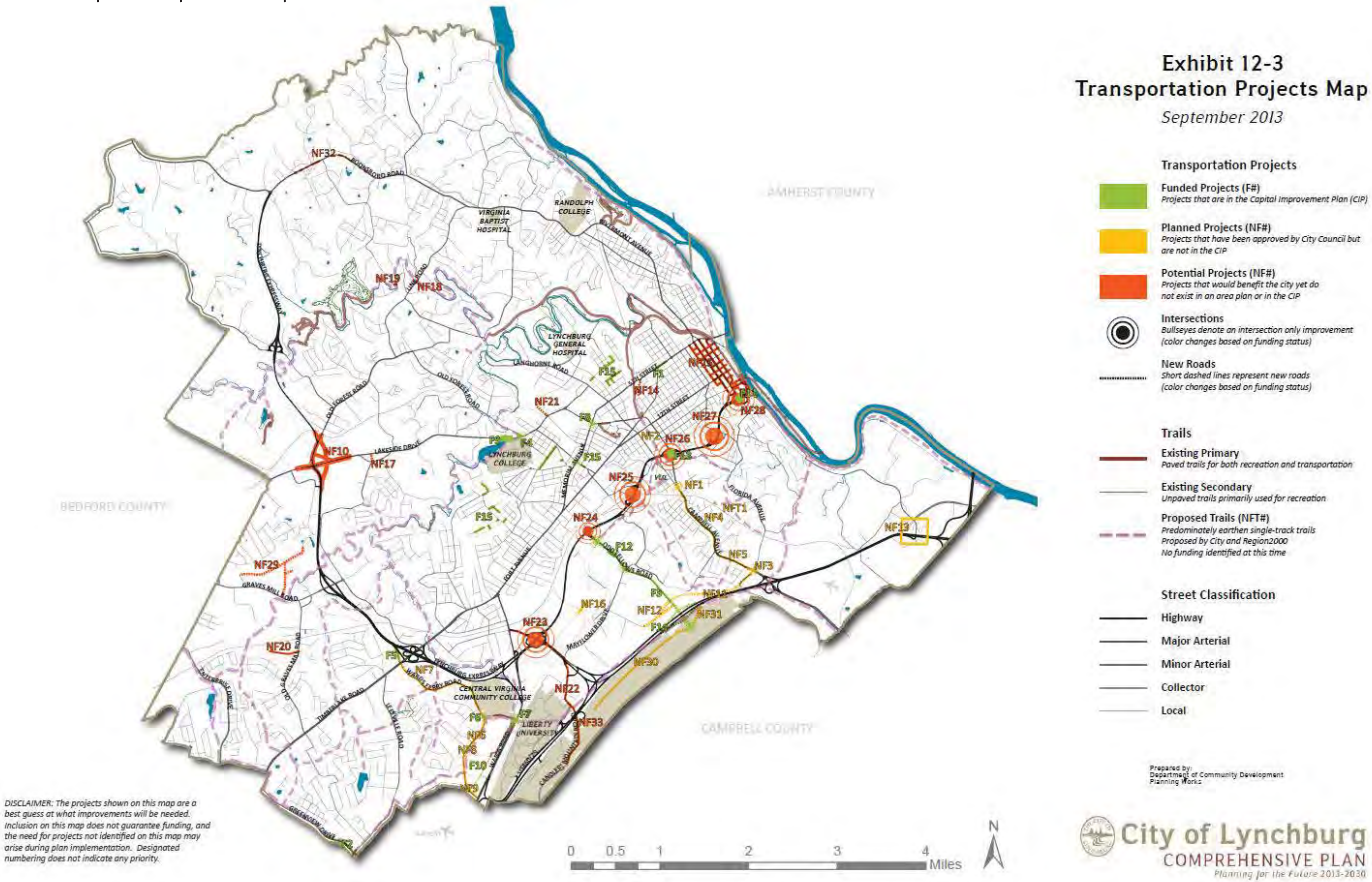
Additional Comments:

- (Lynchburg) Enterprise Dr. connecting Campbell County through the City to Bedford County with significantly increasing volumes.
- Connects 221 through Enterprise Dr. to 460 businesses then through Greenview Drive to 460/29.
- (Lynchburg) Coffee Rd. from the City out into Bedford County connecting 501 to 221 to 43 to 81 and beyond.

Exhibit 12-3: Transportation Improvements List

Project Number	Estimated Cost	Project Description	Notes
Number Does Not Indicated Project Priority	Rough Estimates In 2013 Dollars		(Colors Relate to Project Status on the Following Map)
Funded Projects (in CIP)			
F1	$1,000,000	5th Street Phase III	Streetscape Improvements Jackson Street to Taylor Street
F2	$14,000,000	Greenview Drive / Leesville Road Intersection Improvements.	4 Lane from City Limits to existing 4 lane.
F3	$13,000,000	Odd Fellows Road Improvements	Roundabouts at Odd Fellows Road / Mayflower Drive and Albert Lankford Drive / Murray Place
F4	$1,600,000	Lakeside Drive / College Drive Roundabout and Pedestrian Improvements	
F5	$3,765,000	Timberlake Road at Logans Lane / Wards Ferry Road Ramp Realignment	
F6	$1,100,000	Wards Ferry Road / Harvard Street Roundabout	
F7	$ 750,000	Wards Road / Harvard Street Turn Lane / Signal Improvements	
F8	$1,750,000	Memorial Avenue / Lakeside Drive / Park Avenue Intersection Improvements	
F9	$ 10,000,000	College Lake Dam	
F10	$ 800,000	Wards Road Pedestrian / Bicycle Improvements Phase III	
F11	$1,700,000	Main Street Bridge Repairs	
F12	$ 690,000	Odd Fellows Road / Norfolk Southern Bridge Repair	
F13	$ 4,850,000	Kemper Street Bridge Repair	
F14	$32,000,000	Odd Fellows Road / U.S. Route 460/29 Interchange	
F15	$ 376,000	Safe Routes to School Phase I	(Dearington, T.C. Miller, Perrymont)
Nonfunded Projects (Planned and Potential)			
NF1	$ 2,500,000	Campbell Avenue Plan Phase 1	VUL Roundabout, Road Diet Construction Edmunds to Fairview, Road Diet striping to Florida
NF2	$ 1,100,000	Campbell Avenue Plan Phase 2a	VUL Rail to Trail
NF3	$2,500,000	Campbell Avenue Plan Phase 2b	Campbell/Florida Ave Roundabout
NF4	$ 1,100,000	Campbell Avenue Plan Phase 3	Road Diet Fairview to King
NF5	$ 755,000	Campbell Avenue Plan Phase 4	Road Diet King to Florida
NF6	$1,900,000	Wards Ferry Road Plan (Sidewalk / Bicycle Improvements)	
NF7	$ 683,000	Wards Ferry Road Plan (Adams Drive)	
NF8	$ 495,000	Wards Ferry Road Plan (Atlanta Avenue Turn Lanes)	
NF9	$ 66,000	Wards Ferry Road Plan (Pedestrian accomodations at Simons Run)	
NF10	$15,000,000	Lakeside Drive / Old Forest Road One Way Pairs	
NF11	$10,000,000	Odd Fellows Road / Campbell Avenue Connector	
NF12	$ 800,000	John Capron Road Extension	
NF13	$15,000,000	Tyreeanna Improvements	
NF14	$1,000,000	Buchannan Street Extension	
NF15	$22,500,000	Downtown Streetscape Improvements	in conjunction with waterline replacements
NF16	$15,000,000	Murray Place Bridge	over railroad lines
NF17	$1,500,000	McConville Road Extension	
NF18	$1,500,000	Link Road Bridge at Ivy Creek	
NF19	$1,500,000	Indian Hill Road Bridge at Ivy Creek	
NF20	$500,000	Tomahawk Industrial Park Upgrades Curb & Gutter / Sidewalk	
NF21	$1,500,000	Atherholt Road Extension	
NF22	$1,000,000	Candlers Mountain Road Improvements	
NF23	$20,000,000	Ramp Improvements Lynchburg Expressway / Candlers Mountain Road	
NF24	$20,000,000	Ramp Improvements Lynchburg Expressway / Odd Fellows Road	
NF25	$20,000,000	Ramp Improvements Lynchburg Expressway / James Street / Stadium Road	
NF26	$20,000,000	Ramp Improvements Lynchburg Expressway / Kemper Street / Campbell Avenue	
NF27	$20,000,000	Ramp Improvements Lynchburg Expressway / Miller Street / Robins Road	
NF28	$20,000,000	Ramp Improvements Lynchburg Expressway / Main Street / Church Street	
NF29	$8,000,000	Stonemill Drive / Lillian Lane Connector	
NF30	$8,000,000	Liberty University Connector West	
NF31	$1,000,000	Liberty University Connector East	
NF32	$1,000,000	Boonsboro Road Traffic Calming Measures	
NF33	$327,250	Candlers Mountain Road Sidewalks to Snoflex	
Nonfunded Trail Projects			
NFT1	$4 (earthen) - $17 (paved) /ft depending on trail type	Campbell Avenue / Odd Fellows Road Trail Network	12 miles, in Campbell Avenue | Odd Fellows Road Plan
NFT2 (long dashed purple lines on map)		Miscellaneous Proposed Trails	42 miles, from Parks & Recreation Department and Region 2000 plans

Exhibit 12-4: Transportation Improvements Map



Streetscape

Although improvements to streets primarily address capacity, safety, or efficiency issues, they are also an opportunity to create streets that are of quality design. Transportation projects within the City should include design elements such as on-street parking, street trees, landscaping, medians, traffic calming measures, narrower lanes, sidewalks, and other features that improve the quality and character of streets as appropriate. The Better Streets policy reinforces the need for quality design as well designed streetscapes can improve a city's economy, public health, environment, and accessibility, as well as establishing streets as important public spaces that define the character of the City and its neighborhoods. The policy calls for the development and adoption of Multimodal System Design Guidelines as such guidelines are a key component to creating Better Streets. Planning efforts going forward should include design standards such as these, and include standards for trails and bikeways, as well as strategies to improve safety conditions, such as developing a program to monitor high-accident intersections or streets and developing access management guidelines for development.

Pedestrian-friendly sidewalk

Multimodal System Design Guidelines

Multimodal System Design Guidelines were created by the Virginia Department of Rail and Public Transportation (DRPT) and are meant to be adapted to individual localities within the state of Virginia. The City is developing Lynchburg's Multimodal System Design Guidelines that establish short- and long-term transportation priorities that promote multi-modal ism and sustainability. The guidelines will help the City accommodate all transportation modes per the Better Streets Policy, by incorporating public transit, bicycle routes, and pedestrian routes into its larger system planning and into its sample street designs. The guidelines are intended to assist projects within City right of way by providing a vision for a street's final layout and illustrating how an individual street function within a larger multimodal transportation system. While focusing on transportation, the guidelines will also provide a catalog of infrastructure improvements that help mitigate the environment impacts of urban development (i.e. stormwater runoff) and can seamlessly be incorporated into transportation projects.

Consistently building responsible infrastructure can be a cost effective, albeit incremental, way to meet new stormwater regulations. Lynchburg's Multimodal System Design Guidelines will be an integral piece in moving Lynchburg towards being a city of Better Streets (see previous section on Better Streets).

Once approved by both the City and VDOT, the document will provide consistency between City and VDOT transportation planning efforts and help inform discussions of the updates to the LRTP, providing the City with more input as to what type of projects are needed. The guidelines will provide a technical and aesthetic basis for evaluating transportation improvements in both VDOT and non-VDOT funded improvements.

Bikeways

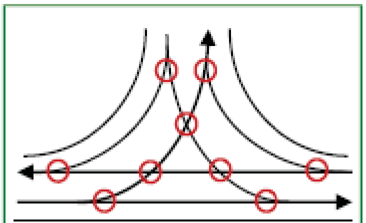
Citizens favor expanding the City's bikeway system. The Regional Bikeway Plan was adopted in October 2010 by the Region 2000 Regional Commission. The plan included off-road bicycle trails along greenways as well as on-road facilities, throughout the region. The Transportation Improvements Map in Exhibit 12-3 identifies regional and City projects contributing to the development of an interconnected system of walking and biking routes. New trails and improvements should be included in the capital improvement plan and the development review process. Bikeway planning efforts should also be included in the Metropolitan Planning Organization's Transportation Improvement Plan and in the LRTP.

Access Management

Access management is the process of providing and managing access to development while preserving the regional flow of traffic in terms of safety, capacity and speed. It is implemented through policy, statutes, administrative rules, engineering standards, ordinances, permitting, the budget process, and other mechanisms.

Streets, however, do not exist in segments; they exist as part of a whole and every island that connects to a street lowers the speed at which vehicles can travel and increases the potential for accidents and delays. Access management is one technique the City can use to reclaim the functionality and safety of the street system.

A conflict point is an area where intersecting traffic merges, diverges or crosses. They slow and sometimes stop traffic, increasing the likelihood of accidents and lower street capacity. A single driveway on a two-way street produces nine conflict points. The City should establish access management regulations and policies to increase the safety of the city street system and to preserve the capacity and efficiency by reducing existing and minimizing future conflict points.

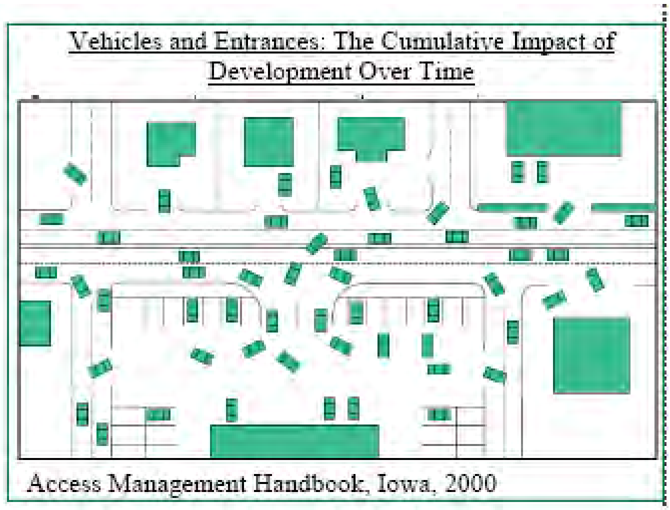


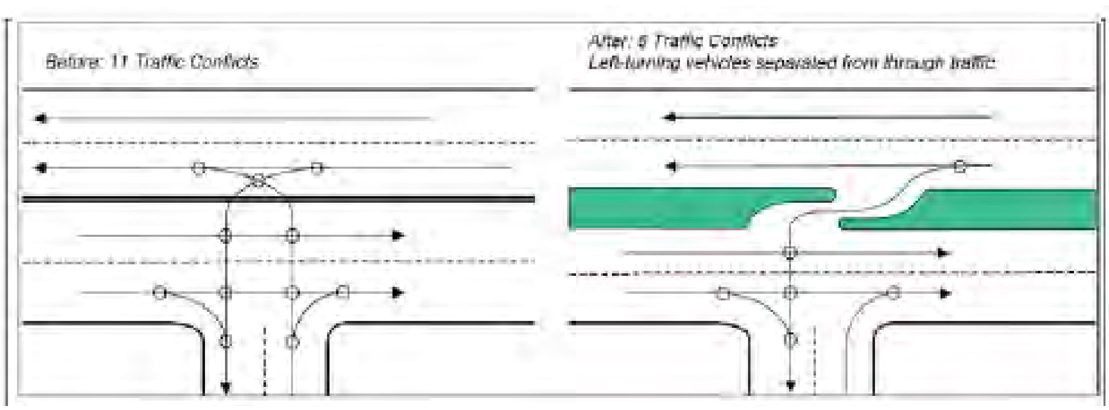
A driveway on a two-way street creates nine (9) conflict points

Some of the basic principles that are used in access management are:

1. Maintain a hierarchy of streets by function;

2. Reduce and limit the total number of conflict points;
3. Separate access points;
4. Encourage circulation between properties;
5. Limit direct access on higher speed streets;
6. Locate traffic signals, or roundabouts to facilitate traffic movement.





