

**LYNCHBURG CITY COUNCIL  
PHYSICAL DEVELOPMENT COMMITTEE**

**Tuesday, December 8, 2015  
9:00 a.m.**

**Information Items**

**Recent/Pending Contract Awards:** -There were no new contracts awarded.

**Update on priority projects:** -no change to the priority project list.

**General Business**

1. Right-of-way vacation: Main Street

Rachel Frischeisen

2. Roll Call

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

**Next Meeting: January 12, 2016**

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **December 8, 2015 - PDC**

AGENDA ITEM NO.:

CONSENT:                REGULAR: X

WORK SESSION:

CLOSED SESSION:  
(Confidential)

ACTION: X

INFORMATION:

ITEM TITLE: **Vacate and sell a portion of Main Street**

RECOMMENDATION: Approval of the right-of-way vacation and authorization of the City Manager to sell the property

SUMMARY: Genworth Life & Annuity Insurance Company, the owner of 717 Main Street, is petitioning to vacate a narrow portion of right-of-way along the frontage of the property at 717 Main Street. The petitioner is requesting the right-of-way vacation to accommodate the construction of a parking deck associated with The Virginian Hotel. This right-of-way is approximately two (2) feet wide and extends one hundred fifty-five (155) feet. It contains a portion of sidewalk. The total area of the proposed vacation is approximately eight thousandths (0.008) of an acre. The petitioner is also requesting authorization for the sale of the right-of-way, once vacated, so that the property can be conveyed to them in exchange for the fair market value of four-thousand, four-hundred (\$4,400) dollars.

An additional parking level would be built over the existing parking lot which would result in sixty-two (62) new parking spaces for a total of one hundred fifteen (115) off-street parking spaces. The vacation and sale of the right-of-way would align the front façade of the proposed parking deck with the adjacent building at 715 Main Street. Removal of a portion of the existing sidewalk would reduce the overall width to eight (8) feet which matches the sidewalk width for the balance of that block. The design team for the Downtown waterline/streetscaping project confirmed the eight (8)-foot sidewalk width is consistent with the width proposed for that side of the Main Street corridor and noted the proposed vacation would not negatively impact the design.

PRIOR ACTION(S):

November 17, 2015: The Technical Review Committee [TRC] reviewed the petition. The TRC comments have been incorporated into the proposed ordinance.

FISCAL IMPACT:        \$4,400, sale of City-owned property

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

ATTACHMENT(S):

- Application
- Right-of-way vacation plat
- Map
- Parking Deck Concept Plans

REVIEWED BY:

**RECEIVED**

**OCT 28 2015**

**COMMUNITY  
DEVELOPMENT**

APPLICATION FOR THE VACATION OF A PORTION OF:

Main Street

(Street/Alley)

LOCATED BETWEEN

7<sup>th</sup> Street and 8<sup>th</sup> Street

The undersigned applicant, Genworth Life and Annuity Insurance Company, pursuant to the provisions of Section 15.2-2006 of the Code of Virginia, 1950, as amended, and Section 35-71 through Section 35-77 of the City Code, 1981, as amended, respectfully makes application to the Lynchburg City Council for the vacation of that certain street right of way described as follows:

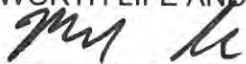
As described by plat of survey dated September 1, 2015, by Nixon Land Surveying, LLC, and containing 0.008 acres. Being a portion of the south west right of way of Main Street between 7<sup>th</sup> Street and 8<sup>th</sup> Street.

The applicant further requests the Lynchburg City Council to hold a public hearing on this application at its meeting to be held in the Council Chambers, City Hall, 900 Church Street, Lynchburg, Virginia, on \_\_\_\_\_, at 7:30 p.m., or as soon thereafter as the matter may be heard, and at the conclusion of which hearing to consider whether or not to vacate the above described street.

Given under my hand this 27<sup>th</sup> day of October, 2015.

Applicant:

GENWORTH LIFE AND ANNUITY INSURANCE COMPANY

By: 

Name: Michael Shadler

Title: VP

**RECEIVED**

**NOV 06 2015**

**COMMUNITY  
DEVELOPMENT**

700 Main Street

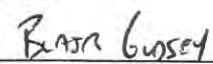
Address

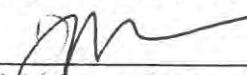
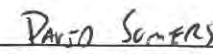
Lynchburg, VA 24504

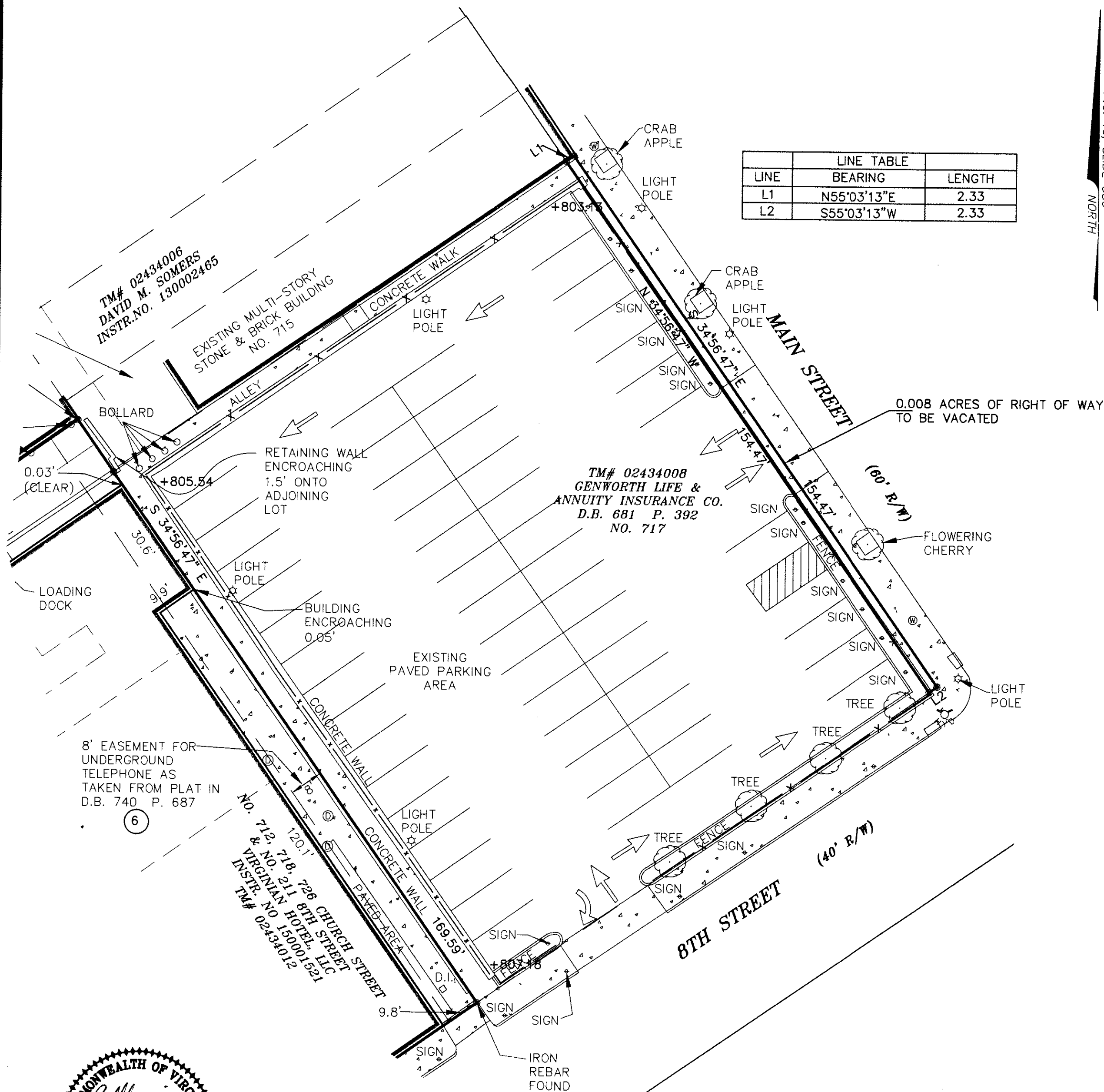
434-522-2805

Telephone Number

WE, THE ADJOINING PROPERTY OWNER(S), ARE IN AGREEMENT TO THE VACATION OF THE ABOVE DESCRIBED PROPERTY:

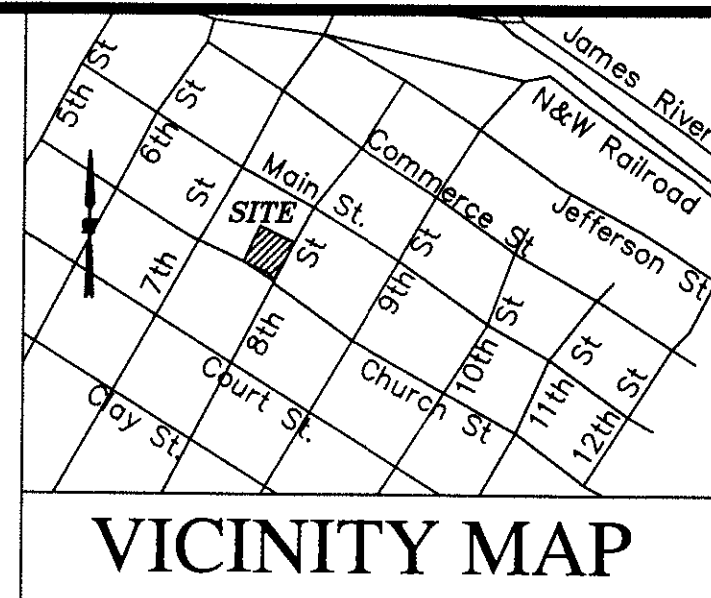
   
BY: Virginian Hotel, LLC (712 Church Street)