The above diagram compares traffic conflict points associated with a driveway on a four-lane undivided roadway and a driveway on a four lane roadway with a raised median and left turn lane. The installation of the raised median with a left turn lane eliminates five potential conflict points but also prevents left-turn egress to the driveway.

Mass Transit

The Greater Lynchburg Transit Company (GLTC) is the region's public transportation provider. It serves the City of Lynchburg, portions of Amherst County and has specific routes to accommodate the transportation needs of Liberty University. GL TC provides fixed-route and paratransit services, and through the provision of these alternative transportation modes, contributes to a more sustainable region.

Public transit removes several hundred vehicles from the region's streets on a daily basis, lowering vehicle emissions, reducing traffic congestion and providing accessible mobility options for all citizens of the region. GLTC provides over 2.3 million passenger trips annually, with Liberty University students and faculty compromising just over 1.3 million of those trips. GLTC has embarked on an aggressive fleet replacement/upgrade program to acquire hybrid diesel-electric buses and has equipped 87% of its fixed route fleet with hybrid diesel-electric buses. By the end of 2014 GLTC will have completed the construction and have begun operation of a new main transfer center. This transfer center is located by the Amtrak, Greyhound, and a Lynchburg bike and walking trail head, thus making this area a true multi-modal operation. In addition, by the end of 2014, GLTC will be well underway on the design and engineering of a new maintenance-operations facility to accommodate its current and planned growth.

GLTC Trolley at Kemper Street Station

Public transit is an integral part of the transportation network and, much like roads, the City must strike a balance through the coordination of the GLTC route planning and the City's land use planning to provide for the successful growth and development of the City. In addition to transit stops, a variety of features including sidewalks, trails, pedestrian and vehicular tunnels, carpool and ride sharing areas may be incorporated into the design of new developments to increase accessibility. Transit pull-off areas may be appropriate for construction along some routes, though they are not appropriate along all transit corridors. Private taxi and van services should be encouraged as a means to augment underserved routes, transportation hubs and specific destinations within the City.

Lynchburg City Schools also maintains a number of school buses to serve their student population. The City School system has implemented software to coordinate routes for the various elementary, middle and high school buses, as well as activity, special education and magnet school services. The use of this software, coupled with the elimination of the early morning class option for high school students, has provided for a reduction in fuel usage, time savings and an overall cost savings for the schools. Lynchburg City Schools continues to evaluate options to consolidate routes and improve the efficiency of their bus fleet.

Rail Service

Three rail lines provide passenger and freight service to the City. Norfolk Southern Railway provides freight service extending north/south and east/west from the City, while CSX Railway carries freight along the James River. Amtrak, operating on Norfolk Southern tracks, provides passenger service. Industrial development has benefited from and still relies on rail service to ship raw and finished products. The City should encourage the use of rail as a cost-effective means of transporting goods. Kemper Street Station serves as the City's main transfer point for Amtrak passenger rail service. In October 2009, intercity passenger rail service, the first leg of the planned Northeastern Regional Service began from Lynchburg to Boston. Ultimately, the Trans-Dominion Express CTDX) will use existing rail lines to take passengers from Bristol throughout the Commonwealth with the goal of easing highway congestion and providing new travel options for residents and visitors.

Railroad in Downtown Lynchburg

Kemper Street Station serves as a significant multi-modal transportation hub for the City. In addition to rail service, Kemper Street also serves as the City's Greyhound Lines© station for intercity bus service and GLTC has proposed plans to locate their passenger transfer facility on the site to add an intracity connection service. The site includes a connection point to the Blackwater Creek Trail System with sidewalk connections and bike rental stations located at the trail head.

Lynchburg Regional Airport

Lynchburg Regional Airport is the primary commercial service airport serving the west-central region of Virginia. It is a full-service airport, offering a wide array of aviation products and services to the traveling public. Airline service is currently provided by US Airways which offers a combination of 50-seat regional jet and turbo-prop flights on a scheduled basis. A total of six departures to US Airways' Charlotte hub are offered daily, with convenient connections to more than 140 nonstop destinations both domestically and internationally.

The Lynchburg Regional Airport Master Plan was last updated in 2010 in order to identify the future role of the airport in the community and to provide a plan for the orderly development of the airport. As such, the Master Plan incorporated the following goals and objectives for implementation within a 20-year time horizon:

- Optimize the operational efficiency, effectiveness and safety of the airport.
- Establish a schedule for the implementation of an updated airport capital improvement plan.
- Identify and coordinate a financial plan for the implementation of the Master Plan.
- Evaluate the Airport Layout Plan for conformance with FAA Advisory Circular 150/5300-13 "Airport Design."
- Meet the long-range aviation needs of the community.

Throughout its 20-year planning period, the Master Plan Update identified a total of $88.3 million in capital improvement needs for Lynchburg Regional Airport.

Strategic Goals

Oversight of the airport is provided through a City Council appointed airport advisory commission comprised of nine members. In November 2012, the Lynchburg Regional Airport Commission developed an airport strategic plan that incorporated the following goals:

- Secure a second global network air carrier.
- Explore aeronautical growth opportunities (passenger and non-passenger).
- Explore integration of Brookneal Airport in Campbell County into Lynchburg Regional Airport.
- Capitalize on Liberty University's expansion of aeronautical programs.
- Explore additional non-aeronautical growth opportunities.
- Eliminate City of Lynchburg required operating subsidy to the airport on an accelerated basis.

Lynchburg Regional Airport

Chapter 13: Public Utilities

Chapter Overview

The City of Lynchburg through the Department of Water Resources has made large capital investments to create a safe and reliable water supply, treatment, and distribution system, wastewater collection and treatment system, and stormwater management services that meet the goals of providing safe reliable drinking water and protecting the environmental systems. While the City's sewer rate is significantly higher than the state average as a result of the CSO program, for the last several years the combined water and sewer rates have been below the state average. The combination of a highly dependable water supply and competitive rates serve as an attraction to economic development. Through the stormwater utility the City is working on developing and implementing a comprehensive stormwater management program.

For the most part the City's systems are capable of handling current and projected water, and sewer needs, however, isolated areas, the City must continue to maintain and upgrade its facilities. The goals, objectives, and strategies of this element are intended to enhance the City's ability to provide its citizens with safe, reliable, and cost-effective public utilities.

Water Treatment and Distribution

The City of Lynchburg has one of the oldest municipal water systems in the nation and the quality of its water has long been a source of community pride. With two sources of raw water and two water filtration plants, there is adequate supply and treatment capacity to serve the entire City. The primary raw water source for the City is the Pedlar Reservoir, with additional supplies coming from the James River during periods of greater demand. Possessing rights that can be traced back to colonial times, the City has rights to one-fifth of the flow from the James River at Lynchburg for current and future use. The City has a complex water distribution system, due to its hilly terrain. The water system includes seven primary pressure zones with several additional small zones, two water treatment plants, nine water storage tanks, and several pump stations. Water is currently treated at the College Hill Water Treatment Plant (WTP), located in the City, and at the Abert WTP, located in Bedford County. The College Hill WTP was completed in 1958, upgraded to a high rate facility in the 1980s, and now has a rated capacity of 14 million gallons per day (mgd). The Abert WTP was constructed in 1974 and has a rated capacity of 12 mgd. Both plants have recently been upgraded. Despite the growing population in Lynchburg, overall water consumption is declining significantly. Over the past 5 years overall consumption has decreased by nearly 10% with average household consumption dropping by a staggering 17%. This decline in consumption is due to several factors including: installation of low flow fixtures and appliances and customers being more conservation minded.

By far the largest portion of the cost to operate a water system is fixed. In Lynchburg, 91% of the operational costs are fixed while only 25% of the corresponding revenue is fixed. Going forward the City should focus more on shifting more of the revenue to the fixed monthly charge instead of the volumetric charge. This will help stabilize future revenues and adequately fund the water system infrastructure needs.

Lynchburg's water sources are both excellent and as noted in the Region 2000 Local Government Council Regional Water Supply Plan should serve Lynchburg's needs well into the future. A recent evaluation of the raw water transmission line from the Pedlar Reservoir, which was installed in the mid 1930s, indicated that the pipe condition was overall very good, however, we expect to continue to have periodic leaks at the pipe joints which will be repair as they occur.. Additionally, the Pedlar Dam has been upgraded to meet all new dam safety regulations. It was recently received the award for the Best Maintained Publicly Owned Dam from the Virginia Lakes and Watersheds Association. As mentioned above, Lynchburg possesses a Crown Grant for water rights of 20% of the flow in the James River. A right the Lynchburg should diligently work to protect.

The primary concern for the water system is the aging infrastructure. Over 135 miles of water lines are over 80 years old and have essentially reached the end of their reliable service life. A plan to address the water system in the Central Business District has been developed and should be implemented over the next decade in order to ensure the reliability and safety of the water infrastructure in this area. Other areas of the City need to continue to be addressed as well; over 46 miles of projects have been identified as needing to be replaced immediately. Another concern that needs to be considered is providing adequate redundancy o the southwestern portion of the City, specifically the 1061 pressure zone. Water rates should be set to fully fund the cost to operate the water system.

Additionally, the City should continue to adequately invest in the water system because not only is water an essential service, the availability and quality of City water is a significant economic development tool— a major benefit to attract new businesses and industries. Several industries have located in Lynchburg because of the water it offers.

In addition to serving the City, the system supplies water to portions of Amherst, Bedford, and Campbell counties. One significant unknown at this time is whether Bedford County will proceed to develop its own source to supply the Forest area. If this occurs, it will result in a significant loss of revenue to the Water Fund. If it appears that this will occur, water rates should be incrementally increased in order to avoid a future significant rate increase. In the meantime, the City should continue to pursue an agreement with Bedford to keep them as a customer. A regional approach to water services is the most economical way to deliver services.

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Wastewater Collection and Treatment

Lynchburg constructed its wastewater treatment plant in 1955. The Lynchburg Regional Wastewater Treatment Plant (LRWWTP), located on the Concord Turnpike, provides secondary treatment, has a capacity of 22 million gallons per day (mgd), and treats an average of 13-13.5 mgd. A recent $9 million upgrade has improved the plants performance including nutrient removal while increasing the wet weather capacity to at least 44 mgd. This is important in the long term plans for the CSO program.The LRWWTP currently participates in the Virginia Nutrient Credit Exchange Association and at present is selling both nitrogen and phosphorous credits due to the combination of a high level of plant performance and available capacity. The outcome of the James River Chlorophyll-A study and associated regulations could have a significant impact to the LRWWTP, possibly resulting in a major upgrade to further reduce the nutrient discharges. The results should be known around the year 2016 or 2017.

The collection system consists of approximately 430 miles of sewer lines ranging in size from 4 inches to 84 inches in diameter. Approximately 2.1 square mile of the City is still served by combined sewers that transport both sanitary and stormwater flows to the LRWWTP.

The City provides wastewater service to portions of Amherst, Bedford, and Campbell counties. These counties collectively own a total of 4.5 million gallons per day (mgd) capacity in the LRWWTP, and costs for plant improvements are shared proportionally based on capacity ownership. Bedford and Campbell counties also pay for capacity in the sewer lines that connect them to the WWTP, while Amherst County pumps directly to the plant. This is based on a perpetual agreement.

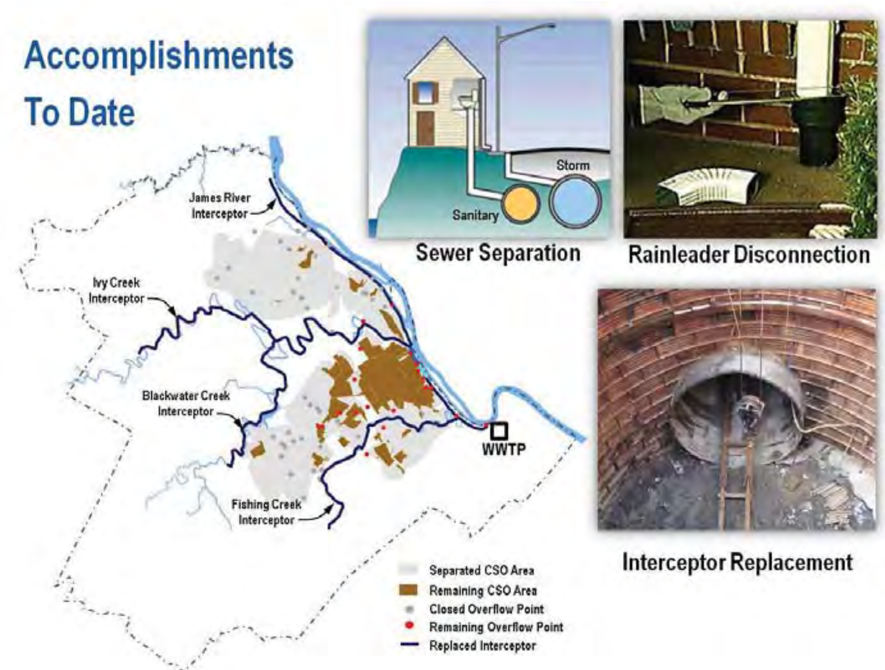
The sewer collection system is aging and as such adequate resources need to be devoted to its maintenance and renewal. Particular attention needs to be paid to eliminating sanitary sewer overflows (not CSOs) and areas where capacity may be an issue by way of increased resources for maintenance and capital projects. Inadequate sewer capacity could essentially halt development in the areas upstream. Programs such as the Fats, Oil, and Grease Program should be fully implemented and enforced to help avoid sewer blockages caused by grease.

Many areas of the City are not currently served by sewer. At risk is the long term sustainability of these neighborhoods as well as impacts to water quality. Policies need to be developed that address this issue in the most economical and equitable way possible.

As with its water system, the City has used the availability of wastewater treatment as an economic development tool—a major benefit to attract new businesses and industries. Several industries have located in Lynchburg because of the combination of available water and wastewater treatment.