   
BY: Main Street Projects, LLC (715 Main Street)



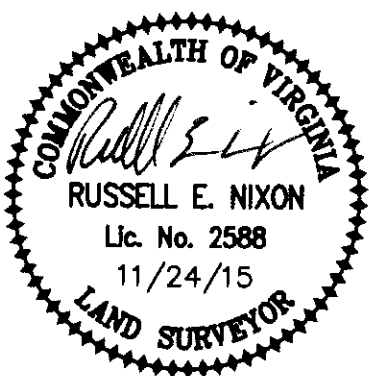
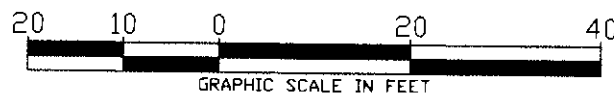
| LINE TABLE |             |        |
|------------|-------------|--------|
| LINE       | BEARING     | LENGTH |
| L1         | N55°03'13"E | 2.33   |
| L2         | S55°03'13"W | 2.33   |

- LEGEND**
- ⊙ IPF IRON REBAR FOUND
  - ⊙ FIRE HYDRANT
  - ⊙ WATER VALVE
  - ⊙ SIGN
  - ⊙ CONC. CONCRETE
  - ⊙ LIGHT POLE
  - ⊙ D.I. DROP INLET
  - ⊙ WATER METER
  - ⊙ TELEPHONE MANHOLE
  - +800.00 SPOT ELEVATION



**NOTES:**

1. THIS PLAT HAS BEEN PREPARED WITH THE BENEFIT OF A TITLE REPORT PROVIDED FROM FIDELITY NATIONAL TITLE INSURANCE COMPANY, BEING COMMITMENT NO. FN-20546, DATED FEBRUARY 18, 2015.
2. THIS PROPERTY FALLS WITH IN ZONE "X" AS SCALED FROM FROM THE F.E.M.A. MAP PANEL NO. 5100930042D DATED JUNE 3, 2008 WHICH DOES NOT INDICATE THAT THIS PROPERTY IS SUBJECT TO FLOODING. THIS SURVEYOR DOES NOT CERTIFY TO THE ACCURACY OF THE F.E.M.A. MAP.
3. THIS PLAT HAS BEEN PREPARED FROM AN ACTUAL FIELD SURVEY DONE PER DATE OF THIS PLAT AND THERE ARE NO VISIBLE EASEMENTS OR ENCROACHMENTS EXCEPT AS SHOWN HEREON.
4. NO DETERMINATION OF WETLANDS HAVE BEEN MADE BY NIXON LAND SURVEYING, LLC OR THIS SURVEYOR.
5. PROPERTY SERVED BY PUBLIC WATER AND SEWERAGE CONNECTION.
6. THE SURVEY WAS MADE ON THE GROUND BY ME OR UNDER MY SUPERVISION AND CORRECTLY SHOWS THE LEGAL DESCRIPTION AND THE LAND AREA OF THE SUBJECT PROPERTY, ALL APPLICABLE SETBACK REQUIREMENTS, THE LOCATION AND TYPE OF ALL VISIBLE ABOVE GROUND BUILDINGS, STRUCTURES AND OTHER IMPROVEMENTS (INCLUDING SIDEWALKS, CURBS, PARKING AREAS AND SPACES AND FENCES) SITUATED ON THE SUBJECT PROPERTY, AND ANY OTHER MATTERS SITUATED ON THE SUBJECT PROPERTY.
7. EXCEPT AS SHOWN ON THE SURVEY, THERE ARE NO VISIBLE EASEMENTS OR RIGHTS OF WAY OF WHICH THE UNDERSIGNED HAS BEEN ADVISED, THERE ARE NO CEMETERIES OR GRAVES, THERE IS NO OBSERVABLE EVIDENCE OF EARTH MOVING WORK OR CONSTRUCTION WITHIN RECENT MONTHS, AND THERE IS NO OBSERVABLE EVIDENCE OF SITE USE AS A SOLID WASTE DUMP, SUMP OR SANITARY LANDFILL.
8. THE DESCRIPTION OF THE SUBJECT PROPERTY FORMS A MATHEMATICALLY CLOSED FIGURE.
9. THE LOCATION OF EACH EASEMENT, RIGHT OF WAY, SERVITUDE AND OTHER MATTER (ABOVE OR BELOW GROUND) AFFECTING THE SUBJECT PROPERTY AND LISTED IN THE TITLE INSURANCE COMMITMENT FILE WITH RESPECT TO THE SUBJECT PROPERTY, HAS BEEN SHOWN ON THE SURVEY, TOGETHER WITH APPROPRIATE RECORDING REFERENCES, TO THE EXTENT THAT SUCH MATTERS CAN BE LOCATED. THE PROPERTY SHOWN ON THE SURVEY IS THE PROPERTY DESCRIBED IN THE TITLE COMMITMENT. THE LOCATION OF ALL IMPROVEMENTS ON THE SUBJECT PROPERTY IS IN ACCORD WITH THE MINIMUM SETBACK, SIDE YARD AND REAR YARD LINES, PROVISIONS AND RESTRICTIONS OF RECORD FOR THE SUBJECT PROPERTY REFERENCED IN SUCH TITLE COMMITMENT.
11. THIS PROPERTY IS B-4.
12. SETBACK REQUIREMENTS NO VIOLATIONS FOUND.  
FRONT YARD = 0'  
SIDE YARD = 0'  
REAR YARD = 0'
13. SPOT ELEVATIONS SHOWN AS A REFERENCE ONLY, THE ELEVATIONS SHOWN ARE AN ASSUMED VERTICAL DATUM AND ARE NOT TIED TO MEAN SEA LEVEL.
14. FACTS AND MATTERS AS SHOWN ON PLAT OF SURVEY BY NIXON LAND SURVEYING, LLC DATED OCTOBER 16, 2014 AND RECORDED IN PLAT CABINET 10 SLIDE 386.
15. FACTS AND MATTERS AS SHOWN ON PLAT OF SURVEY BY R. FLOYD MATHEWS DATED DECEMBER 5, 1988 AND RECORDED IN DEED BOOK 740 PAGE 687.



SOURCE OF TITLE:  
(TM# 02434008)  
GENWORTH LIFE &  
ANNUITY INSURANCE CO.  
D.B. 681, PG. 392

**SURVEYED FOR:**  
**GENWORTH LIFE & ANNUITY INSURANCE CO.**

**Nixon Land Surveying, L.L.C.**  
1063C Airport Road  
Lynchburg, VA 24502  
Phone: (434) 237-3600  
Fax: (434) 237-0699  
Email: ren@nixonlsec.com  
www.nixonlsec.com

DO NOT MOVE AN ANCIENT BOUNDARY STONE OR ENCROACH ON THE FIELDS OF THE FATHERLESS. PROVERBS 23:10 (NIV)

**PLAT SHOWING**  
**THE VACATION OF**  
**A PORTION OF STREET RIGHT OF WAY**  
**ALONG MAIN STREET**  
**CITY OF LYNCHBURG, VIRGINIA**

**COMM. NO.:** 2014165 **REVISED:** 11/24/15  
**SCALE:** 1"=20' **DR. BY:** REN **DATE:** 09/01/15  
**SHEET:** 1 OF 1 **CHK. BY:** REN **DRW. NME/VACATION**