The Combined Sewer Overflow (CSO) Project

Over the last 20 years, we have made significant progress in eliminating combined sewer overflows (CSOs). As of 2013, we have spent $234.5 million, closed 112 of 132 overflow points, separated 67% of the CSO Area, replaced 30.6 miles of interceptors, disconnected 70% of rooftops connected to sanitary sewers, and reduced 80% of the annual average overflow volume. However, many of the remaining combined sewers were in Lynchburg's central business district, where separation construction would be particularly disruptive and expensive. The City could spend another $280 million over the next 30+ years to complete remaining work in its existing CSO Long-Term-Control Plan (LTCP). Implementation of the proposed plan will potentially enable Lynchburg to complete its CSO program within the next decade contingent upon anticipated state funding and save over $200 million. If approved, the new plan will focus on primarily capturing and treating at the LRWWTP the remaining combined area. Some overflow points will remain, however, overall water quality goals will still be achieved and for the most part the new plan will result in overall better water quality than the existing plan.



Stormwater Management

The City is beginning its third Municipal Separate Storm Sewer System (MS4), Phase II, stormwater permit cycle. Each subsequent permit cycle becomes more aggressive towards meeting water quality requirements. The current permit includes requirements to meet various TMDL load reduction goals, more public outreach and education, enhanced mapping requirements, and other specific measurable goals. Additionally, over the next three (including the current permit) permit cycles; there are specific pollutant reduction goals associated with meeting the Chesapeake Bay TMDL WIP requirements. As a result of the increasing regulatory and stormwater infrastructure needs, the City implemented a stormwater utility and associated fee in July, 2012 in order to have a dedicated funding source to meet the stormwater program goals and requirements. The City is taking a comprehensive approach to managing its stormwater program and has selected a consultant to assist with the development of a stormwater master plan. Additionally, the City has received a number of grants that help towards the progress of meeting water quality goals. Additional grants will be pursued in order to help reduce the burden of compliance on the citizens of Lynchburg.

Solid Waste

Region 2000 is operating a regional landfill that serves Lynchburg and surrounding counties. The City provides residential trash collection and recycling collection sites for its residents. The City plans to update the Tyreeanna Neighborhood Plan including planning for the Concord Turnpike landfill site after it closes.

City of Lynchburg Landfill

To serve its residents and to reduce the potential for “midnight dumping” of unwanted and possibly toxic items, the City has several programs for disposal of waste in addition to regular household waste. The City provides a collection program for brush and bulk items. In addition the City is disposing of leaves and yard waste at private composting sites. White goods are collected separately and recycled at the Region 2000 Solid Waste Facility.

Three times per year, the City schedules household hazardous waste collection days, when residents can bring to the landfill those items that are too toxic to be poured down a drain or disposed of in the landfill. A few examples of these materials are oven cleaners, furniture strippers, pesticides, photo chemicals, and used motor oil.

At the present time, the City is landfilling sludge from the wastewater treatment plant. As a result of the Concord Turnpike landfill closing, sludge must be hauled a much greater distance to the Campbell County facility increasing the cost of disposal. The City has explored options including land application and has developed a long term master plan for sludge disposal which should be implemented as resources allow.

Chapter 14: Public Facilities

Chapter Overview

The City's public facilities (see Exhibit 14-1) and associated activities provide a high level of service to residents and businesses and serve as an economic benefit by attracting new residents and businesses. As the City grows, its population shifts, or demands for service change, new public facilities and improvements to existing facilities will be needed. A number of issues related to the maintenance and management of public facilities and services have been identified as important to sustaining neighborhood livability and promoting economic vitality.

Beyond providing an appropriate level of service to meet current needs, the City must consider the impact of future development and investment on existing facilities and plan accordingly. The management and maintenance of the City's public facilities directly influence investment decisions by future residents, local institutions, and commercial enterprises. The goals, objectives, and strategies of this element reinforce the high level of service standards currently in place and are consistent with the City's long-range goals of economic development and neighborhood livability.

Level of Services

Capital expenditures to improve public facilities are often limited by fiscal constraints, and needed building improvements are deferred to meet other pressing needs. Facility and service planning would benefit from a comprehensive approach to assessing needs, identifying opportunities for coordination, and improving services. The City should develop a procedure for the annual assessment of facility needs and service adequacy to determine how well the City is meeting the needs and wishes of its citizens. Following the assessment, the City should develop level of service standards or other performance measures for all public facilities and services and incorporate them into the Capital Improvement Plan and annual operating budget. In some cases it may be more cost-effective to provide services on a regional basis. A Public Facilities Work Group, comprised of representatives from each City department, should be established to assist in identifying opportunities for coordinating facility and service operations throughout the City, as well as the region. This group would meet annually to review capital improvement projects.

Consolidation of Services

City government is among the largest owners of land and buildings with operations and departments that occupy over 100 buildings or complexes, including City Hall, eight fire stations, police and court facilities, social services and administrative offices, libraries and museums, and other general government buildings.

City investments in public facilities should lend support to existing neighborhood and commercial improvement efforts by improving citizen access to City services and facilities. Level of service standards may identify areas of the City in need of additional resources such as meeting space or access to computers that could be accommodated in existing facilities or through multi-use facilities. For this reason, the City should consider co-locating new facilities or providing multiuse facilities to address identified community needs. Consolidating services into one facility may result in more efficient service delivery. Efforts to improve access to public facilities through bike trails and sidewalks should be considered with every new development or redevelopment plan, thereby creating safe connections between neighborhoods and facilities.

Educational Facilities

The citizens of Lynchburg are proud of Lynchburg City Schools and feel that it is one of the best assets the City has to offer. The school system is comprised of eleven elementary schools, three middle schools, two high schools, three specialized schools, an administrative building and support facility. There also are numerous high-quality preparatory, private, and parochial schools located in the City, in addition to five colleges and universities. A sixth college, Sweet Briar, is located a short distance away in Amherst, Virginia.

Within the region, the City's schools are held in high regard. Many residents gave examples of people moving from the counties into the City in order to enroll their children in City Schools. The school system's educational resources are a tremendous asset to residents, business owners, and employers, as well as the City itself. A high quality education system and access to higher education opportunities are a major factor for families considering relocation to the region; often school quality is the most important issue in choosing where to live in the City or the surrounding counties.

The City and School Division have begun a joint effort to revitalize the physical condition and maintenance of school buildings. The 2014-19 Capital Improvement Plan lists numerous school related projects focused on increasing efficiencies, completing deferred maintenance and building renovation. The largest project in the Capital Improvement Plan is a new building to replace the current Heritage High School building constructed in 1976. The City should continue to invest in public schools and facilities and to advertise the City's commitment to high quality education by preparing and distributing accurate and timely information on school quality. The City should continue to provide a wide range of post-secondary educational opportunities and expand efforts to develop and coordinate training and continuing education programs among existing institutions.

Healthcare

Lynchburg is a regional health care center and an increasingly important regional center for health care education. CentraHealth, through Lynchburg General Hospital and Virginia Baptist Hospital, is the major provider of healthcare services for residents. The City is home to a variety of medical training programs, including Lynchburg College's Doctor of Physical Therapy, Centra Nursing School, Liberty University Nursing School, and Lynchburg College Nursing School. Additionally, Liberty University is in the process of constructing a medical school in Campbell County.

The City should continue to encourage the development of partnerships between major health care providers and institutions of higher education to address work force development by meeting regularly with representatives from these partners to discuss possible joint projects.

Virginia Baptist Hospital

Public Safety

The Lynchburg Police Department, a nationally accredited law enforcement agency, provides community policing services with current staffing of 170 sworn officers and 32 civilian employees. The Police Department is headquartered within the Public Safety Building at 905 Court Street, but also operates out of three additional office facilities. . The Police Department operates according to a "community policing" operational philosophy, through which police employees maintain daily interactive contact with a diverse spectrum of community members for purposes of identifying and solving community problems. Police officers are assigned to geographically defined areas of responsibility: their operational focuses include preventing crime and disorder, investigating criminal activity, prosecuting criminals, educating the public, maintaining a positive community environment, and other public safety functions. Maintaining close connections to the City's neighborhoods provides the Police Department with a great deal of knowledge about neighborhood needs and means to improve the overall quality of life within neighborhoods. As the City begins to prepare the neighborhood conservation area plans and revitalization area plans recommended in Chapter3, Goals and Policies, the Department of Community Development will continue to work with the Police Department in the areas of information sharing and plan development.

In addition to highlighting community partnerships and means of interaction, the Lynchburg *Police Department Strategic Plan FY2014-16* identifies key infrastructure and facility needs. Meeting these needs will require consolidating and replacing existing facilities, and exploring future use of smaller, collocated "precincts" throughout the City to improve response times and promote enhanced operational efficiency.

Lynchburg Police Department West Building

The Lynchburg Fire & EMS Department provides emergency services for the residents of Lynchburg and those who enter the area to work or shop. The quick response times and excellent coverage have been identified as assets to both residents and business owners within the City. Twenty-five response zones are served by eight fire and rescue stations. The *Fire Department Strategic Plan 2011-2013* highlights the importance of developing a Facilities Plan to provide adequate space and furnishings for existing and future facilities. Two (Miller Park and Grace Street) have been identified as in need of replacement or relocation. The Department also continues to evaluate the need for additional fire stations to improve response times.

Lynchburg Fire Department Station No. 6

The City is a member of the Blue Ridge Regional Jail Authority, created in November 1994 by member jurisdictions for the purpose of developing and operating a regional jail system; which was established by acquiring, renovating, and expanding existing jail facilities and constructing additional jail facilities. The Lynchburg Adult Detention Center, located on Clay Street*,* serves as the Regional Jail Authority's central administrative facility. Additional facilities are located in the Town of Bedford and in Amherst, Campbell and Halifax Counties. The Authority also serves the County of Appomattox, employs 410 persons and has a average daily inmate population in excess of 1,100.

The Department of Emergency Services, located at 3621 Candlers Mountain Road, is the primary Public Safety Answering Point (PSAP) for the City of Lynchburg. The Emergency Communications Center serves as the central point of contact for citizens of Lynchburg to request emergency and non-emergency public safety assistance. The department also provides a full array of public safety dispatch/communications services and oversees the City-wide Emergency Management program. The Emergency Operations Plan, which is a component of the Emergency Management Program, provides the framework to mitigate, prepare for, respond to, and recover from any emergency or disaster.

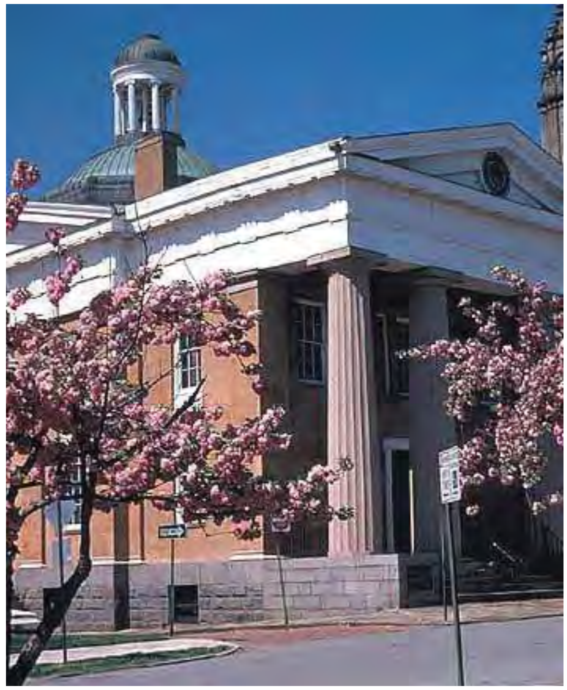
EOC Facility

Library & Museums

The Public Library headquarters, located at the Plaza Shopping Center, and the Downtown Branch Library in City Hall, provide the City and region with educational and historical materials, information, recreation, and cultural activities. The Jones Memorial Library, a private research library, shares quarters with the main branch of the City library on Memorial Avenue. The City also is exploring a Regional Library initiative with Bedford and Campbell counties with the goals of increasing the efficiency and effectiveness of service delivery.

The City's Museum System is part of the City's Parks & Recreation Department and comprised of the Old Court House Museum, Point of Honor, and other sites throughout the City. Other private museums and historic sites and attractions, including Amazement Square, the Legacy Museum, Old City Cemetery, Anne Spencer House, Sandusky House, the Academy of Music, Fort Early, the Daura Gallery at Lynchburg College, and the Maier Museum of Art at Randolph College serve the City and region. Chapter 11, History, Culture, Education, & the Arts, provides additional information about preserving and promoting the City's historic resources.

Old Court House Museum



The City also has a wealth of additional material that reflects the history of Lynchburg, including firefighting and public works equipment. This material offers an opportunity to showcase the City's history, especially its pioneering role as one of the first localities in the United States to construct a sewer system. It is also an opportunity to educate visitors about public safety, hazardous conditions in their homes, the origin of their drinking water, and related matters.

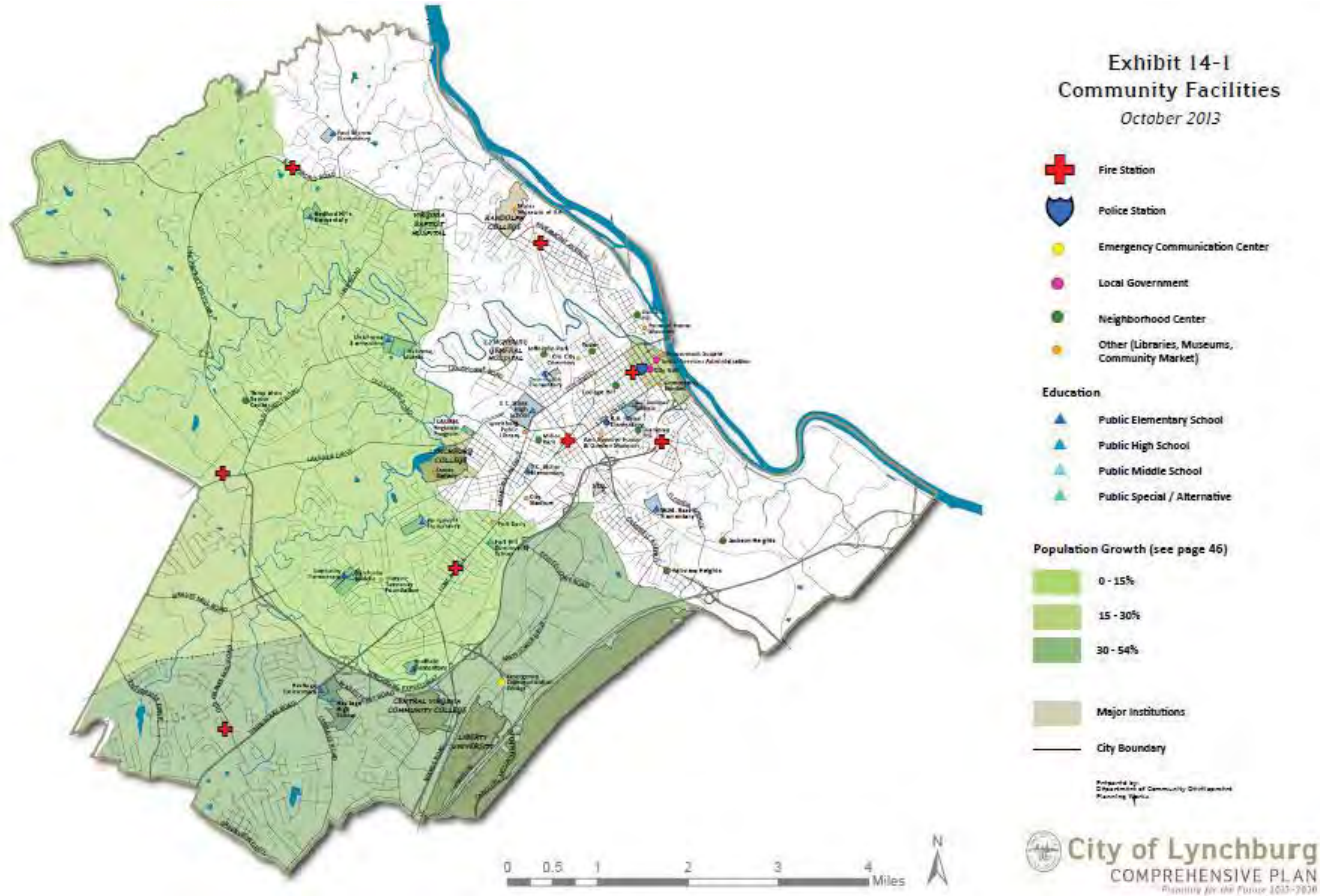


Exhibit 14-1
Community Facilities
October 2013
Fire Station
Police Station
Emergency Communication Center
Local Government
Neighborhood Center
Other (Libraries, Museums, Community Market)
Education
Public Elementary School
Public High School
Public Middle School
Public Special / Alternative
Population Growth (see page 46)
0 - 15%
15 - 30%
30 - 54%
Major Institutions
City Boundary
0 0.5 1 2 3 4 Miles
N
City of Lynchburg
COMPREHENSIVE PLAN

Chapter 15: Next Steps

The adoption of this Comprehensive Plan is an early step in the planning process. The City of Lynchburg has a long history of planning and bringing those plans to reality. Chapter 4 of this Plan includes a detailed plan implementation program (PIP) that should be followed and updated annually to reflect changing conditions and priorities. The tasks in this PIP are not the only actions required to be pursued to implement the Plan, the policies in Chapter 3 provide operational guidance on a wide range of issues for departments throughout the City. This Plan will be most valuable if the City Council, Planning Commission and administration focus on the vision and goals as they prepare annual updates to the PIP through the budget process and the City's administration continuously follows and works with the community to refine the policies to improve delivery of the services that best meet the community's needs.