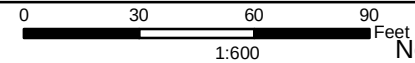




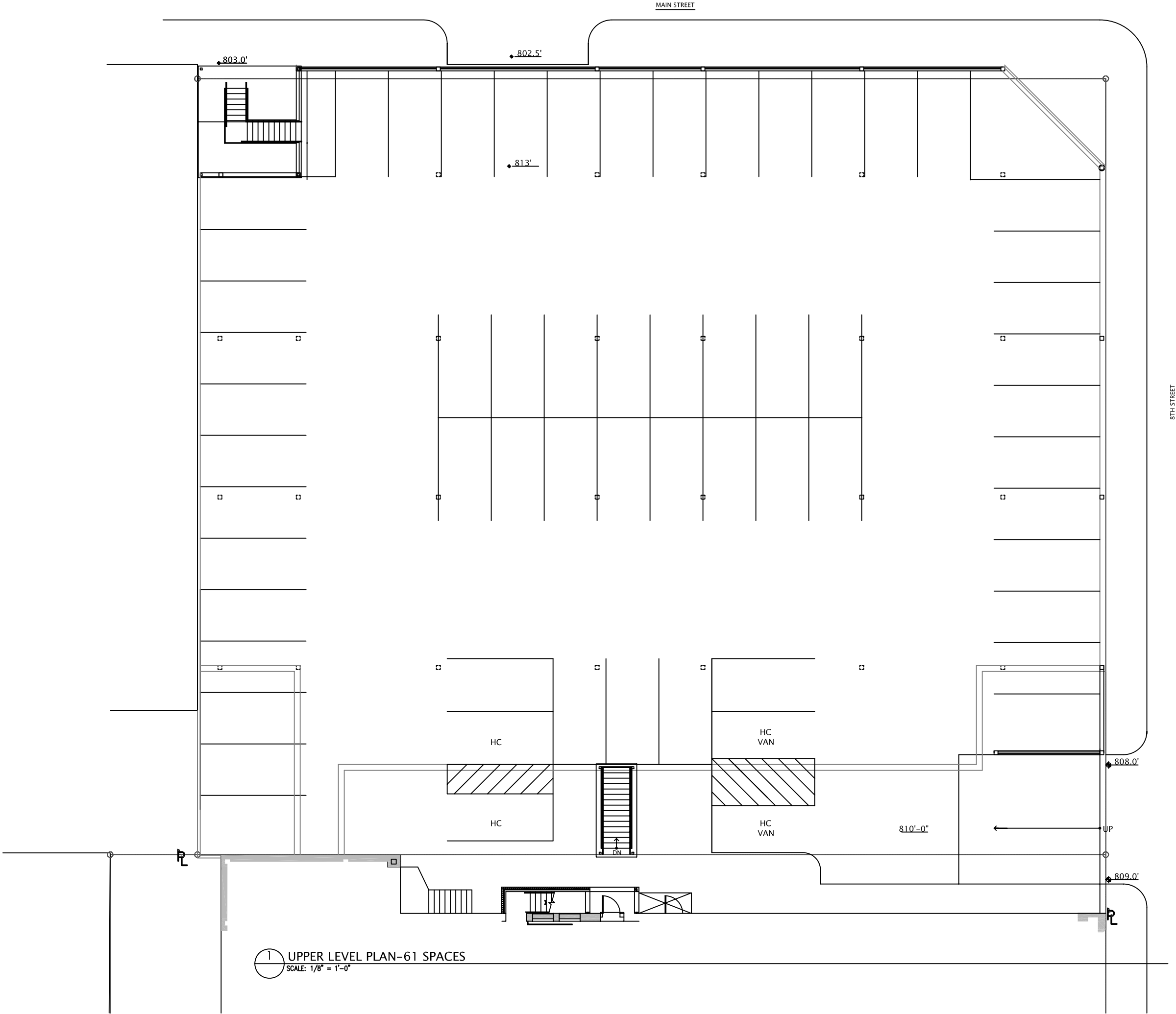
717 Main Street - Proposed Right-of-Way Vacation



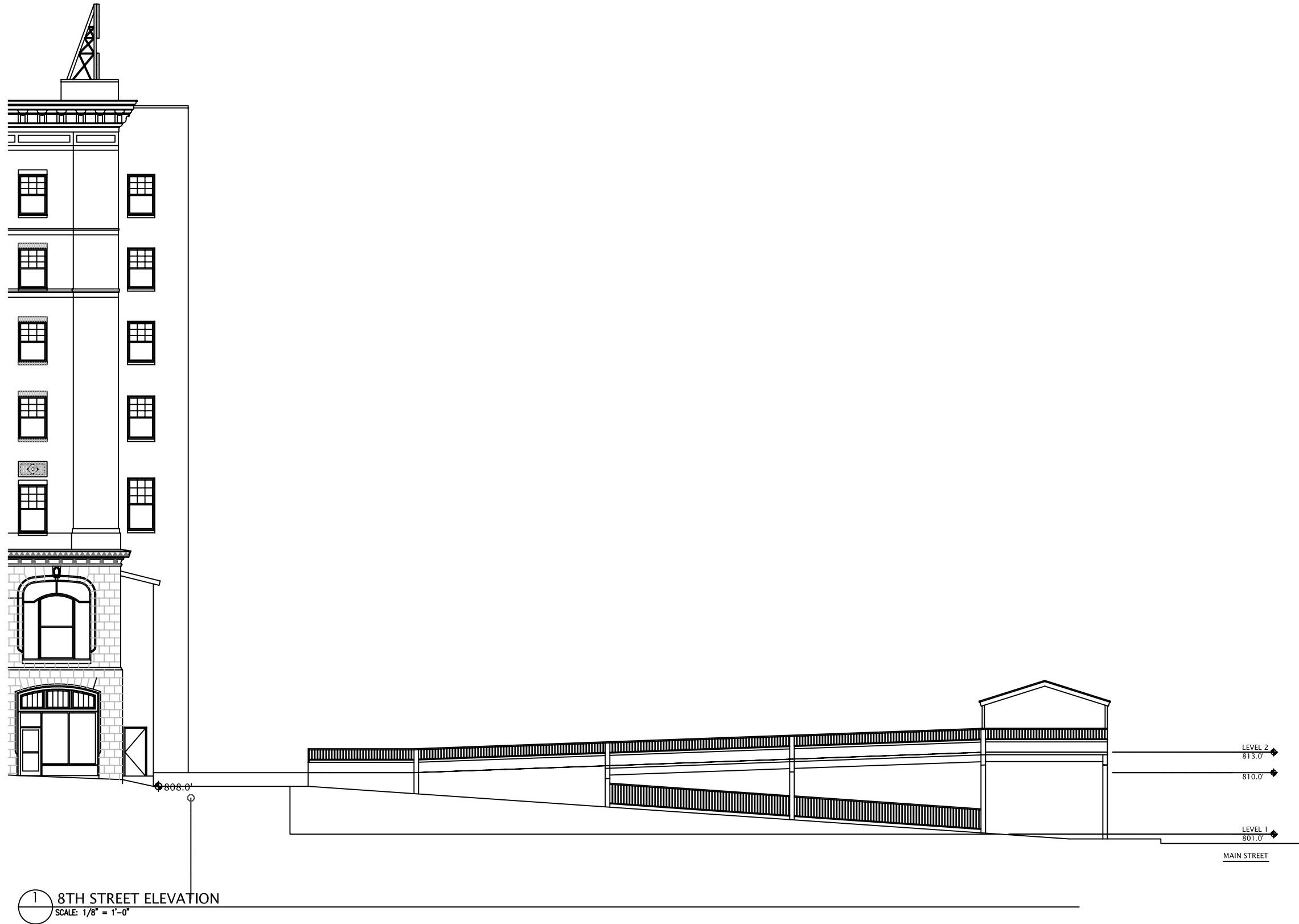
DISCLAIMER: THIS MAP IS NEITHER A LEGALLY RECORDED MAP NOR A SURVEY AND IS NOT INTENDED TO BE USED AS SUCH. THE INFORMATION DISPLAYED IS A COMPILATION OF RECORDS, INFORMATION, AND DATA OBTAINED FROM VARIOUS SOURCES. THE CITY OF LYNCHBURG IS NOT RESPONSIBLE FOR ITS ACCURACY OR HOW CURRENT IT MAY BE.

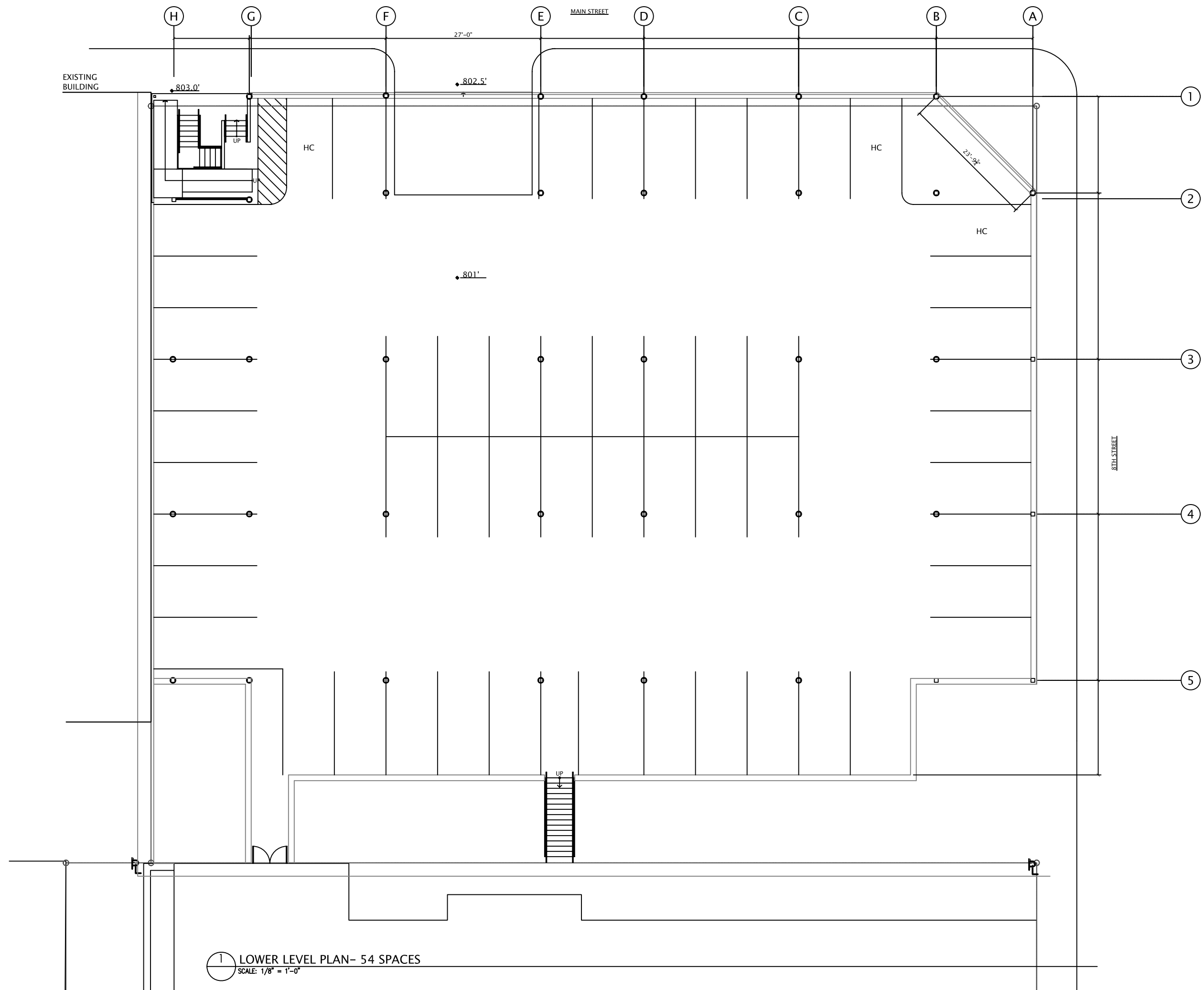


PRINTED ON  
November 16, 2015



1 UPPER LEVEL PLAN-61 SPACES  
SCALE: 1/8" = 1'-0"





1 LOWER LEVEL PLAN- 54 SPACES  
SCALE: 1/8" = 1'-0"



1 MAIN ST. ELEVATION  
SCALE: 1/8" = 1'-0"

**FINANCE COMMITTEE AGENDA**  
**Tuesday, December 8, 2015**  
**11:30 a.m.**

**GENERAL BUSINESS**

**11:30 a.m.**

1. Report on the General Fund Reserve for Contingencies

Contact: Donna Witt, Director of Financial Services

455-3968

**11:35 a.m.**

2. Consider a request to adopt a resolution to amend the FY 2016 City Capital Fund budget and appropriate \$36,479 with resources from insurance proceeds to repair damage to the Garfield Avenue Bridge from a vehicle strike.

Contact: Lee Newland, City Engineer

455-3947

**11:40 a.m.**

3. Consider a request to adopt a resolution to amend the FY 2016 City Capital Fund budget and appropriate \$341,472 with resources from Liberty University for waterline construction costs associated with the existing Liberty University Intramural Field Road project.

Contact: Lee Newland, City Engineer

455-3947

**11:45 a.m.**

4. Review highlights of attached quarterly financial reports for the Greater Lynchburg Transit Company (GLTC) as well as the Regional Airport, Lynchburg Regional Juvenile Detention Center, Comprehensive Services Act, Water Operating, Sewer Operating, Stormwater Operating, and General Funds the for the quarter ending September 30, 2015.

| Fund                                         | Preparer                                   |
|----------------------------------------------|--------------------------------------------|
| GLTC                                         | Josh Baker, General Manager of GLTC        |
| Regional Airport Fund                        | Mark Courtney, Airport Manager             |
| Lynchburg Regional Juvenile Detention Center | Tamara Rosser, Director of Human Services  |
| Comprehensive Services Act Fund              | Tamara Rosser, Director of Human Services  |
| Water Operating Fund                         | Tim Mitchell, Director of Water Resources  |
| Sewer Operating Fund                         | Tim Mitchell, Director of Water Resources  |
| Stormwater Operating Fund                    | Tim Mitchell, Director of Water Resources  |
| General Fund                                 | Donna Witt, Director of Financial Services |

**12:25 p.m.**

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

Contact: Donna Witt, Director of Financial Services

455-3968

**12:30 p.m.**

6. Roll Call

**The next Finance Committee meeting is Tuesday, January 26, 2016, at 11:30 a.m.**



FY 2016 GENERAL FUND RESERVE FOR CONTINGENCIES

|                                                                              | Reserve for<br>Contingencies | City Manager's<br>Discretionary<br>Funding |
|------------------------------------------------------------------------------|------------------------------|--------------------------------------------|
| <b>BEGINNING BALANCE, JULY 1, 2015</b>                                       | \$565,917                    | \$50,000                                   |
| Carryforward to FY 2016 Reserve for Contingencies - 05/26/15 Council Meeting | 584,083                      |                                            |
| <b>BALANCE</b>                                                               | <b>\$1,150,000</b>           | <b>\$50,000</b>                            |
| <b>APPROPRIATIONS (Second Reading)</b>                                       |                              |                                            |
| Body-Worn Camera Pilot Implementation Program - 11/10/15 Council Meeting     | (\$103,818)                  |                                            |
| <b>TOTAL APPROPRIATIONS</b>                                                  | <b>(\$103,818)</b>           | <b>\$0</b>                                 |
| <b>REMAINING BALANCE</b>                                                     | <b>\$1,046,182</b>           | <b>\$50,000</b>                            |
| <b>ITEMS INTRODUCED</b>                                                      |                              |                                            |
| <b>TOTAL INTRODUCED ITEMS</b>                                                | <b>\$0</b>                   | <b>\$0</b>                                 |
| <b>REMAINING BALANCE</b>                                                     | <b>\$1,046,182</b>           | <b>\$50,000</b>                            |
| <b>PENDING ITEMS</b>                                                         |                              |                                            |
| <b>TOTAL PENDING ITEMS</b>                                                   | <b>\$0</b>                   | <b>\$0</b>                                 |
| <b>PROJECTED BALANCE</b>                                                     | <b>\$1,046,182</b>           | <b>\$50,000</b>                            |

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **January 12, 2016**

AGENDA ITEM NO.: **2**

CONSENT:                      REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Appropriate Insurance Proceeds for Damage to City Property – Garfield Avenue Bridge**

RECOMMENDATION: Adopt a resolution to amend the FY 2016 City Capital Fund budget and appropriate \$36,479 with resources from insurance proceeds to repair damage to the Garfield Avenue Bridge from a vehicle strike.

SUMMARY: In September 2015 a vehicle struck and damaged the Garfield Avenue Bridge. The cost to repair the damage is \$36,479; the insurance company for the responsible party has paid for the damage. In order to properly account for these funds, the proceeds need to be appropriated.

PRIOR ACTION(S):

Finance Committee December 8, 2015

FISCAL IMPACT:

None

CONTACT(S):

Lee Newland, City Engineer, 455-3947

Gaynelle Hart, Director of Public Works, 455-4406

ATTACHMENT(S):

Resolution

REVIEWED BY:

RESOLUTION:

BE IT RESOLVED That the FY 2016 City Capital Fund budget is amended and \$36,479 is appropriated with resources from insurance proceeds to repair damage to the Garfield Avenue Bridge from a vehicle strike.

Introduced:

Adopted:

Certified: \_\_\_\_\_  
Clerk of Council

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **January 12, 2016**

AGENDA ITEM NO.: **3**

CONSENT:                      REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Liberty University Intramural Field Road Waterline Funding**

RECOMMENDATION: Adopt a resolution to amend the FY 2016 City Capital Fund budget and appropriate \$341,472 with resources from Liberty University for waterline construction costs associated with the existing Liberty University Intramural Field Road project.

SUMMARY: Liberty University wants to extend a waterline along the new Intramural Fields Road (Liberty Mountain Drive) for better water pressure and ease of connections to their new facilities. This waterline is not an eligible item for the Revenue Sharing Funds; therefore, Liberty University has agreed to pay 100% of the cost. The waterline will be a City waterline after construction.

PRIOR ACTION(S):

Finance Committee December 8, 2015

FY 2016-2020 Capital Improvement Program Budget, page 36

FISCAL IMPACT:

None

CONTACT(S):

Lee Newland, City Engineer, 455-3947

Gaynelle Hart, Director of Public Works, 455-4406

ATTACHMENT(S):

Resolution

REVIEWED BY:

RESOLUTION:

BE IT RESOLVED That the FY 2016 City Capital Fund budget is amended and \$341,472 is appropriated with resources from Liberty University for waterline construction costs associated with the existing Liberty University Intramural Field Road project.

Introduced:

Adopted:

Certified: \_\_\_\_\_  
Clerk of Council

**Greater Lynchburg Transit Company**



1301 Kemper Street  
PO Box 797  
Lynchburg, VA 24505  
434.455.5080  
434.847.8621 (Fax)  
jbaker@gltconline.com  
www.GLTCOnline.com

November 30<sup>th</sup>, 2015

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

RE: September 30<sup>th</sup>, 2015 (1<sup>st</sup> Quarter) Financial Report – Greater Lynchburg Transit Company

The attached Greater Lynchburg Transit Company Comparative Income Statement summarizes the financial activities for the first quarter of FY16 and final YTD data for the fiscal year.

**REVENUE**

GLTC has started out the first quarter of FY 16 with Revenues approximately 6% below projections. At this time Advertising Revenue is our area of the best performance. GLTC took a loss of Federal and State funds this year, along with that farebox revenues remain down but have leveled out to be the same if not up slightly from last Fiscal Year. Liberty has reduced service with the closing of the Residential Annexes on Odd Fellows Road which has affected revenues from that contract.