October 2, 2013

Minutes of the Lynchburg Planning Commission, October 2, 2013, 4:00 p.m., City Hall, 900 Church Street, Conference Room.

MEMBERS PRESENT:
Mr. M. Anderson Sale, Chair
Mr. Gerry E. Swienton, Vice-Chair
Mr. Richard D. Barnes
Dr. James E. Coleman, Jr.
Mr. Theodore B. Hannon
Mr. Kevin Hooper
Ms. Alex Johnston

MEMBERS ABSENT:
None

OTHERS PRESENT:
Mr. Tom Martin, City Planner, Mr. Kevin Henry, Planner II, Ms. Anne Nygaard, Planner, Ms. Robin Craig, Planning Technician, Mr. Kent White, Director of Community Development and the public.

Work session on the revisions to the *Comprehensive Plan:* Mr. Tom Martin explained we are doing an update to the existing plan and that it is more of a refinement rather than a direction or policy change. Mr. Martin thanked the citizens who came out to the many public meetings. He also thanked City staff because just about every department in the City has looked at this plan and gave us a lot of assistance. Mr. Kevin Henry and Ms. Anne Nygaard were vital in helping prepare the update, as well as the department's director, Mr. Kent White.

Mr. Martin introduced Mr. Michael Lauer with Planning Works, the City's consultant for the project. Mr. Lauer thanked the staff, as well as the planning commissioners for going through the plan directive exercise early on in the process. He explained that they are currently on the threshold of the review and adoption phase of the process with public hearings starting soon.

Mr. Lauer explained that they should be receiving the plan implementation program soon. It reflects the Planning Commission's most recent recommendations and it has been supplemented with some of the other strategic initiatives that have already been launched or are on the edge of being launched.

Mr. Lauer explained that the plan has been reorganized. The same basic elements have been retained but all of the plan directives have been moved to the front of the document. The goals and policies have been consolidated. There has been a focus placed on implementation (plan implementation program added). The plan elements have been consolidated that address framework, land use and design and there was an effort made to minimize redundancy.

The four key concept refinements in the draft plan are 1) attempting to address density challenges; 2) improving connectivity; 3) creating better streets and 4) improving water quality.

The policy refinements include 1) integrate good design with land use, transportation and public utilities; 2) replace interim area and corridor plan policies with more general policies; 3) update economic development policies to target efforts more strategically; 4) update housing policies to recognize recent studies and initiatives; 5) update parks and recreation policies to focus efforts on facility and service planning; 6) emphasize multi-modal planning efforts, better streets and connectivity; 7) incorporate transportation system inventory and improvements plans; 8) call for sewer extension policy development;

9) support a comprehensive water quality plan and 10) reiterate importance of funding provision, maintenance and operation of utilities and facilities.

Taking into account population growth projections that include estimates from Liberty University, it is projected that there is a need for approximately 5,000 new residences from 2030. Looking at our existing occupancy rates, this translates to about 2,200 additional new dwellings.

The plan recommends a continuation of the existing policy, which encourages a mixed use downtown, along our commercial corridors and in greenfield areas. It also continues the policy of facilitating accessory dwellings and introduces a new concept of providing density bonuses. There is also an anticipation that with the water quality comprehensive plan that is underway that there is going to be a desire to protect some vulnerable streams. One of the ways to do that is to provide incentives to allow for clustering or to create some density bonuses when a community benefit is provided. The idea was supported widely by the public at the workshops. There is a proposal to change the FLUM for higher density at Leesville Road and Graves Mill Road.

One of the changes to the *Future Land Use Map* was to combine Community and Regional Commercial. There really was no difference from a zoning standpoint. Within the High Density Residential use, it is being suggested that limited neighborhood services and office uses be allowed. Within the Neighborhood Commercial use, it is being recommended to limit scale to ensure compatible neighborhood transitions. Previous language suggested a grocery store as an anchor for a neighborhood commercial area; however, current platforms for a grocery store are a "big box." Those tend to be more appropriate for the Community and Regional Commercial uses.

Mr. Lauer mentioned that he is hoping for direction on whether or not the Planning Commission would like to allow for residential (mixed use development) as part of Office and Neighborhood Commercial uses. Commissioner Swienton asked if he is referring to putting residential uses on top of existing commercial uses. Mr. Lauer indicated that it could be on top or depending on the intensity of the area, it could be horizontally mixed. In that way, as the economy shifts back and forth, it is nice to have the flexibility to switch between the residential and commercial uses. Another example would be Rivermont Avenue where you have residential interspersed with commercial.

Commissioner Hannon asked what the downside of this might be. Mr. Lauer said that the only risk he can think of can be easily remedied and has been remedied on Fifth Street. When you have a Neighborhood Commercial area, the amount or percentage of the residential development should be somewhat limited because you do not want townhomes to replace a Neighborhood Commercial zone. Commissioner Hannon did not think that anyone who owns a piece of commercial property would want to essentially downzone it to residential. Mr. Lauer said that depending on the market, there could be pressure for townhomes in the market and someone might take a block that you wanted to be a walkable commercial strip and want to convert the entire block to townhomes. Commissioner Hannon thought that could work in both directions. You could have a block of townhomes that someone wants to convert into a row of shops. Commissioner Hannon is not sure how we could control that element because it is trying to second guess the market.

Commissioner Coleman asked if the "food desert" areas of the City have been identified in this plan. Mr. Lauer said they do not think the *Comprehensive Plan* is necessarily the best format to deal with that issue. Area plan initiatives and local neighborhood initiatives would be the place to look for strategies to entice grocery stores or other food service providers.

Chair Sale asked how the term "neighborhood serving" is defined. Mr. Lauer said that refers more to the neighborhood scale and the types of uses that serve neighborhoods. Mr. Lauer said that there are currently two categories, Office and Neighborhood Commercial. Those do not allow for residential development as part of them. The question that he is trying to get direction on and what the consultants think makes sense is to allow the flexibility to have residential development within those categories. This would allow the flexibility for someone to build a home on top, behind or beside a shop.

Chair Sale asked if there is a pretty good experience record in other communities where density is an issue to allow residential into commercial areas. Mr. Lauer said there are commercial areas that allow a mix of uses in a lot of difference scales all over the country, everything from the small town shop with units above it to the higher intensity uses where you have a Target store with multi-family units above it.

Commissioner Hannon thought this would be appropriate in some areas such as Fifth Street and Twelfth Street but would not be as appropriate in areas where there is R-1 next to the already existing commercial uses.

Commissioner Swienton asked if a commercial building could be torn down and a residence put in its place. Mr. Martin said the *Zoning Ordinance* used to allow for that type of situation but now it would require a conditional use permit. Mr. Martin said that what we are talking about are the major commercial corridors and whether or not it makes sense to allow for a mix of residential uses above those existing stores, if someone wants to do that type of mixed use. Should there be that flexibility there? The second question is whether or not the Office and Neighborhood Commercial uses should be combined together? Instead there would be one land use category that would allow small scale office and smaller scale neighborhood serving retail. Mr. Martin mentioned that we will need to look at the transitions between different areas carefully in the rewrite of the *Zoning Ordinance.*

Commissioner Swienton asked if this encourages more commercial uses or more residential uses. Mr. Martin felt that it encourages more flexibility. Commissioner Hannon thought this type of flexibility would be geared mostly to the student population. Mr. Lauer said that is certainly one market out there but he thinks there is a higher end market out there as well. There was agreement that it would depend on the other elements present in the neighborhood. Mr. Lauer also explained that the particulars for this flexibility will be spelled out in the *Zoning Ordinance.*

Mr. Lauer asked for clarification that there is consensus among the commissioners to combine the Office and Neighborhood Commercial uses. The commissioners said that is correct. He asked for clarification that there is some hesitation to include the residential component into commercial areas in some settings. Commissioner Hannon said it dovetails with the whole buffering issue of buffering single-family neighborhoods from higher intensity residential uses. Commissioner Barnes would like to see this type of development, as long as there is an appropriate scale, mainly because it creates a more walkable neighborhood, if people can get to services without getting in their car. Commissioner Hannon pointed out that he feels the main purpose behind having a *Comprehensive Plan* and zoning is to minimize conflict. He is trying to anticipate where we might have friction. From the planning concept, the commissioners are supportive but as we get down to looking at the zoning, we need to address, scale, location and transitions. There was consensus among the commissioners of Mr. Lauer's summation.

Commissioner Swienton remarked that when he reviewed the pie chart of land uses in the draft land, he was struck with how small the sliver of land is that is used for commercial. He would like to make sure that our focus is also to encourage commercial and not just residential. Mr. Lauer said that he plans to do the same type of analysis of vacant commercial land as was done for vacant residential land.

Mr. Lauer also had a question about the employment areas. When we think about development patterns, there are several models for employment centers. There is the traditional industrial park with lots of trucks coming and going that is not very conducive to coexisting with residential uses. There is another development pattern where the employment uses are not as intensive and there are kind of village centers created where the people who work there live within close proximity. Should there be some kind of language in the plan that would enable that type of development pattern? He gave an example of Graves Mill Road as a possible location.

Commissioner Hannon asked if the Traditional Neighborhood Development is an example for this type of mixed use. Mr. Martin said that there is maximum floor plate in a TND to keep someone from coming in and dominating a whole block. Mr. Martin thinks this type of approach would be office/residential, could be high tech. The key is to coordinate the two uses. We do not want to take our employment areas and have them be all residential but we would like to build some flexibility to allow a certain amount of residential if a developer wants a residential aspect. Again, the specific elements and ratios would have to be worked out in the *Zoning Ordinance.*

Mr. Martin pointed out that there are two distinct areas of Employment areas, Employment 1 and Employment 2. Employment 1 is more of your large scale offices such as Nationwide Drive. Employment 2 is your heavy industrial manufacturing. We are not suggesting that you would place residential uses in the Employment 2 areas. The other lighter employment areas could very well be appropriate places. Mr. Martin remarked that what they are trying to do with this plan (and later with the rewrite of the *Zoning Ordinance)* is give the market flexibility while protecting the lower density residential neighborhoods because this is the feedback they have heard from people.

Commissioner Swienton asked if there have been any studies done that show how many of the people who live in mixed use areas actually work at the nearby businesses. Mr. Lauer said that is a moving target. You can create the corporate campus, as it called, but you cannot control who moves in there, how long they stay or whether they stay after they have lost their job and moved on to something else. Commissioner Hannon pointed out that giving a developer these types of options because it gives the developer a better chance of maximizing his income potential from a piece of property. There are fixed development costs to developing a piece of property and this will give the developer more ways to be able to recapture those costs quicker.

Commissioner Coleman would like to see this type of flexibility in the plan and whatever we do in the great scheme should be for the greatest good for the greatest number of people.

Mr. Martin suggested that Commissioner Hannon seems to favor more of the “form based code,” which says that as long as you build to a certain way, then the uses within certain parameters don’t matter. That is kind of what we already have downtown and on Fifth Street.

Mr. Lauer then went over the proposed *Future Land Use Map* amendments. Commissioner Swienton asked if those property owners affected by these *Future Land Use Map* amendments would be notified, and Mr. Martin indicated that they would be notified of the public hearings scheduled.

The conversation turned to the higher density use proposed for Leesville Road. Commissioner Hannon asked why there could not be a Neighborhood Commercial element to it. Mr. Lauer said there could be and that could be done through the *Zoning Ordinance.*

Mr. Martin and Mr. Lauer mentioned the two public workshops being held on October 3, 2013 and then the Planning Commission public hearing scheduled for October 23, 2013.

4. Next Regular Meeting: The next regularly scheduled meeting will be October 23, 2013.

5. Adjournment:

There being no further business, the meeting was adjourned at 6:00 p.m.

ATTEST:________________________ ATTEST:________________________

City Planner Chairman

PLANNING WORKS

8900 State Line Road, Suite 406
Leawood, Kansas 66206
Tel: 913.341.8800
Fax: 913.341.8810

2105 South River Road
Melbourne Beach, Florida 32951

603 Farnham Circle
Richmond, Virginia 23236

TO: Lynchburg City Council and Planning Commission

FROM: Michael Lauer

Michael Chandler

DATE: October 21, 2013

RE: Comprehensive Plan Update Status Report

This memo provides a status report on Lynchburg's Comprehensive Plan update and outlines the key changes to the currently adopted Plan. The draft Plan has been reviewed by staff and recently revised to reflect comments from the public and the Planning Commission. VDOT has reviewed the plan and edits have been made to fully comply with statutory transportation element requirements. The Plan includes three key components that will be discussed below:

Plan Directives, which include the overall vision, goals for the future, policies describing how the City will respond to different situations and tasks that should be accomplished to make the goals a reality;

Background Elements, which include data, descriptions of existing conditions, challenges and approaches to addressing the City's challenges; and

Maps, which illustrate plans for future land use, development patterns, transportation improvements and other public facilities.