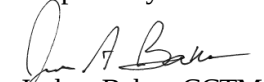
**EXPENDITURES**

Expenses are down about 10% primarily due to timing of when we restarted LU service. Our new Employee Handbook goes into effect January 1<sup>st</sup>, 2016 and has an aggressive attendance policy. We are hopeful this will address the chronic overtime issues we continue to experience due to staffing shortages.

**SUMMARY**

This is the first year in recent memory where GLTC is facing a revenue shortfall that, combined with unavoidable increased expenses (Insurance, Wages, and Maintenance of the aging bus fleet) is setting up for a deficit position. We are monitoring operations closely, have frozen any and all discretionary spending and are working on an internal budget revision to help us make it through the year in a positive position.

Respectfully submitted,

  
Joshua Baker, CCTM  
General Manager

Cc: L. Kimball Payne III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Donna Witt, Director of Financial Services

# CENTRAL VIRGINIA TRANSIT MANAGEMENT CO INC.

## QUARTERLY INCOME STATEMENT

AS OF SEPTEMBER 30, 2015

|                                | QTR TO DATE         |                     |              |                     |                     |             |  |
|--------------------------------|---------------------|---------------------|--------------|---------------------|---------------------|-------------|--|
|                                | FY2016              | FY2016              |              | FY2016              | FY2016              | %           |  |
|                                | QTD                 | QTD                 | %            | YTD                 | YTD                 | of          |  |
|                                | ACTUAL              | BUDGET              | VAR          | ACTUAL              | BUDGET              | Budget      |  |
| <b>REVENUE</b>                 |                     |                     |              |                     |                     |             |  |
| FRT Passenger Revenue          | \$ 205,319          | \$ 261,793          | -22%         | \$ 205,319          | \$ 261,793          | 78%         |  |
| DRT Passenger Revenue          | 21,446              | 23,750              | -10%         | 21,446              | 23,750              | 90%         |  |
| Contracts (LC Access)          | 5,896               | 6,500               | -9%          | 5,896               | 6,500               | 91%         |  |
| Contracts (CVCC Access)        | 12,875              | 12,500              | 3%           | 12,875              | 12,500              | 103%        |  |
| Liberty University Revenue     | 240,694             | 278,324             | -14%         | 240,694             | 278,324             | 86%         |  |
| Other Contract Revenue         | 4,726               | 14,950              | -68%         | 4,726               | 14,950              | 32%         |  |
| Non-Operating Revenue          | 12,258              | -                   | 100%         | 12,258              | -                   | 100%        |  |
| Advertising Revenue            | 25,401              | 16,250              | 56%          | 25,401              | 16,250              | 156%        |  |
| City Operating Assistance      | 348,510             | 348,510             | 0%           | 348,510             | 348,510             | 100%        |  |
| County Operating Assistance    | 14,375              | 14,373              | 0%           | 14,375              | 14,373              | 100%        |  |
| State Operating Assistance     | 362,712             | 381,923             | -5%          | 362,712             | 381,923             | 95%         |  |
| Federal Operating Assistance   | 504,799             | 508,500             | -1%          | 504,799             | 508,500             | 99%         |  |
| <b>TOTAL REVENUE</b>           | <b>\$ 1,759,011</b> | <b>\$ 1,867,371</b> | <b>-6%</b>   | <b>\$ 1,759,011</b> | <b>\$ 1,867,371</b> | <b>94%</b>  |  |
| <b>EXPENSES</b>                |                     |                     |              |                     |                     |             |  |
| <b>FIXED ROUTE</b>             |                     |                     |              |                     |                     |             |  |
| Operator Labor                 | \$ 407,541          | \$ 411,432          | -1%          | \$ 407,541          | \$ 411,432          | 99%         |  |
| Operator-Overtime              | 55,187              | 22,618              | 144%         | 55,187              | 22,618              | 244%        |  |
| Other Salaries & Wages         | 64,348              | 70,416              | -9%          | 64,348              | 70,416              | 91%         |  |
| Supervisors-Overtime           | 8,024               | 4,483               | 79%          | 8,024               | 4,483               | 179%        |  |
| Fringe Benefits                | 256,109             | 295,541             | -13%         | 256,109             | 295,541             | 87%         |  |
| <b>TOTAL FIXED ROUTE</b>       | <b>\$ 791,209</b>   | <b>\$ 804,489</b>   | <b>-2%</b>   | <b>\$ 791,209</b>   | <b>\$ 804,489</b>   | <b>98%</b>  |  |
| <b>DEMAND RESPONSE</b>         |                     |                     |              |                     |                     |             |  |
| Operator Labor                 | \$ 57,372           | \$ 72,489           | -21%         | \$ 57,372           | \$ 72,489           | 79%         |  |
| Operator-Overtime-PTS          | 1,354               | 1,344               | 1%           | 1,354               | 1,344               | 101%        |  |
| Other Salaries & Wages         | 23,632              | 25,217              | -6%          | 23,632              | 25,217              | 94%         |  |
| Fringe Benefits                | 39,418              | 46,911              | -16%         | 39,418              | 46,911              | 84%         |  |
| <b>TOTAL DEMAND RESPONSE</b>   | <b>\$ 121,775</b>   | <b>\$ 145,961</b>   | <b>-17%</b>  | <b>\$ 121,775</b>   | <b>\$ 145,961</b>   | <b>83%</b>  |  |
| <b>MAINTENANCE</b>             |                     |                     |              |                     |                     |             |  |
| Other Salaries & Wages         | \$ 153,448          | \$ 173,768          | -12%         | \$ 153,448          | \$ 173,768          | 88%         |  |
| Inspection&Maint,Srvc-Overtime | 7,698               | 8,403               | -8%          | 7,698               | 8,403               | 92%         |  |
| Fringe Benefits                | 77,128              | 84,440              | -9%          | 77,128              | 84,440              | 91%         |  |
| Fuel & Lubricants              | 125,140             | 211,483             | -41%         | 125,140             | 211,483             | 59%         |  |
| Tires & Tubes                  | 20,331              | 16,721              | 22%          | 20,331              | 16,721              | 122%        |  |
| Other Materials & Supplies     | 99,944              | 109,816             | -9%          | 99,944              | 109,816             | 91%         |  |
| <b>TOTAL MAINTENANCE</b>       | <b>\$ 483,690</b>   | <b>\$ 604,632</b>   | <b>-20%</b>  | <b>\$ 483,690</b>   | <b>\$ 604,632</b>   | <b>80%</b>  |  |
| <b>ADMINISTRATION</b>          |                     |                     |              |                     |                     |             |  |
| Other Salaries & Wages         | \$ 73,030           | \$ 65,246           | 12%          | \$ 73,030           | \$ 65,246           | 112%        |  |
| Fringe Benefits                | 34,954              | 42,220              | -17%         | 34,954              | 42,220              | 83%         |  |
| Services                       | 132,770             | 128,176             | 4%           | 132,770             | 128,176             | 104%        |  |
| Utilities                      | 25,440              | 38,050              | -33%         | 25,440              | 38,050              | 67%         |  |
| Casualty & Liability Expenses  | 64,608              | 74,650              | -13%         | 64,608              | 74,650              | 87%         |  |
| Other Materials & Supplies     | 8,687               | 16,354              | -47%         | 8,687               | 16,354              | 53%         |  |
| Miscellaneous                  | 12,425              | 17,175              | -28%         | 12,425              | 17,175              | 72%         |  |
| <b>TOTAL ADMINISTRATION</b>    | <b>\$ 351,914</b>   | <b>\$ 381,871</b>   | <b>-8%</b>   | <b>\$ 351,914</b>   | <b>\$ 381,871</b>   | <b>92%</b>  |  |
| <b>TOTAL EXPENSES</b>          | <b>\$ 1,748,588</b> | <b>\$ 1,936,952</b> | <b>-10%</b>  | <b>\$ 1,748,588</b> | <b>\$ 1,936,952</b> | <b>90%</b>  |  |
| <b>NET INCOME/(LOSS)</b>       | <b>\$ 10,423</b>    | <b>\$ (69,581)</b>  | <b>-115%</b> | <b>\$ 10,423</b>    | <b>\$ (69,581)</b>  | <b>100%</b> |  |





## Lynchburg Regional Airport

350 Terminal Drive, Lynchburg, Virginia 24502 • (434) 455-6090 • Fax (434) 239-9027



November 30, 2015

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

Re: September 30, 2015 – Quarterly Financial Summary - Lynchburg Regional Airport

### REGIONAL AIRPORT FUND

The attached Lynchburg Regional Airport Operating Fund Financial Summary reflects the financial activity for this Fund for the FY 2016 first quarter ending September 30, 2015. I am pleased to report that primarily because of several new leases/tenants, revenue will be more than budgeted. The Airport is expected to remain self-sufficient for the foreseeable future and will not require a subsidy this fiscal year.

### REVENUE HIGHLIGHTS

- Terminal Revenue: Revenue is projected to be \$15,000 more than budget due to continued modest growth in both parking and rental car concession revenue.
- General Aviation: Revenue is projected to be \$23,800 more than budget due to a recently renegotiated lease with Virginia Aviation.
- Other Leased Property: Revenue is projected to be \$59,650 more than budget due to new leases with Centra Health, Bon Air Brokerage, Liberty University and Verizon Wireless for use of airport property.
- General Fund Subsidy: As previously mentioned, the budgeted operating subsidy from the City is \$0.00 and no subsidy is anticipated to be necessary this year.

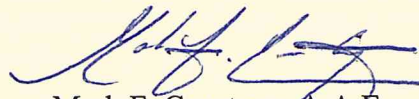
EXPENSE HIGHLIGHTS

- No material variances from budget are projected at this time

SUMMARY

Non-recurring maintenance expenses will likely exceed their budget later this year (but are largely reimbursed by state aviation entitlement funds) and will be addressed in the third-quarter budget review. Based on consistent air service levels, competitive airfares, and anticipated passenger demand combined with decreasing debt service, the airport is projecting no need for a subsidy this fiscal year or next.

Respectfully submitted,



Mark F. Courtney, A.A.E.  
Airport Director

cc: L. Kimball Payne III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Donna Witt, Director of Financial Services  
Wesley Campbell, Airport Finance Manager

LYNCHBURG REGIONAL AIRPORT  
OPERATING FUND FINANCIAL SUMMARY  
September 30, 2015

|                                                       | FY 2015<br>Amended<br>Budget | FY 2015<br>Actual<br>(thru 9/30/14) | FY 2015<br>% of<br>Budget | * | FY 2016<br>Amended<br>Budget | FY 2016<br>Actual<br>(thru 9/30/15) | FY 2016<br>% of<br>Budget | * | FY 2016<br>Amended<br>Budget | FY 2016<br>Revised<br>Estimates | FY 2016<br>\$ Variance<br>Actual vs.<br>Amended<br>Budget |
|-------------------------------------------------------|------------------------------|-------------------------------------|---------------------------|---|------------------------------|-------------------------------------|---------------------------|---|------------------------------|---------------------------------|-----------------------------------------------------------|
| <b>BEGINNING NET ASSETS</b>                           | \$ 624,002                   | \$ 33,493,201                       |                           | * | \$ 250,000                   | \$ 35,404,183 (1)                   |                           | * | \$ 250,000                   | \$ 35,404,183 (1)               |                                                           |
| Less: Invested in Capital Assets, net of related debt |                              | (32,479,365)                        |                           | * |                              | (35,598,373)                        |                           | * |                              | (35,598,373)                    |                                                           |
| Less: GASB68 Prior Period Adjustment-Pension Accrual  |                              | (1,198,180)                         |                           | * |                              |                                     |                           | * |                              |                                 |                                                           |
| <b>BEGINNING UNRESTRICTED NET ASSETS</b>              | \$ 624,002                   | \$ (184,344)                        |                           | * | \$ 250,000                   | \$ (194,190)                        |                           | * | \$ 250,000                   | \$ (194,190)                    | \$ -                                                      |
| <b>USE OF ENCUMBRANCES CARRIED FORWARD</b>            | \$ 155,771                   |                                     |                           | * | \$ 131,471                   |                                     |                           | * | \$ 131,471                   |                                 |                                                           |
| <b>BOND REFUNDING PROCEEDS</b>                        | \$ 1,827                     | \$ -                                |                           | * |                              | \$ -                                |                           | * | \$ -                         | \$ -                            |                                                           |
| <b>USE OF RESERVES - DEBT SERVICE</b>                 | \$ 46,075                    | \$ -                                |                           | * | \$ 45,403                    | \$ -                                |                           | * | \$ 45,403                    | \$ -                            |                                                           |
| <b>REVENUES</b>                                       |                              |                                     |                           | * |                              |                                     |                           | * |                              |                                 |                                                           |
| Airfield                                              | 97,000                       | 27,188                              | 28%                       | * | 99,000                       | 23,828                              | 24%                       | * | 99,000                       | 99,000                          | 0                                                         |
| Terminal                                              | 1,372,327                    | 381,887                             | 28%                       | * | 1,415,827                    | 378,516                             | 27%                       | * | 1,415,827                    | 1,430,827                       | 15,000                                                    |
| General Aviation                                      | 399,000                      | 113,810                             | 29%                       | * | 421,500                      | 111,867                             | 27%                       | * | 421,500                      | 445,300                         | 23,800                                                    |
| Other Leased Property                                 | 204,400                      | 51,415                              | 25%                       | * | 210,900                      | 44,723                              | 21%                       | * | 210,900                      | 270,550                         | 59,650                                                    |
| State Airport Aid                                     | 375,000                      | 0                                   | 0%                        | * | 108,750                      | 0                                   | 0%                        | * | 108,750                      | 108,750                         | 0                                                         |
| Federal Security Aid                                  | 107,500                      | 9,230                               | 9%                        | * | 107,500                      | 9,210                               | 9%                        | * | 107,500                      | 107,500                         | 0                                                         |
| General Fund Subsidy                                  | 100,000                      | 38,100                              | 38%                       | * | 0                            | 0                                   | 100%                      | * | 0                            | 0                               | (0)                                                       |
| Interest & Other                                      | 19,500                       | 7,980                               | 41%                       | * | 22,000                       | 7,521                               | 34%                       | * | 22,000                       | 22,000                          | 0                                                         |
|                                                       | \$ 2,674,727                 | \$ 629,609                          |                           | * | \$ 2,385,477                 | \$ 575,665                          |                           | * | \$ 2,385,477                 | \$ 2,483,927                    | \$ 98,450                                                 |
| <b>EXPENSES</b>                                       |                              |                                     |                           | * |                              |                                     |                           | * |                              |                                 |                                                           |
| Airfield Operations                                   | 309,743                      | 67,308                              | 22%                       | * | 304,278                      | 63,439                              | 21%                       | * | 304,278                      | 304,278                         | 0                                                         |
| Terminal Operations                                   | 565,574                      | 114,021                             | 20%                       | * | 555,562                      | 120,167                             | 22%                       | * | 555,562                      | 555,562                         | 0                                                         |
| General Aviation                                      | 119,267                      | 24,542                              | 21%                       | * | 123,335                      | 16,890                              | 14%                       | * | 123,335                      | 123,335                         | 0                                                         |
| Administration                                        | 684,487                      | 139,901                             | 20%                       | * | 695,553                      | 134,477                             | 19%                       | * | 695,553                      | 695,553                         | 0                                                         |
| Safety (ARFF & LEO)                                   | 414,659                      | 97,773                              | 24%                       | * | 414,028                      | 99,130                              | 24%                       | * | 414,028                      | 414,028                         | 0                                                         |
| Snow Removal                                          | 40,489                       | 166                                 | 0%                        | * | 19,930                       | 80                                  | 0%                        | * | 19,930                       | 19,930                          | 0                                                         |
| Debt Service                                          | 181,256                      | 28,405                              | 16%                       | * | 140,414                      | 40,580                              | 29%                       | * | 140,414                      | 140,414                         | 0                                                         |
| Non-Recurring Airport Expenses                        | 477,367                      | 125,732                             | 26%                       | * | 237,302                      | 75,813                              | 32%                       | * | 237,302                      | 237,302                         | 0                                                         |
| Transfers to Other Airport Funds                      | 14,024                       | 0                                   | 0%                        | * | 20,000                       | 0                                   | 0%                        | * | 20,000                       | 20,000                          | 0                                                         |
| Other Airport Expenses                                | 64,064                       | 8,856                               | 14%                       | * | 51,949                       | 10,423                              | 20%                       | * | 51,949                       | 51,949                          | 0                                                         |
|                                                       | \$ 2,870,931                 | \$ 606,704                          |                           | * | \$ 2,562,351                 | \$ 560,999                          |                           | * | \$ 2,562,351                 | \$ 2,562,351                    | \$ -                                                      |
| <b>ENDING UNRESTRICTED NET ASSETS</b>                 | \$ 631,471                   | \$ (161,437)                        |                           | * | \$ 250,000                   | \$ (179,525)                        |                           | * | \$ 250,000                   | \$ (272,615) (2)                |                                                           |

**FOOTNOTES:**

1) Beginning Net Assets agrees with the Comprehensive Annual Financial Report (CAFR) with the following adjustment:

|                                         |                |
|-----------------------------------------|----------------|
| Total Net Assets per CAFR 6/30/15       | \$ 37,077,768  |
| Less: Net Assets in Capital & PFC Funds | \$ (1,673,585) |
| Total Beginning Net Assets              | \$ 35,404,183  |

2) FY 2016 estimated Ending Unrestricted Net Assets is comprised of the following:

|                                             |                |                                                                |
|---------------------------------------------|----------------|----------------------------------------------------------------|
| Des. for Debt Service (Rental Car Facility) | \$ 67,167      | (\$112,395 + \$175 interest - \$45,403 reserve = \$67,167 est) |
| Des. for Maintenance (Rental Car Facility)  | \$ 75,047      | (\$75,047 + or - year-end adjustment)                          |
| Reserve for Encumbrances                    | \$ -           | (encumbrances carried forward to FY17)                         |
| GASB68 Pension-related Accrual              | \$ (1,165,689) | (net liability as of the end of FY15)                          |
| Undesignated Retained Earnings              | \$ 750,860     |                                                                |
|                                             | \$ (272,615)   |                                                                |

December 8, 2015

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

RE: September 30, 2015 Quarterly Financial Report - Lynchburg Regional Juvenile Detention Center

Lynchburg Regional Juvenile Detention Center

The attached Lynchburg Regional Juvenile Detention Center (Detention Center) financial report summarizes the financial activities through September 30, 2015 for FY 2016. The financial spreadsheet provides comparative year to date data for the same period of FY 2015.