STATUS REPORT

The draft Comprehensive Plan is ready for review by the Planning Commission, City Council, the public and other stakeholders. The Plan is more of a refinement to the existing Plan than a change in direction for the City. While we anticipate some of refinements to formatting of the document and its exhibits, we do not anticipate significant modifications to the draft to come from the City's administration prior to the public hearing process.

The Plan directives have been reviewed and revised to reflect input from the staff, VDOT and Planning Commission in early October. Except as noted below, the vision, goals and policies are consistent with the direction provided in the current Plan. The Implementation chapter has been modified to incorporate a Plan Implementation Program (PIP) that incorporates recent recommendations from the Planning Commission and subsequent input from the City's Administration. The PIP is intended to be an annually updated five-year work program of non-recurring Plan implementation tasks.

ORGANIZATIONAL CHANGES

The most dramatic changes to the Plan are organizational in nature. In addition to consolidating several of the functional elements of the existing Plan (most notably, land use, design and plan framework), the draft Plan shifts all of the plan directives to chapters 2 through 4 at the beginning of the Plan. The repetition of goals and policies has been eliminated in the draft Plan so that the functional elements now focus on background information and elaborate on implementation of policies and tasks.

CONTENT CHANGES

New Concepts

As highlighted in Chapter 1: Plan Overview, the draft Plan emphasizes key several concepts that have evolved during the City's last 10 years of Comprehensive Plan implementation. The following concepts are largely amplifications of concepts in the existing Plan, rather than completely new concepts:

Importance of Density: In addition to having a limited land supply, there are many reasons for the City to continue and clarify the existing Plan's recommendations for infill development and the creation of higher density housing opportunities. While the Plan does identify a few locations for density increases near Liberty University and Lynchburg College, it's most significant adjustments related to density are:

- Clarification of the City's support for accessory dwellings in suitable locations;
- Introduction of the concept of density bonuses and clustering options for development that provides community benefits such as open space preservation and water quality enhancement; and
- Specific authorization for residential components within the Neighborhood Commercial and Employment 1future land use categories.

Connectivity: The draft Plan is much more explicit about the importance of improved connectivity for drivers, bicyclists and pedestrians to improve mobility between the locations where people live, work and play. This will translate into continued support for the interconnection of commercial properties, as well as greater emphasis on subdivision designs with shorter block lengths and better connections between residences and the facilities that serve the neighborhood.

Better Streets: This policy, which has already been endorsed by the Planning Commission, calls for the design of Complete Streets that better serve the needs of all users (motorists, transit riders, bicyclists and pedestrians) and the land uses that abut the streets. It also incorporates the concept of Green Streets, which enable streets to perform multiple duties. In addition to serving the City's mobility needs, streets should serve as conduits for utilities and other service provision, reduce energy consumption, incorporate landscaping that improves the character and environmental impacts of the streets and helps to manage stormwater in ways that protect the City's water quality.

Data and Background Updates

The draft Plan updates the demographic and land use analysis to reflect the best available demographic and land use data. Additionally, each of the Plan elements includes updates to background information that reflects the City's progress in implementing the Comprehensive Plan over the last decade. Most significantly:

- The demographic data show the importance of the growth of the City's universities and colleges in shaping housing needs ;
- The incorporation of existing and future land use acreage analyses;
- A table identifying which zoning categories may be appropriate in each future land use category; and
- The background information for transportation now includes an existing facilities inventory and the future transportation improvements map pursuant to recently adopted legislation.

Policy Refinements

As stated above, the draft Plan's policies largely reflect existing Plan policies. The most obvious changes are the elimination of redundant policies that is facilitated by their consolidation into a single chapter and the removal of specific strategies that were previously identified as policies. Other policy refinements result from ongoing implementation experiences of the City over the last decade, including:

- Support for the comprehensive water quality plan necessitated by stricter state and federal standards for water quality in the James River and Chesapeake Bay watersheds;
- Integration of design policies with applicable land use, transportation and public utility policies;
- Replacement of the interim policies for area and corridor plans with summaries of existing plans and more general policies with broader application for different areas of the City;
- Update of economic development policies to reflect recent work in the development of the City's economic development plan;
- Update of housing policies to reflect the efforts of the Housing Collaborative, the Consolidated Plan update and other City housing initiatives;
- Updates of parks and recreation policies to reflect their more focused mission and their efforts to implement several master plans prepared subsequent to the existing Plan;
- Previously mentioned emphasis on Better Streets and improved connectivity within the transportation policies;
- Incorporation of a map of planned transportation system improvements;
- Direction to establish a policy that addresses the extension and funding of sewer services to areas of the City with failing septic systems; and
- Reiteration of the importance of adequately funding the provision, maintenance and operations of public facilities.

Land Use Map Changes

The draft Future Land Use Map incorporates the following changes:

- The consolidation of the Office and Neighborhood Commercial categories
- The consolidation of the Community and Regional Commercial categories.
- Expanding the institutional areas around Liberty University and Virginia University of Lynchburg to accommodate existing growth plans;
- Establishing higher density areas along Leesville Road near Liberty University and Old Forest Road near Lynchburg College;
- Changing Low Density Residential to Neighborhood Commercial uses near Oakmont and Timberlake Roads;
- Changing Low Density Residential to High Density Residential along Dreaming Creek Drive;
- Changing the commercially zoned area near Boonsboro and Coffee Roads from Low Density Residential to Neighborhood Commercial;
- Adjustments to the stadium area to reflect Public Uses on publicly owned lands;
- Establishment of Neighborhood Commercial areas along the 12th Street Corridor;
- Adjustment of the Neighborhood Commercial area along 5th Street to reflect existing zoning patterns;
- Changing the area of Old Forest Road near Dandridge and Ardmore to Neighborhood Commercial; and
- Updating the map to reflect changes proposed in the Odd Fellows Road and Campbell Avenue plan.

MEMORANDUM

The Department of Community Development

Planning

455-3900

To: Planning Commission

From: Tom Martin, AICP, City Planner

Subj: Public Hearing - Comprehensive Plan: 2013-2030

Date: October 23, 2013

On September 26, 2012, the Planning Commission initiated amendments to the *Comprehensive Plan 2002-2020.* The resulting draft *Comprehensive Plan 2013-2030* is the result of numerous public forums, work sessions with Planning Commission and Council. While the plan is more of a refinement to the existing Plan than a change in direction for the City, it will be an invaluable resource as the City works towards rewriting the *Zoning Ordinance* in 2014.

Since your last work session on October 2, 2013, the draft plan has been revised to reflect comments received from the Planning Commission and to reflect progress made in ongoing City initiatives: (Existing Land Use Data, Public Utilities, Natural Systems and Area Plans, and Implementation Schedule).

While the Planning Commission may wish to further refine the Plan (such as future land use designations), the Planning Division is recommending that the Planning Commission approve the attached resolution and forward the Plan to Council for adoption.

If you have questions, please contact me at (434) 455-3909 or tom.martin@lynchburgva.gov.

RESOLUTION OF THE LYNCHBURG PLANNING COMMISSION

WHEREAS: The City of Lynchburg is the dynamic center of a growing region.

WHEREAS: The City of Lynchburg is well known for its quality of life, economic vitality, rich history and cultural diversity.

WHEREAS: The City of Lynchburg is committed to strong neighborhoods, a downtown that is the heart of the region, attractive and accessible commercial areas, celebrating its history and heritage, protecting its environment, a diverse economy, quality education and effective support systems.

WHEREAS: Section 15.2-2223 of the *Code of Virginia* requires that the Planning Commission prepare and recommend a comprehensive plan for the physical development of the territory within its jurisdiction and every governing body shall adopt a comprehensive plan for the territory under its jurisdiction.

WHEREAS: The City's Comprehensive Plan 2002-2020 was adopted in 2002 and establishes a twenty (20) year vision for the City

WHEREAS: Section 15.2-2230 of the *Code of Virginia* provides that the Planning Commission shall review the plan at least once every five (5) years to determine whether it is advisable to amend the plan.

WHEREAS: The Planning Commission initiated amendments to the *Comprehensive Plan 2002-2020* on September 26, 2012.

NOW, THERFORE, BE IT RESOLVED by the Lynchburg Planning Commission that in order to promote the public necessity, convenience, general welfare and good zoning practice and as is required by the *Code of Virginia*, the Planning Commission recommends to the City Council adoption of the City of Lynchburg *Comprehensive Plan 2013-2030* as an update to the *Comprehensive Plan 2002-2020*.

Adopted: ____

Certified: ____
Secretary, Lynchburg Planning Commission

MINUTES OF THE OCTOBER 23, 2013 PLANNING COMMISSION MEETING (MINUTES HAVE NOT BEEN APPROVED. THERE WAS NO SECOND MEETING IN NOVEMBER):

Mr. Michael Lauer gave a presentation on the proposed changes to the *Comprehensive Plan* and *Future Land Use Map (FLUM).* Mr. Lauer commented that the plan has proven to be a useful document for guidance but has shown some areas that need updating. His presentation will focus on those areas.

Mr. Lauer explained that there are some policy changes and then there are changes to the FLUM. He explained that the FLUM is not the zoning map. Those two maps are consistent for the most part, but in some cases, the FLUM is ahead of the zoning map, meaning that it says that a particular area may be appropriate for that use in the future, if and when there is adequate infrastructure and demand for that use.

This process started a couple of years ago with the Zoning Diagnostic study, which called for an update of the Comprehensive Plan. The Comprehensive Plan has been updated with the latest data from the 2010 census, as well as updating all the accomplishments that have taken place since it was adopted in 2002. During the process, we have met with the public more than a dozen times.

Mr. Lauer explained that the plan has been reorganized. The same basic elements have been retained but all of the plan directives have been moved to the front of the document. The goals and policies have been consolidated. There has been a focus placed on implementation (plan implementation program added). The plan elements have been consolidated that address framework, land use and design and there was an effort made to minimize redundancy.

The four key concept refinements in the draft plan are 1) attempting to address density challenges; 2) improving connectivity; 3) creating better streets and 4) improving water quality.

The policy refinements include 1) integrate good design with land use, transportation and public utilities; 2) replace interim area and corridor plan policies with more general policies; 3) update economic development policies to target efforts more strategically; 4) update housing policies to recognize recent studies and initiatives; 5) update parks and recreation policies to focus efforts on facility and service planning; 6) emphasize multi-modal planning efforts, better streets and connectivity; 7) incorporate transportation system inventory and improvements plans; 8) call for sewer extension policy development; 9) support a comprehensive water quality plan and 10) reiterate importance of funding provision, maintenance and operation of utilities and facilities.

Since the Planning Commission's work session on October 2, 2013, a new map is being proposed. It shows where we are growing and where public facilities are located (being called the Community Facilities Map). The Plan Implementation Program has also been included since the work session as well. The key items in the Plan Implementation Program that should be worked on are 1) the *Zoning Ordinance;* 2) neighborhood corridor plans; 3) Economic Development Strategic Plan; 4) Water Quality Improvement Plan; 5) water/sewer plans/policies/improvements; 6) College Lake Dam; 7) Neighborhood Improvement Plan; 8) City building site preservation; 9) parks/facilities upgrades; 10) transportation plans/policies/improvements and 11) Heritage High School.

Proposed changes to *FLUM* categories are to combine Office and Neighborhood Commercial into Neighborhood Commercial. The language speaks to limiting scale to ensure compatible neighborhood transitions. Community and Regional Commercial uses are also being into Community Commercial only.

Elements of mixed use are key to the plan as long as they are of compatible design (scale/orientation/appearance), have compatible uses, access between uses and nuisance mitigation (noise, traffic, odor, for example).

Limited neighborhood services are being recommended within high density residential areas. Another recommendation is to allow residential components within Neighborhood and Community Commercial areas. There is also a recommendation to allow a residential component within a corporate campus environment in Employment 1 areas.

Mr. Lauer highlighted some of the key areas that are being proposed to change on the *FLUM.* One is along Leesville Road where it is proposed for High Density Residential. He reminded everyone that this will not rezone any of these properties or force any of the property owners to make any changes. It would provide an opportunity at such time as several property owners got together and wanted to sell their properties to a developer who wanted to develop them for high density residential.

There is a proposed change at Oakmont Circle and Timberlake Road to designate the area for Neighborhood Commercial. There was an earlier version that called for an area along Dreaming Creek Drive to be designated High Density Residential and that has been removed from the proposed *FLUM* changes.

There is a proposed change at Boonsboro and Coffee Roads to change to Neighborhood Commercial, only in the areas where it is already currently zoned B-3.

There is a proposed change of some of Liberty's property to change from Resource Conservation to Institutional and an area at 5^{th} and Court Streets that was previously proposed to change to Neighborhood Commercial. The property owner would like it to remain in the Downtown area.

There are a few pockets along Candlers Mountain and Wards Roads where they are being proposed to change from Employment to Community Commercial or Public Use (public use for the E911 location only).

There is one more area along 12^{th} Street, which was previously being shown to change to Neighborhood Commercial. That is being proposed to remain in the Downtown area.

This concluded Mr. Lauer's presentation and he indicated that he would be happy to answer their questions now or later.

Chair Sale asked if there was anyone who wished to speak in favor of the petition. No one came forward. He asked if there was anyone who had concerns, questions or wished to speak in opposition to the petition.

Mr. Todd Hall came forward to speak. He indicated he was concerned with a piece of property along where the new bypass will be constructed. His question is how the land use affects the zoning. Does it prevent a property owner from making changes to his property such as putting in an addition, a swimming pool or a business? How does land use affect zoning and vice versa?

Mr. Lauer answered by saying that the *FLUM* is there to advise the Planning Commission and City Council as they make decisions on zoning in the future. It does not change the zoning. The existing use is allowed to continue. A property owner can make whatever modifications that are allowed by its current zoning.

Mr. Mike Nilles came forward to speak. He is speaking on behalf of the Windsor Hills neighborhood association. They are concerned with connectivity, which is mentioned in some form throughout the plan a total of 85 times. It seems that maximum connectivity is considered desirable. He does not feel that is true in the case of connecting a high density residential development to a low density residential development. In the case of Cornerstone, both Planning Commission and City Council agreed not to connect the development with the Windsor Hills neighborhood. He does not want to see this change as an end round to a previous City Council decision. Mr. Nilles feels that the plan should say that connections between high density neighborhoods and low density neighborhoods should be avoided generally.

The neighborhood association is also concerned with the proposed *FLUM* change for 1001 Oakmont Circle. Previously in 2011, City Council denied a proposal to rezone the property. They feel this proposed change could be interpreted as an end round to a previous City Council decision. This property has an Oakmont Circle address and a change like this will usually occur one property at a time. Pretty soon, you are eating into the neighborhood. Community Commercial uses would allow for B-2 uses as well, which they feel are more intensive than B-1. They are urging that the change at 1001 Oakmont Circle not be done.

Ms. Sandy Walton of 118 Coffee Road came forward to speak. She said she is not hearing the planning behind these plans. She has been to several of the public meetings. Her property backs up to the new Dollar General and is part of the proposed change to Neighborhood Commercial. She outlined problems she has been having with erosion, lighting and truck traffic. She also questions what is meant by Scenic Corridor because the Dollar General is not pretty. There are dead trees and they have only just recently cut their grass. There is a sidewalk in front of it that sends water to the neighboring property and the store has increased foot traffic, which she feels is not appropriate for Coffee Road without sidewalks. Although she acknowledged that the City has been working with her on these issues, she feels that the infrastructure is not in place for this proposed change. No one will want to buy her property for commercial purposes until there is infrastructure in place.