**REVENUES**

**Charges for Services**

Revenue in this category for the first quarter of FY 2016 is \$155,321 or 9.0% of the budget, which is consistent with previous years.

**Department of Juvenile Justice Block Grant**

This revenue category represents allocations from the Virginia Department of Juvenile Justice (DJJ) for operational expenses of the Detention Center. Revenues received from the DJJ through the first quarter of FY 2016 are \$258,544 or 24.1% of the budget.

**United States Department of Agriculture (USDA)**

This revenue category consists of reimbursements for meals served to juveniles at the Detention Center. Year-to-date revenues from USDA for FY 2016 are \$8,026 or 17.8% of the budget.

**EXPENDITURES**

Overall expenditures for the first quarter of FY 2016 were \$513,742 and within budget. Allocated costs for the contracting localities through the first quarter of FY 2016 were approximately 76%; Lynchburg's allocated share is approximately 24%.

## **Juvenile Population**

The average number of juveniles being served per day through the first quarter of FY 2016 is 15.37 as compared to 18.24 in FY 2015. The percentage of Lynchburg City's juveniles through the first quarter is 34% of the total juvenile population.

## **SUMMARY**

The first quarter report reflects a continuing downward trend in the juvenile population at the Lynchburg Regional Detention Home and other facilities in the State of Virginia. The Lynchburg Regional Detention Home is an outstanding facility recognized by the juvenile judicial system for providing educational services, mental health services, physical health services, and partnerships with local area businesses.

Respectfully submitted,

Tamara Rosser  
Director, Department of Juvenile Services

c: L. Kimball Payne, III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Donna Witt, Director, Financial Services  
Robin Mamola, Accounting Supervisor, Human Services  
Kathy Collins, Accountant, Juvenile Services

**Lynchburg Regional Juvenile Detention Center  
Special Revenue Fund  
Financial Summary  
First Quarter: As of September 30, 2015**

[illegible]

December 8, 2015

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

Re: Comprehensive Services Act (CSA) Fund Financial Report for the period ending September 30, 2015.

The attached CSA Fund Financial Summary summarizes the financial activity for this Fund through June 30, 2016. Under the State guidelines, CSA prior year obligations are paid through September 30th of each year. However, the annual budget is prepared on a fiscal year (July-June). Because of the State guidelines, expenditures for this fund are unique due to the overlap of grants each fiscal year. Accordingly, this report reflects only the current grant year financial activity for FY 2016.

## REVENUES

- Public Assistance – Welfare and Administration

The Public Assistance revenue source is the reimbursement received from the State for local expenses incurred under CSA for providing services to troubled youth and their families. The current rate of reimbursement for community-based services is 86.32%, residential services is 65.8%, and for all other services, 72.64%. State funds to assist in administering the grant, (\$29,730 for FY 2016) are provided by the State each year. These funds have been requested but not yet received. A local match is required for all state funds received. Reimbursements received for expenditures incurred through the first quarter of FY 2016 are \$38,641.

- CSA Contribution – General Fund and Schools

These revenue sources are comprised of the required local match for all State funds received for the Comprehensive Services Act. For FY 2016 the budgeted School contribution is \$196,541 and the budgeted General Fund contribution is \$1,238,852. For the first quarter of FY 2016, local matching funds for programs in the amount of \$309,713 for the General Fund and \$49,135 for the Schools have been expended.

- Miscellaneous Revenue

Miscellaneous revenues in the amount of \$10,306 were collected through the first quarter of 2016. These revenues are mainly comprised of recoupments from children's social security payments for expenditures incurred on their behalf, and registered billings for CSA parental co-payments. Recoupments are below budget estimates due to the utilization of IV-E funding whenever possible.

## EXPENSES

- Administrative expenses

CSA Administrative funds are used for salaries, supplies, and materials. Budgeted funds for FY 2016 are \$64,816. Actual YTD administrative expenditures for FY 2016 are \$10,481 or 16.2% of the budget.

- Mandated – Foster Care

Foster care expenses include funds for residential facilities, day care, maintenance payments to foster parents, enhanced maintenance payments to foster parents and foster care prevention. The Virginia Enhanced Maintenance Assessment Tool (VEMAT) was introduced as the required, state-wide tool to be used when assessing a child's need for additional supervision and support and, thus, an enhanced maintenance payment for the foster or adoptive parent. In February 2013, all VEMAT rates were automatically reduced statewide. Year-to-date foster care expenditures for the first quarter of FY 2016 totaled \$152,170 or 6.4% of the budget. Expenditures are below budget due to decreased VEMAT payments and transferring some of this population to 100% reimbursable IV-E funding.

- Mandated – Special Education

Special Education expenses include services for Special Education students from the Lynchburg City Schools. Expenditures for FY 2016 YTD total \$24,524 or 1.3% of the budget. Expenditures for this budget line are anticipated to rise due to increased enrollments at private day placements such as Rivermont School, Bridges and New Vistas School, in addition to students attending for longer periods of time.

- Non-Mandated Services

Non-mandated expenditures are for services such as counseling, mentoring, crisis intervention, and foster care prevention services. Non-mandated expenditures for FY 2016 are \$19,650 or 5.2% of the budget. Non-mandated services are provided almost exclusively to youth involved in the court system. Expenditures in this category are below budget due to an increase in the mandated population.

- Community Based Services

This category includes services to children while they are living at home, in the home of an extended family, in a regular foster family home, or in an independent living arrangement. Community services may include assessment, crisis stabilization, therapy, or intervention services provided in the child's home. Community Based Services for the first quarter of FY 2016 are \$16,261 or 4.2% of the budget. It is anticipated that this budget line will be fully expended due to increased utilization of these services. While the use of community based services has increased; the local match rate is far less than out of community residential services.



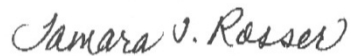
SUMMARY

The Comprehensive Services Act Fund creates a collaborative system of services and funding that is child-centered, family-focused, and community-based when addressing the strengths and needs of at-risk youths and their families in the City of Lynchburg

While the number of children currently in foster care fluctuates during the year, the number of children receiving CSA services has increased; more children are now classified as mandated due to the severity of their issues and needs. Other factors continue to impact this budget. These factors include an increased number of children receiving more intensive services for longer periods of time, increased vendor rates as well as an increase in the number of services provided by the vendors, parental agreements, and an increase in special educational services.

The Community Policy and Management Team, in collaboration with the professional community, continues to work hard and is diligent and deliberate in efforts to reduce costs associated with CSA. We continue to work with the professional community to provide the most cost effective service to children and their families.

Respectfully submitted,



Tamara T. Rosser  
Director of Human Services

c: L. Kimball Payne, III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Donna Witt, Director of Financial Services  
Rhonda Allbeck, Assistant Director of Financial Services  
Robin Mamola, Financial Professional IV

**Comprehensive Services Act  
Special Revenue Fund  
Financial Summary  
September 30, 2015**

|                                                | <b>FY 2015</b>            | <b>FY 2015</b>              | <b>FY 2015</b>         | <b>FY 2016</b>            | <b>FY 2016</b>              | <b>FY 2016</b>         |
|------------------------------------------------|---------------------------|-----------------------------|------------------------|---------------------------|-----------------------------|------------------------|
|                                                | <b>Amended<br/>Budget</b> | <b>Actual 1 QTR<br/>YTD</b> | <b>% of<br/>Budget</b> | <b>Amended<br/>Budget</b> | <b>Actual 1 QTR<br/>YTD</b> | <b>% of<br/>Budget</b> |
| <b><i>Beginning Fund Balance</i></b>           | 466,552                   | 423,104                     |                        | 14,556                    | 14,556                      |                        |
| <b><i>Revenues:</i></b>                        |                           |                             |                        |                           |                             |                        |
| Public Assistance - Welfare and Administration | 3,517,404                 | 103,478                     | 2.9%                   | 3,517,404                 | 38,641                      | 1.1%                   |
| Transfer from Lynchburg City Schools           | 196,541                   | 49,135                      | 25.0%                  | 196,541                   | 49,135                      | 25.0%                  |
| Transfer from General Fund                     | 1,238,852                 | 309,713                     | 25.0%                  | 1,238,852                 | 309,713                     | 25.0%                  |
| Miscellaneous                                  | 110,000                   | 10,111                      | 9.2%                   | 110,000                   | 10,306                      | 9.4%                   |
| <b><i>Total Revenues</i></b>                   | 5,062,797                 | 472,437                     | 9.3%                   | 5,062,797                 | 407,795                     | 8.1%                   |
| <b><i>Expenses:</i></b>                        |                           |                             |                        |                           |                             |                        |
| Administrative Expenses                        | 64,564                    | 12,421                      | 19.2%                  | 64,816                    | 10,481                      | 16.2%                  |
| Mandated - Foster Care                         | 2,803,655                 | 186,969                     | 6.7%                   | 2,372,898                 | 152,170                     | 6.4%                   |
| Mandated - Special Education                   | 1,566,000                 | 31,420                      | 2.0%                   | 1,866,000                 | 24,524                      | 1.3%                   |
| Non-Mandated Services                          | 375,836                   | 22,150                      | 5.9%                   | 375,836                   | 19,650                      | 5.2%                   |
| Community Based                                | 252,742                   | 29,734                      | 11.8%                  | 383,247                   | 16,261                      | 4.2%                   |
| <b><i>Total Expenditures</i></b>               | 5,062,797                 | 282,694                     | 5.6%                   | 5,062,797                 | 223,086                     | 4.4%                   |
|                                                |                           |                             |                        |                           |                             |                        |
| <b><i>ENDING FUND BALANCE</i></b>              | 466,552                   | 612,847                     |                        | 14,556                    | 199,265                     |                        |

December 8, 2015

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

Re: September 30, 2015 Quarterly Financial Report – Water Operating Fund

The attached Water Operating Fund Financial Summary summarizes the financial activity for this fund through September 30, 2015. This quarterly report provides comparative financial information for the same period of the prior fiscal year. Projected variances between the FY 2016 Budget and the Department's year end projections are described below.