Mr. Kirk Petrie who lives on Dreaming Creek Drive came forward to speak. He had heard a rumor that developers wanted to build another Fresh Market on the properties being proposed to change to Neighborhood Commercial. He would like to know if this is a viable option the Planning Commission is considering because he feels his property value and others around him will plummet as a result.

Mr. Colin Anderson of 148 Coffee Road came forward to speak. He would like to reiterate Ms. Walton's assessment and her concerns. He owns three pieces of property that abut her property. He understands her concerns and feels the Dollar General was very poorly done. He also has stormwater issues. He feels that before commercial changes are made to this area that the proper sewage and drainage infrastructure needs to be in place.

Mr. Victor Shelton who lives on Dreaming Creek came forward to speak. His first question is whether or not the proposed *FLUM* change in that area to High Density Residential was in face an error and is no longer being proposed. His second question is whether or not a cut through to Cornerstone at Brunswick Drive is being proposed. There has already been numerous ticketing there, and he does not feel it can accommodate any more vehicular traffic.

Ms. Janis Jefferson who lives on Park Avenue came forward to speak. She already thought this area was commercial and she would like it explained to her what the proposed change to Neighborhood Commercial means.

Mr. Josef Shafer who lives on Brunswick Drive came forward to speak. He lives at the dead end of Brunswick Drive and he mentioned that someone already bought the property and probably plans to develop it as high density residential. He is concerned with a connection to this property. He is not talking about a connection to Cornerstone. He feels a connection to this property on Brunswick Drive would be a detriment to his family. He does not feel it can support any additional traffic and there are no sidewalks. Without making a general policy not to connect high density residential development with low density residential development, it is going to be very frustrating for citizens.

Ms. Sandra Crowther came forward to speak. She owns properties on both Fifth and Jackson Streets. The Jackson Street properties are in the proposed Neighborhood Commercial. They are currently in grass and everything around her is paved. It seems to her that is all Fifth Street has is parking lots. She would like to see wonderful things happen in that corridor but she does not think more paving is the answer. She thinks the properties are currently zoned R-3 but she is not quite sure. She thinks more housing is what is appropriate and she is opposed to the change to Neighborhood Commercial.

Mr. Richard Harris of 2032 Garfield Avenue came forward to speak. He is the coordinator for the Seminary Hill Neighborhood Watch. He understands they are proposing a change to the Garfield Avenue area from Employment 2 to Institution. Recently, the City changed DeWitt Street at Price Street to one way to help traffic flow. Traffic flow is very bad, especially during school. If the Virginia University of Lynchburg purchases more properties for institutional purposes, does the City plan to do anything else to address traffic problems? He also has some stormwater issues as well. He feels this is a left out part of the City and he wants to know what the City plans to do about sewer improvements, street widening and other issues if the university continues to expand in this area.

Mr. Todd Hall came back to ask if there will be rezonings in the future to make the *FLUM* and the zoning match.

Chair Sale explained to the public that the reason they are updating this plan is because it is a state requirement to have a plan, as well as to review it every five years. This document is meant to guide the City and its staff in future decisions. The *FLUM* is a way of looking at what is currently there and what might be there in the future based on our best projections, as well as current zoning. The next step will be zoning changes, but that is not before them now. Zoning changes will be addressed as a consequence of steps we are taking now.

Mr. Lauer came back to address some of the questions raised. He clarified that the area along Dreaming Creek is not proposed for high density development. Mr. Lauer acknowledged that with the concern regarding connectivity, that it is desired, but not in all cases. There are some cases where it is inappropriate and a conflict and will erode the character of a neighborhood. However, he is not aware of any connections planned for Dreaming Creek Drive. Maybe staff is aware and can comment.

Ms. Jefferson asked for an explanation of the change to Neighborhood Commercial in her area. That area is currently zoned B-3 and Neighborhood Commercial is meant to be small in scale and meant to serve neighborhood needs.

With regard to Mr. Harris' questions about plans to improve traffic on Campbell Avenue and Odd Fellows Road, that plan was just adopted. He would defer to staff as to what those specific improvements may be.

With regard to Mr. Hall's question about rezonings, he is not aware of any rezonings planned at this time. Normally, rezonings occur at the request of a property owner who is choosing to develop his property or to change the use. Occasionally, a rezoning is proposed by the City when there is a larger plan proposed but there are currently no such plans proposed. There are changes that will come with a *Zoning Ordinance* rewrite and those will deal with design standards that have been mentioned and deal with some of the compatibility issues that have been raised by citizens such as lighting, loading zones and the orientation of buildings to name a few.

Mr. Richard Harris said he is aware of the Campbell Avenue plan. He is talking about the congested area of the Seminary Hill area, DeWitt, Price and Edmunds Streets. He thinks there would need to be widening of streets to accommodate future growth in this area.

Mr. Kirk Petrie again brought up a possible development of a Fresh Market in the Dreaming Creek area. Chair Sale said they are not aware of anything and it actually would not be a part of the *Comprehensive Plan* discussion. He asked Mr. Martin to comment, and Mr. Martin said there has been nothing formally submitted to the planning department. If it were to occur, it would have to happen on properties already zoned appropriately or would require a rezoning, which would require additional public notification and decisions by the Planning Commission and City Council. Mr. Martin was not sure a Fresh Market could fit on the parcels in question and Chair Sale reminded everyone that there is no proposal before them tonight. Mr. Martin clarified that it is parcels fronting Timberlake Road only that are being proposed for Neighborhood Commercial and commented that Timberlake Road has in excess of 30,000 vehicles a day traveling on it. These properties are probably no longer suitable for low density residential and it has been noted that we will need to pay particular attention to the transition between uses.

Mr. Josef Shafer came back with a question about the High Density Residential properties on Brunswick Drive. Mr. Martin clarified for the commission that there is no proposed change for this area. The *Future Land Use Map* has shown this area to be designated for High Density Residential since 2002. However, the zoning is split between R-1 and R-4 and the R-1 portion would have to be rezoned before it could be developed entirely for high density residential.

Mr. Todd Hall came back to ask what are the proposed changes to the *Zoning Ordinance*. Mr. Lauer said they will start to be vetted at public meetings in January 2014. In the meantime, a copy of the Zoning Diagnostic study can be found at Lynchburg2030.org.

At this point, Chair Sale closed the public hearing portion of the petition.

Commissioner Hannon explained to the public that this document will not change anyone's property rights. What this document will do is focus the City's attention on where we need to put resources. If the *FLUM* shows an area that is designated for future commercial growth, that puts everyone on alert that when we are talking about infrastructure improvements, we need to remember particular areas because we have projected something in particular for that area such as future commercial growth. This plan is meant to address potential conflicts and make sure that potential conflicts are either foreseen so that proper steps can be taken to minimize them or they never happen at all. That's the idea behind this whole process.

Commissioner Hannon further explained to the public that zoning is a property right and cannot be changed without due process. When a property owner does want the zoning of a property to be changed, there will be a public hearing process and the site design and its parameters will be discussed. That is a site specific process. The Comprehensive Plan and the *Future Land Use Map* are not meant to be site specific. It is a vision and is supposed to talk about what our potential conflicts might be in the future and try to avoid them.

Commissioner Coleman thanked everyone for their input. He found some of the infrastructure issues raised to be alarming but trusts that this will put City staff on notice as to where our resources need to be focused.

Commissioner Swienton had noted particular areas of concern with Fifth Street, Boonsboro Road and the Windsor Hills neighborhood. To be sure that City Council is aware of each of these areas of concern, he would like to discuss each area separately and discuss whether or not it should be recommended for inclusion in the plan. Commissioner Coleman would like to add Seminary Hill as well for discussion.

Commissioner Swienton reminded them of their vote 4-3 for approval of the rezoning of 1001 Oakmont Circle. When it got to City Council, the motion to approve a *FLUM* amendment did not even get a second. It was denied by a vote of 4-1. There were two members absent at that hearing. Commissioner Swienton would suggest that they not include this area in the proposed change to

Neighborhood Commercial to say that going forward it needs special attention. This is the similar approach he would like to take with the other three areas.

Commissioner Swienton made a motion to retain the current *FLUM* designation for the Oakmont Circle/Timberlake Road area. Commissioner Coleman seconded the motion. Mr. Martin reminded them that there is only one parcel left, 1001 Oakmont Circle, not already recommended for commercial on the *FLUM.*

Commissioner Hannon said he would be voting against this because he feels commercial is the future for this parcel. Any proposal will have to come for a rezoning so they will be very picky about what goes in there. As far as the *FLUM* is concerned, he does not want to tell a property owner on Timberlake Road that they have virtually no chance of seeing it ever reach its potential. We had a similar situation with the Bojangles. The issue is buffering and design and that is why Mr. Lauer focused so much on design standards. They will be very critical when we get to the *Zoning Ordinance.* We will want to be sure that adjoining commercial uses do not unfairly impact adjoining residential uses.

Commissioner Barnes said he agrees with Commissioner Hannon's comments. You have to look ahead to 2030 and it is most likely that these parcels will develop commercially. He reiterated that we need to be sure that there is transition from high traffic areas to the low density neighborhoods behind them. He could see this developing as an office or a low impact retail/mixed use development and that would be an appropriate transition between the two areas.

Commissioner Swienton asked Mr. Martin if someone could come in for a rezoning for the 1001 Oakmont Circle and have it rezoned to straight B-1 or B-2 without proffers. Mr. Martin said that could be done but it would be up to City Council whether or not to approve. Commissioner Swienton stated that he is trying to protect the surrounding property owners from one property owner coming in and getting the property rezoned. Later, the building is razed and a different B-1 or B-2 use is put there instead. Mr. Martin acknowledged that situation could happen if Council originally approved a straight B-1 or B-2 zoning without proffers.

Mr. Lauer came up to explain the reasoning behind this proposed change. Given the traffic counts on Timberlake Road, they do not see it long term as remaining single-family residential. They see it more likely to be commercial or mixed use. That is the reasoning behind calling it one category of Neighborhood Commercial in order to imply that uses in this category should be compatible with surrounding neighborhoods.

Commissioner Johnston agrees with other commissioners who feel this parcel is most appropriately developed as commercial. She would like the opportunity to require proffers. Mr. Martin explained that proffers are voluntary in the State of Virginia. However, when a particular parcel is so sensitive in nature, staff does encourage a proffered rezoning but there is no requirement. The recourse for the City if a petition does not address the impacts is not to rezone it.

Commissioner Swienton also sees this parcel as being developed commercially in the future. However, he wants it to be done in the best way possible and feels that the motion he proposed is the best way to do it. Commissioner Swienton feels that what he has learned tells him that it is very difficult to deny a rezoning request once the *FLUM* has been changed. Keeping it residential creates more leverage.

Commissioner Johnston is concerned that they are micromanaging. Although Commissioner Coleman seconded the motion, he said he would be voting against it because of that micromanaging point, but he does agree with what Commissioner Swienton is saying in principle.

The motion failed by the following vote:

AYES:	Swienton	1
NOES:	Barnes, Coleman, Hannon, Johnston and Sale	5
ABSTENTIONS:		0
ABSENT:	Hooper	1

The discussion moved to the area around the Virginia of University. Commissioner Swienton and Commissioner Hannon wondered if they are talking about property that the university currently does not own. Mr. Martin said that is correct. He clarified for them that the zoning is not being changed but these are properties that the City feels it would be reasonable to expect the university to expand its boundaries within the next twenty years. Those projections are based on a concept plan obtained from the university. Commissioner Hannon feels it would be appropriate in light of his earlier remarks that this will become an area that the City will be on alert for in terms of infrastructure, road improvements, etc., in light of its designation on the *FLUM.* Mr. Martin also reminded them that the recently adopted Campbell Avenue plan shows a proposed roundabout at Edmunds Street, which should improve traffic flow.

Commissioner Swienton made a motion for the current *FLUM* designation for this area to remain. Commissioner Swienton asked Mr. Martin if someone could come in with a different proposal for these properties that was not in concert with the *FLUM.* Mr. Martin said they could but the City would probably look at whether or not it in some way supported the university. He reminded them that they spent a great deal of time on the institutional zoning ordinance because the City wanted to support the growth of its institutions. Establishing appropriate areas for their expansion goes along with that ordinance.

The motion died for lack of a second.

Commissioner Swienton made a motion to retain the current *FLUM* designation for the Coffee Road/Boonsboro Road area. Mr. Martin commented that the important thing to remember about this one is that this change mirrors the current zoning that is already in the area. If you choose to leave it the way it is, it will not change anything.

The motion died for lack of a second.

The last area to discuss was the Fifth Street area. Mr. Martin reminded them that the current Fifth Street plan was adopted in 2006 and the zoning was amended in 2007. It has always been intended for a mixed use. The properties being recommended for the change to Neighborhood Commercial are already zoned B-6. Nothing is changing and Neighborhood Commercial retains the mixed use characteristics we would like to see for Fifth Street.

Commissioner Swienton made a motion for these properties to retain their current *FLUM* designation. The motion died for a lack of a second. Commissioner Swienton thanked them for their input and still felt that his motions highlighted for Council the areas where their discussion was focused.

Chair Sale read the resolution that is being proposed for their consideration. Commissioner Hannon made a motion for its adoption and recommendation to be forwarded to City Council. Commissioner Coleman seconded the motion. Mr. Martin reminded them of the land use and map changes that were presented to them just tonight. Commissioner Hannon amended his motion to include these changes. Commissioner Coleman seconded the motion.

Commissioner Barnes had a question about the Resource Conservation change at Liberty University. He wanted to know why this change is considered appropriate. Mr. Martin said it looks as if it is a stream valley, but it is not. It is in the very middle of their campus. Commissioner Barnes asked how they are dealing with the stormwater. Mr. Martin believes that part of it is already piped and there will still be a detention facility.

Commissioner Swienton asked how much area farther up the mountain is being proposed to change from Resource Conservation to Institutional. Mr. Martin showed them the current *FLUM* and the proposed *FLUM.* Mr. Martin did not calculate the acreage but would estimate it to be approximately 34 acres.

Commissioner Swienton asked Mr. Martin which neighborhoods are being considered for connectivity. Mr. Martin said there are not currently any particular connections being considered. Commissioner Swienton was particularly concerned with a connection between Boxwood Place and Waterton Drive. Mr. Martin said the plan means to promote connectivity between neighborhoods, which is strengthening the transportation grid. What neighborhoods are connected has to be looked at on a case by case basis, but overall, staff believes connectivity is a good thing because it increases the number of ways people can travel and takes pressure off the collector and arterial roads.

Commissioner Swienton asked how the process occurs for streets to be connected. Mr. Martin said that where right-of-way exists, roads can be connected by right. Commissioner Hannon reminded them with the Better Streets policy, connectivity means all different types of transportation. Commissioner Swienton mentioned that connecting without the other amenities such as sidewalks and bike lanes can be detrimental to property values.

Mr. Martin remarked that the connectivity policy promotes not land locking parcels and not creating islands unto themselves, especially in terms of new development. That is not good planning.

Commissioner Barnes asked about the 34 acres being proposed for Institutional from Resource Conservation. Commissioner Barnes asked if the criterion of steep slopes was taken into consideration with this change. Mr. Martin said the slopes range from 19 percent to 31 percent. Liberty will probably not be able to develop on the whole area, but these are the areas in which they can work.

Commissioner Hannon thanked the consultants and staff for their work on the plan. He felt we have a document that will be very useful in the future. It is much more approachable and does not have that bureaucratic sense to it. It is very readable.

Commissioner Swienton likes it overall and feels it is certainly an improvement over our current plan.

Chair Sale commented that when we did the 2002 plan, we had no idea where we would be now. We took our best shot at where we thought and hoped to be. It stood on its own merits quite well. Chair Sale said the plan is a dynamic document. One of the great strengths of this plan is that it strengthens the plans for implementation. It is cleaner and clearer and has a stronger plan for implementation.

The motion passed by the following vote:

AYES:	Barnes, Coleman, Hannon, Johnston, Sale and Swienton	6
NOES:		0
ABSTENTIONS:		0
ABSENT:	Hooper	1

Revisions to the Comprehensive Plan and Future Land Use Map
October 23, 2013

PLEASE PRINT

NAME	ADDRESS	PHONE	IN FAVOR	IN OPPOSITION	NEUTRAL
Todd Hall					✓
Mike Nilles	Windsor Hills			✓	
Sandy Watton	118 Coffee Road			✓	
KIRK PETRIE	Dreaming Creek			✓	
COLIN ANDERSON	148 Coffee Road			✓	
Victor Shelton.	Dreaming Creek				
Daniel Jefferson	Park Avenue			✓	
Josef Shaler	Brunswick Drive	434 283-4451		✓	
Sandra Crowther	3906 Nowlins Mill Rd Concord 24538			✓	
Ric Harris	2032 Garfield	24501			
Josef Shaler				✓	

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 12

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Public Hearing and Resolution for Boundary Amendments to Enterprise Zones #2 and #46**

RECOMMENDATION: Conduct a Public Hearing regarding amendments to Virginia Enterprise Zones #2 and #46 to encompass the areas shown on maps "Enterprise Zone Amendment, Zone # 2" and "Enterprise Zone Amendment, Zone #46," contingent upon approval by the Virginia Department of Housing and Community Development (DHCD). Pass a resolution in support of the boundary amendment, as required by DHCD.

SUMMARY: Lynchburg is an active participant in the Virginia Enterprise Zone Program, with two Enterprise Zones identified by DHCD as #2 and #46. The zones were established to provide incentives for businesses to locate or expand, stimulating economic development within the designated areas. Although the General Assembly has changed the benefits of Enterprise Zone designation over the years, two primary incentives remain for businesses: job creation grants and real estate improvement grants.

Enterprise Zone boundaries are eligible for amendment annually upon approval by City Council and DHCD. Program guidelines limit zone size to 7% of the locality's total land area, and both of Lynchburg's zones are close to the limit. In order to maximize zone size and therefore provide the greatest benefit to local businesses, ineligible property classes can be removed from the zone to allow for the inclusion of additional commercial property.

The areas proposed for deletion consist of ineligible residential property, public property and right-of-way where zone designation provides no benefit. Private property owners in the proposed deletion areas have been notified individually by letter. The areas proposed for addition include primary commercial corridors, industrial park properties and areas of anticipated growth.

Enterprise Zone designation has no impact on land use or zoning.

In order to accomplish this amendment, City Council is required to conduct a public hearing regarding the proposed amendments.

PRIOR ACTION(S): Amended Zone #2 and #46 boundaries in FY2013

FISCAL IMPACT: May positively impact tax receipts as business growth and expansion is incentivized in newly designated areas.

CONTACT(S): Marjette Upshur, 434-455-4490

ATTACHMENT(S): Map showing existing zone #2, proposed deletion, and proposed expansion; map showing existing zone #46, proposed deletion, and proposed expansion; proposed resolution.

REVIEWED BY: lkp

RESOLUTION

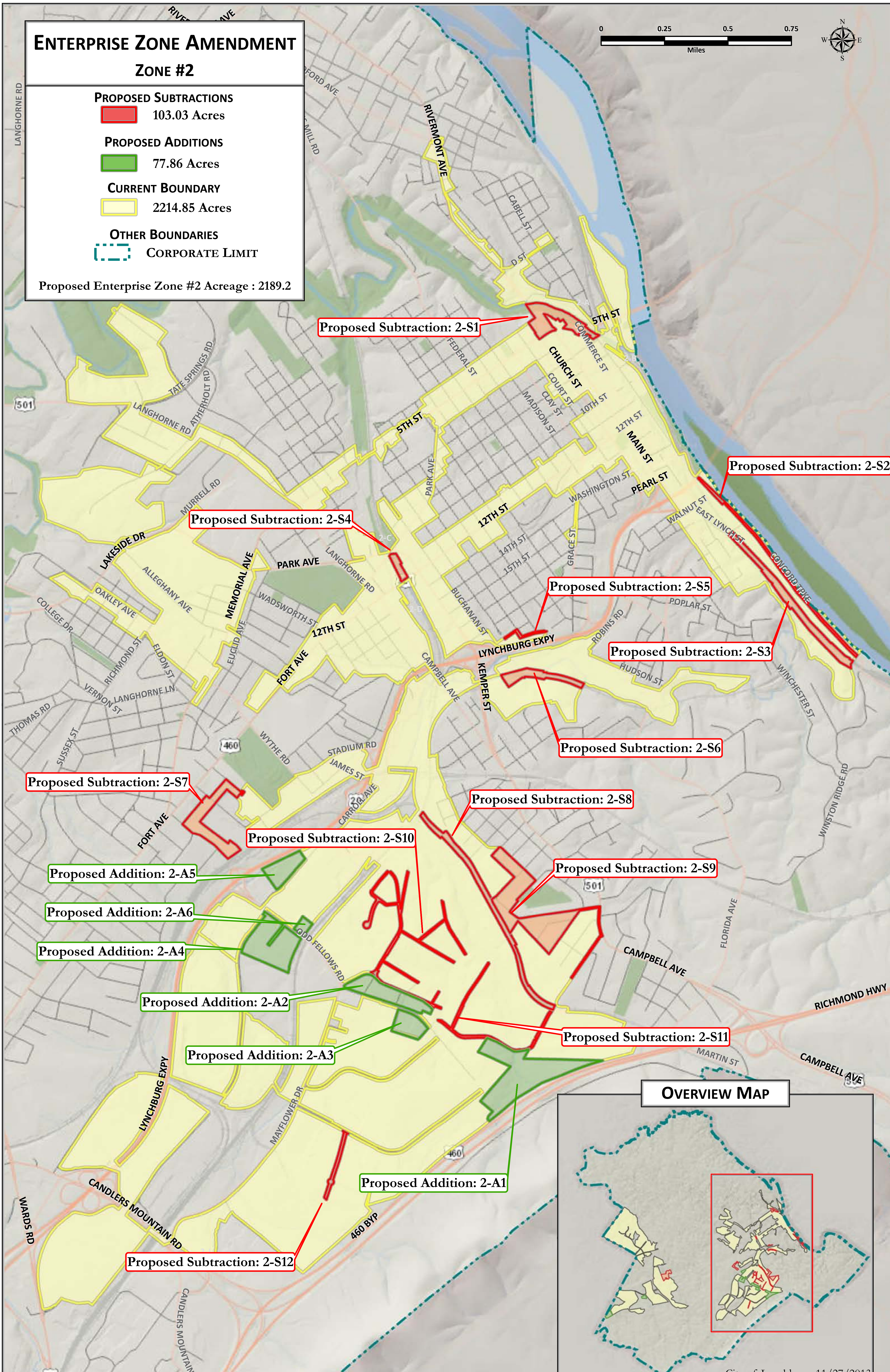
BE IT RESOLVED That the Lynchburg City Council endorses the removal of areas “2-S1” through “2-S12” from the City of Lynchburg, Virginia Enterprise Zone #2 and the addition of areas “2-A1” through “2-A6” to the City of Lynchburg, Virginia Enterprise Zone #2 as shown on the map entitled “Enterprise Zone Amendment, Zone #2.”

BE IT FURTHER RESOLVED that the Lynchburg City Council endorses the removal of area “46-S1” from the City of Lynchburg, Virginia Enterprise Zone #46 and the addition of areas “46-A1” through “46-A6 to the City of Lynchburg, Virginia Enterprise Zone #46 as shown on the map entitled “Enterprise Zone Amendment, Zone #46.”

Adopted:

Certified: ______________________________
Clerk of Council

182K



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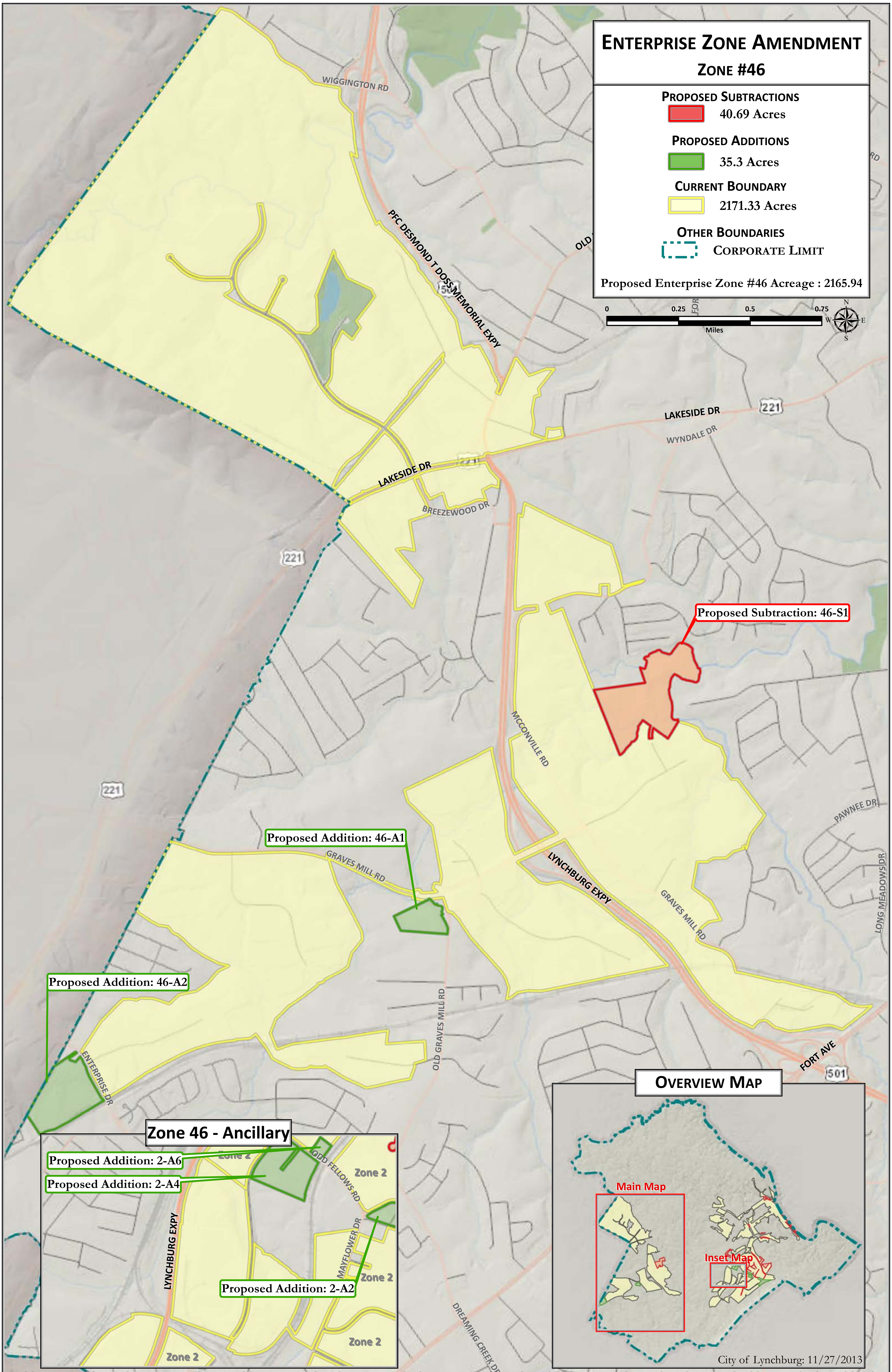

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LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 13

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION:
(Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Public Hearing – Liberty University Lease of Fiber Optic Cable Connection**

RECOMMENDATION: After a public hearing, approve a lease agreement with Liberty University (lessee) to allow the nonexclusive right to install, operate, and maintain fiber optic cables on City-owned property at the Lynchburg Regional Airport, and authorize the City Manager to execute the agreement on behalf of the City.

SUMMARY: Liberty University owns an off-airport academic building housing the School of Aeronautics and it desires to connect via fiber optic cable to its on-airport facility operated by Freedom Aviation. Access to the City-owned fiber optic cable would be obtained by boring under Airport Road and the Lynchburg Regional Airport security fence, then splicing into the existing City-owned fiber optic cable at the junction box located at Handhole #9 using two (2) empty pairs inside a waterproof Quazite box. All costs associated with completing the connection will be borne by the lessee.

There is a statutory requirement for a public hearing prior to leasing City property.

PRIOR ACTION(S): None

FISCAL IMPACT: Revenue to the Regional Airport Fund (operating) would be as follows: $1,200 per year for the initial five-year term; $1,350 per year for an additional (optional) five-year term; and $1,500 per year for an additional (optional) four-year term.

CONTACT(S): Mark F. Courtney, Airport Director, 455-6090

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

RESOLUTION

BE IT RESOLVED That the Lynchburg City Council approves a lease agreement by and between the City of Lynchburg and Liberty University for the nonexclusive right to install, operate, and maintain fiber optic cables onto City-owned property at Lynchburg Regional Airport; and,

BE IT FURTHER RESOLVED that the City Manager is authorized to execute the lease agreement on behalf of the City.

Adopted:

Certified: ______________________________
Clerk of Council

176K

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 14

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Public Hearing – Verizon lease of Rooftop Space for Communications Equipment**

RECOMMENDATION: After a public hearing, approve a lease agreement with Verizon Wireless (lessee) to allow the nonexclusive right to install, operate, and maintain telecommunications equipment in an approximately 9' x 9' leased area on the roof of the main passenger terminal at Lynchburg Regional Airport, and authorize the City Manager to execute the agreement on behalf of the City.

SUMMARY: Verizon Wireless desires to install a telecommunications antenna and related equipment on the rooftop of a City-owned building located at 350 Terminal Drive, Lynchburg, Virginia 24502 (Airport main passenger terminal). Access would also be granted to all necessary electrical and telephone utility infrastructure located within the building or on the property. All costs associated with completing the utility connections will be borne by the lessee.

There is a statutory requirement for a public hearing prior to leasing City property.

PRIOR ACTION(S): None

FISCAL IMPACT: Revenue to the Regional Airport Fund (operating) would be as follows: $750 per month ($9,000 per year) for the initial five-year term; $825 per month ($9,900 per year) for an additional (optional) five-year term; and $900 per month ($10,800 per year) for an additional (optional) four-year term.

CONTACT(S): Mark F. Courtney 455-6090 Airport Director

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

RESOLUTION

BE IT RESOLVED That the Lynchburg City Council approves a lease agreement by and between the City of Lynchburg and Verizon Wireless for the nonexclusive right to install, operate, and maintain telecommunications equipment onto City-owned property at Lynchburg Regional Airport; and,

BE IT FURTHER RESOLVED that the City Manager is authorized to execute the lease agreement on behalf of the City.

Adopted:

Certified: ______________________________
Clerk of Council

177K

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 15

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Public Hearing – Federal Aviation Administration Supplemental Lease Agreement**

RECOMMENDATION: After a public hearing, approve Supplemental Lease Agreement No. 2 to lease DTFAEA-03-L-16535 with the Federal Aviation Administration (FAA) for certain space in the Air Traffic Control Tower (ATCT) located at Lynchburg Regional Airport, and authorize the City Manager to execute the agreement on behalf of the City.

SUMMARY: The FAA has leased the Lynchburg Regional Airport Air Traffic Control Tower for years in order to provide air traffic services to aviation users throughout the region. The most recent lease, DTFAEA-03-L-16535, had an original term of ten years which commenced October 1, 2003 and was subsequently extended six months to March 31, 2013 by Supplemental Lease Agreement No.1. Due to budget considerations brought on by the recent federal budget sequestration, space in the facility previously occupied by FAA Technical Operations employees was vacated effective September 30, 2013 which reduced the space under lease to the FAA from 3,817 square feet to 2,565 square feet. Supplemental Lease Agreement No. 2 will retroactively extend the lease by six months for the period April 1, 2013 – September 30, 2013 at the previous lease amount and by thirty-six months at the new reduced rent amount for the reduced leased space.

There is a statutory requirement for a public hearing prior to leasing City property.

PRIOR ACTION(S): April 22, 2003; Lynchburg City Council approval of ten year lease DTFAEA-03-L-16535

FISCAL IMPACT: Revenue to the Regional Airport Fund (operating) would be as follows: $23,982 for the period April 1, 2013 – September 30, 2013; $37,705 for the period October 1, 2013 – September 30, 2014; $39,025 for the period October 1, 2014 – September 30, 2015; and $40,391 for the period October 1, 2015 – September 30, 2016.

CONTACT(S): Mark F. Courtney 455-6090 Airport Director

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

RESOLUTION

BE IT RESOLVED That the Lynchburg City Council approves a forty-two month Supplemental Lease Agreement No. 2 to lease DTFAEA-03-L-16535 with the Federal Aviation Administration for certain space in the Airport Traffic Control Tower; and,

BE IT FURTHER RESOLVED that the City Manager is authorized to execute the lease agreement on behalf of the City.

Adopted:

Certified: ______________________________

Clerk of Council

178K

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 16

CONSENT: REGULAR: X WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **$30,000,000 Grant Award from Virginia Public Building Authority**

RECOMMENDATION: Adopt a resolution to amend the FY 2014 Sewer Capital Projects Fund budget and appropriate $30,000,000 with resources from the Virginia Public Building Authority to accelerate completion of the Combined Sewer Overflow (CSO) Program.

SUMMARY: The City of Lynchburg has been awarded a grant totaling $30,000,000 from the Virginia Public Building Authority to help complete the CSO Program. This grant coupled with the proposed CSO Long Term Control Plan, which was submitted to the Department of Environmental Quality (DEQ), will allow for a faster and less expensive approach to finishing the CSO program. Disbursements of these proceeds shall be authorized by the State Water Control Board under the authority of DEQ and administered by the Virginia Resources Authority.

A public hearing is scheduled for December 10, 2013; the public will be notified through an advertisement in *The News and Advance*.

No local match is required with this grant award. Grant funds will be used to reimburse costs incurred by the Sewer Capital Projects Fund for CSO projects.

PRIOR ACTION(S): November 26, 2013 Finance Committee

FISCAL IMPACT: No local match is required. The grant funds will have a considerable positive fiscal impact since the City will not have to borrow these fund, avoiding the debt service that would impact sewer rates.

CONTACT(S): Tim Mitchell, Director of Water Resources, 455-4252

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

RESOLUTION:

BE IT RESOLVED that the FY 2014 Sewer Capital Projects Fund budget is amended and $30,000,000 is appropriated with resources from the Virginia Public Building Authority to accelerate completion of the Combined Sewer Overflow (CSO) Program.

Introduced: Adopted:

Certified: ______________________________
Clerk of Council

186K

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 17

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Appropriation of Fund Balance from FY 2013 Unexpended School Operating Fund**

RECOMMENDATION: Adopt a resolution to amend the FY 2014 General Fund budget and appropriate $507,487 for transfer to the School Operating Fund with resources from unexpended FY 2013 School Operating appropriations to fund maintenance and security needs as well as the replacement of student records software.

SUMMARY: This action is requested in accordance with an agreement signed by the Lynchburg City Council and the Lynchburg City School Board dated December 14, 1993. This agreement provides for the creation and maintenance of a school operating fund balance for "the purpose of underwriting any occasional shortfalls from the various budgetary categories of direct State funding support as well as other applications, all based upon the required expenditure approval of the School Board."

The FY 2013 audit identified $507,487 as available fund balance to be returned to City Schools. These funds are requested by the School Board to be used for maintenance and security needs ($207,487) and the replacement of student records software ($300,000).

PRIOR ACTION(S): November 26, 2013 Finance Committee
December 14, 1993 Agreement with Schools regarding the Return of Fund Balance

FISCAL IMPACT: Transfer of available fund balance in the amount of $507,487 to the School Operating Fund.

CONTACT(S): Dr. Scott Brabrand, Superintendent, Lynchburg City Schools, 515-5070
Anthony Beckles, Chief Financial Officer, Lynchburg City Schools, 515-5010
Donna Witt, Director of Financial Services, 455-3968

ATTACHMENT(S): Resolution
Request from Dr.Scott Brabrand, Superintendent dated November 20, 2013
December 14, 1993 Agreement

REVIEWED BY: lkp

RESOLUTION

BE IT RESOLVED that the FY 2014 General Fund budget is amended and $507,487 is appropriated for transfer to the School Operating Fund with resources from unexpended FY 2013 School Operating appropriations to fund maintenance and security needs as well as the replacement of student records software.

Introduced: Adopted:

Certified: ______________________________
Clerk of Council

172K

A TRADITION OF EXCELLENCE FOR ALL
LCS
LYNCHBURG CITY SCHOOLS

SCHOOL ADMINISTRATION BUILDING
915 Court Street
Post Office Box 2497
Lynchburg, VA 24505-2497
www.lcsedu.net

November 20, 2013

Mr. L. Kimball Payne, III
City Manager
900 Church Street
Lynchburg, Virginia 24504

Dear Mr. Payne:

I am requesting reappropriation of the Lynchburg City Schools fund balance for FY2013 in the amount of $507,487 for the following purposes:

Maintenance and Security Needs	$ 207,487
Purchase of Student Information System Software	$ 300,000
Total	$ 507,487

Thank you for your attention to this matter. Please call if you have questions.

Sincerely,

Scott S. Brabrand, Ed.D.
Superintendent

SSB/wls

cc: Anthony E. Beckles, Sr., Chief Financial Officer

Agenda Report

Date: 11/19/13

Agenda Number: H-4

Attachments: No

From: Scott S. Brabrand, Superintendent
Anthony E. Beckles, Sr., Chief Finance Officer

Subject: Fund Balance Recommendations: 2012-13

Summary/Description:

The fund balance for the 2012-13 school year is $507,418. The school administration has discussed possible uses for those funds and recommends the funds be used for the following purposes:

Maintenance and Security Needs	$207,487
Purchase of Student Records Software	$300,000

Additional information regarding the recommended uses for the 2012-13 fund balance will be shared during this presentation.

Disposition:
☒ **Action**
☐ **Information**
☐ **Action at Meeting on:**

Recommendation:

The superintendent recommends that the school board approve the proposed fund balance recommendations.

LETTER OF AGREEMENT

BETWEEN LYNCHBURG CITY COUNCIL

AND LYNCHBURG BOARD OF SCHOOL TRUSTEES

In accordance with the attached, duly-adopted Resolution, the Lynchburg City Council and the Lynchburg Board of School Trustees hereby agree that the creation and maintenance of a School Operating Fund Balance is desirable to the long-range financial interests of both entities and, even more importantly, to the citizens and the community which both bodies represent. Accordingly, the City Council supports such approach by indicating its willingness to reappropriate to such Fund Balance any duly-budgeted, non-debt service local funding which the Schools manage to avoid spending by the close of each fiscal year. Similarly, the School Board expresses its intention of continuing to exercise cautiousness in the expenditure of all budgeted, appropriated local funding to the Schools, and further understands that any such unexpended, non-debt service monies would become part of a Schools Operating Fund Balance.

The separate, above-mentioned Fund Balance would be maintained in the accounting records of the Lynchburg City Schools for the purpose of underwriting any occasional shortfalls from any of the various budgetary categories of direct State funding support as well as other applications, all based upon the required expenditure approval of the School Board. For informational purposes, the Lynchburg City School Board would advise City Council annually as to amount of funding in such School Operating Fund Balance as of July 1 of each fiscal year; and such information would be reflected in the overall financial information of the City of Lynchburg along with other customary fiscal data for the Lynchburg City Schools.

Based upon this understanding, the creation of the above-referenced Fund Balance would occur promptly and would include any unexpended, duly-budgeted, non-debt service local funding at the close of the current 1992-1993 fiscal year. It is understood that such practice would remain active in the years thereafter.

Lynchburg City Council

By: ______________________
Julian R. Adams
Mayor

Date: 12/14/93

Lynchburg City School Board

By: ______________________
Julius A. Sigler, Jr.
Chairman

Date: December 20, 1993

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 18

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Appropriation for Heritage High School Architectural Services**

RECOMMENDATION: Adopt a resolution to amend the FY 2014 Schools Capital Project Fund budget and appropriate $589,731 with resources from the General Fund Heritage High School Committed Fund Balance for architectural fees for Heritage High School based on a revised construction cost estimate.

SUMMARY: The contract with Moseley Architects was signed on June 7, 2012. The fee was negotiated at 5.75% of the estimated $60 million for construction of Heritage High School, which is $3,450,000. Article 11.1 of the contract states "The updated estimated of the Cost of Work at the midpoint of Design Development Phase shall be the basis of the adjustment (increase or decrease) of compensation of Basic Services of Architect."

Mosley has submitted an amendment to the contract for additional fees based on the construction cost estimate determined by the Third Party Cost Estimator, Downey & Scott, LLC. Downey & Scott's construction cost estimate is $70,256,192 which increases the cost under the Moseley Architect contract by $589,731 to $4,039,731.

PRIOR ACTION(S): November 26, 2013 Finance Committee
August 23, 2013 Appropriation for Land Acquisition, Surveys and Contract Administration ($1,185,000)
October 9, 2012 Appropriation for Architecture and Engineering Services ($3,480,000)

FISCAL IMPACT: Use of General Fund Heritage High School Committed Fund Balance which leaves a balance of $1,894,223

CONTACT(S): Dr. Scott Brabrand, Superintendent, Lynchburg City Schools, 515-5070
Ben Copeland, Assistant Superintendent of Operations & Administration, Lynchburg City Schools, 515-5070
Donna Witt, Director of Financial Services, 455-3968

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

RESOLUTION

BE IT RESOLVED that the FY 2014 Schools Capital Project Fund budget is amended and $589,731 is appropriated with resources from the General Fund Heritage High School Committed Fund Balance for Heritage High School architectural services.

Introduced: Adopted:

Certified: ______________________________
Clerk of Council

173K

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 19

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **2013 State Homeland Security Program (SHSP) Grant**

RECOMMENDATION: Adopt a resolution to amend the FY 2014 City/Federal/State Aid Fund budget and appropriate $34,800 with resources from the 2013 State Homeland Security Program (SHSP) Grant to purchase 15 gas masks, 200 gas mask filters, and 180 helmets for officer safety.

SUMMARY: The Lynchburg Police Department is eligible to receive $34,800 in State Homeland Security Program (SHSP) Grant funding. This funding will be utilized to purchase 15 gas masks, 200 gas mask filters, and 180 helmets for police officer safety. Total equipment cost is $34,800, which is fully reimbursable by the grant; no local matching funds are required.

PRIOR ACTION(S): Finance Committee December 10, 2013

FISCAL IMPACT: None, no local match is required.

CONTACT(S):
Police Chief Parks Snead, 455-6104
Captain K. R. Edwards 455-6119

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

RESOLUTION:

BE IT RESOLVED That the FY 2014 City/Federal/State Aid Fund budget is amended and $34,800 is appropriated with resources from the 2013 State Homeland Security Program (SHSP) Grant to purchase 15 gas masks, 200 gas mask filters, and 180 helmets for police officer safety.

Introduced: Adopted:

Certified: ______________________________
Clerk of Council

185K

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 10, 2013** AGENDA ITEM NO.: 20

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **FY 2014 Budget Adjustment for Transfer of $600,000 to Stormwater Capital Fund**

RECOMMENDATION: Adopt a resolution to amend the FY 2014 Stormwater Capital Projects Fund budget and appropriate $600,000 with resources transferred from the FY 2014 Stormwater Operating Fund budget to provide necessary funding for initial master planning efforts to comply with federal and State mandates according to the Municipal Separate Storm Sewer System (MS4) permit and provide matching resources for grant funds available from the Virginia Stormwater Local Assistance Fund.

SUMMARY: Due to the FY 2013 Stormwater Operating Fund ending the year with higher than anticipated revenues and lower than budgeted expenses, $600,000 is available in the Stormwater Operating Fund for transfer to the Stormwater Capital Fund to begin funding master planning efforts and infrastructure projects that qualify for a 50% matching grant from the Virginia Stormwater Local Assistance Fund (SLAF). The SLAF funds capital projects that improve water quality and reduce pollutants coming from stormwater sources to meet Total Maximum Daily Loads (TMDL) limits. In the event a SLAF grant is not awarded, the funds will be utilized for water quality projects associated with TMDL and permit compliance and stormwater infrastructure renewal.

PRIOR ACTION(S): Adoption of the FY 2014 Stormwater Operating Fund Budget: May 14, 2013; November 26, 2013 Finance Committee

FISCAL IMPACT: A one-time transfer of funds from the Stormwater Operating Fund to the Stormwater Capital Fund of $600,000.

CONTACT(S): Tim Mitchell, Director of Water Resources, 455-4252

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

RESOLUTION:

BE IT RESOLVED that the FY 2014 Stormwater Capital Projects Fund budget is amended and $600,000 is appropriated with resources transferred from the FY 2014 Stormwater Operating Fund budget to provide necessary funding for initial master planning efforts to comply with federal and State mandates according to the Municipal Separate Storm Sewer System (MS4) permit and provide matching resources for grant funds available from the Virginia Stormwater Local Assistance Fund.

Introduced: Adopted:

Certified: ______________________________
Clerk of Council

174K