### **REVENUES**

Following the completion of the first quarter, overall revenues for FY 2016 are projected to exceed the FY 2016 budget by \$16,200 (0.11%). Explanations follow:

- **Charges for Services:**

Revenue in this category is expected to be at budget.

- **Water Contracts:**

This revenue account reflects billing activity to counties of Amherst, Bedford, and Campbell, and the industries of WestRock and Frito-Lay. The net revenue in this category is projected to be \$16,200 (.60%) higher than budget due to slightly more than anticipated water consumption in Amherst County and WestRock.

- **Interest and Other:**

Revenue in this category is expected to be at budget.

### **EXPENSES**

Overall expenses for FY 2016 are projected to be \$41,115 (.27%) less than budget. Explanations of this variance follow:

- **Departmental Operation and Maintenance Expenses:**

This category includes the Water Treatment Plant, Meter Operations, Water Line Maintenance and Administration. Expenses in this category are expected to be \$19,895 (.21%) less than the FY 2016 budget (Water Treatment - \$630 increase, Meter Operations - \$0 increase, Water Line Maintenance - \$7,600 increase, Administration - \$28,125 savings). This variance is broken down as follows:

|                                   |                  |
|-----------------------------------|------------------|
| ➤ Personnel Services and Benefits | \$36,960         |
| ➤ Contractual Services            | (\$8,230)        |
| ➤ Supplies and Materials          | (\$6,880)        |
| ➤ All Other                       | <u>(\$1,955)</u> |
| <b>Total</b>                      | <b>\$19,895</b>  |

The most significant variance is a savings in Personnel Services and Benefits related to unfilled positions at end of the quarter. Increase in contractual services is primarily related to the additional need for safety flagging services when water repairs are occurring in high traffic areas. Additionally, Supplies and Materials are higher than budget due to several computers and one printer needing replacement prior to the end of the expected useful life.

- **Non-Departmental Operation and Maintenance:**

Non-Departmental operation and maintenance expenses are anticipated to be within budget.

- **Capital Outlay and Transfers to Other Funds**

Purchases and transfers in this category are expected to be within budget.

- **Debt Service:**

Expenditures in debt service are expected to have a \$21,220 (.49%) budget savings due to a March 6, 2015 bond refunding.

## **SUMMARY**

This first quarter report reflects a stable FY 2016 financial position for this fund. Under the Council adopted financial policies, the two important financial ratios, debt coverage and fund balance are above policy targets. The debt coverage ratio projected for the end of the fiscal year is 1.26 compared to a target

of 1.20. The fund balance ratio projected for the end of the fiscal year is 58% compared to a target range of 25% - 40%.

Respectfully submitted,

Timothy A. Mitchell, P.E.  
Director of Water Resources

cc: L. Kimball Payne, III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Donna Witt, Director of Financial Services

**WATER OPERATING FUND**  
**FINANCIAL SUMMARY**  
**Quarter ending September 30, 2015**

|                                                       | <b>FY 2015<br/>Adopted<br/>Budget</b> | <b>FY 2015<br/>Actual<br/>Q1YTD</b> | <b>FY 2015<br/>% of<br/>Budget</b> | <b>FY 2016<br/>Adopted<br/>Budget</b> | <b>FY 2016<br/>Actual<br/>Q1YTD</b> | <b>FY 2016<br/>% of<br/>Budget</b> | <b>FY 2016<br/>Adopted<br/>Budget</b> | <b>FY 2016<br/>Revised<br/>Estimate</b> | <b>FY 2016<br/>\$ Variance<br/>Adopted Budget<br/>vs. Projected</b> |
|-------------------------------------------------------|---------------------------------------|-------------------------------------|------------------------------------|---------------------------------------|-------------------------------------|------------------------------------|---------------------------------------|-----------------------------------------|---------------------------------------------------------------------|
| <b>BEGINNING NET ASSETS</b>                           | \$33,038,746                          | \$33,038,746                        |                                    | \$26,348,217                          | \$26,348,217                        |                                    | \$26,348,217                          | \$26,348,217                            |                                                                     |
| Less: Invested in Capital Assets, net of related debt | (25,346,980)                          | (25,346,980)                        |                                    | (23,412,906)                          | (23,412,906)                        |                                    | (23,412,906)                          | (23,412,906)                            |                                                                     |
| <b>BEGINNING UNRESTRICTED NET ASSETS</b>              | <b>7,691,766</b>                      | <b>7,691,766</b>                    |                                    | <b>2,935,311</b>                      | <b>2,935,311</b>                    |                                    | <b>2,935,311</b>                      | <b>2,935,311</b>                        |                                                                     |
| <b>REVENUES:</b>                                      |                                       |                                     |                                    |                                       |                                     |                                    |                                       |                                         |                                                                     |
| Charges for services                                  | \$11,652,558                          | \$2,422,691                         | 21%                                | \$11,858,798                          | 2,464,298                           | 21%                                | \$11,858,798                          | \$11,858,798                            | \$0                                                                 |
| Water contracts                                       | 2,654,950                             | 482,260                             | 18%                                | 2,683,240                             | 498,995                             | 19%                                | 2,683,240                             | \$2,699,440                             | 16,200                                                              |
| Interest and other                                    | 292,482                               | 125,341                             | 43%                                | 266,231                               | 146,637                             | 55%                                | 266,231                               | \$266,231                               | 0                                                                   |
|                                                       | <b>\$14,599,990</b>                   | <b>\$3,030,292</b>                  |                                    | <b>\$14,808,269</b>                   | <b>3,109,930</b>                    |                                    | <b>\$14,808,269</b>                   | <b>\$14,824,469</b>                     | <b>\$16,200</b>                                                     |
| <b>EXPENSES</b>                                       |                                       |                                     |                                    |                                       |                                     |                                    |                                       |                                         |                                                                     |
| Departmental O&M                                      | \$9,349,210                           | \$1,856,362                         | 20%                                | \$9,325,795                           | \$1,893,016                         | 20%                                | \$9,325,795                           | 9,305,900                               | \$19,895                                                            |
| Non-departmental O&M                                  | 229,600                               | 28,840                              | 13%                                | 247,451                               | 30,578                              | 12%                                | 247,451                               | 247,451                                 | 0                                                                   |
| Capital Outlay/Purchases                              | 75,000                                | 0                                   | 0%                                 | 30,000                                | 25,722                              | 86%                                | 30,000                                | 30,000                                  | 0                                                                   |
| Transfers - Capital                                   | 800,000                               | 200,000                             | 25%                                | 1,250,000                             | 312,500                             | 25%                                | 1,250,000                             | 1,250,000                               | 0                                                                   |
| Debt service                                          | 3,839,779                             | 1,659,120                           | 43%                                | 4,316,541                             | 1,525,408                           | 35%                                | 4,316,541                             | 4,295,321                               | 21,220                                                              |
|                                                       | <b>\$14,293,589</b>                   | <b>\$3,744,322</b>                  |                                    | <b>\$15,169,787</b>                   | <b>3,787,224</b>                    |                                    | <b>\$15,169,787</b>                   | <b>15,128,672</b>                       | <b>\$41,115</b>                                                     |
| <b>Adjustment for expenses from capital projects</b>  |                                       |                                     |                                    |                                       |                                     |                                    |                                       |                                         |                                                                     |
| <b>ENDING NET ASSETS</b>                              | <b>7,998,167</b>                      | <b>6,977,736</b>                    |                                    | <b>2,573,793</b>                      | <b>2,258,017</b>                    |                                    | <b>2,573,793</b>                      | <b>2,631,108</b>                        |                                                                     |

**KEY RATIOS:**

|                                                                       |          |
|-----------------------------------------------------------------------|----------|
| Unrestricted cash target as a % of operating expenses & debt service: | 40%      |
| Unrestricted cash as a % of operating expenses & debt service:        | 58%      |
| Financial Policy targeted debt coverage ratio minimum:                | 1.20     |
| Ending debt coverage ratio:                                           | 1.26 (a) |

Note (a) Calculation of debt coverage includes \$120,000 of capitalizable costs for internal labor charges applicable to time spent on capital project activities.

December 8, 2015

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

Re: September 30, 2015 Quarterly Financial Report – Sewer Operating Fund

The attached Sewer Operating Fund Financial Summary summarizes the financial activity for this fund through September 30, 2015. This quarterly report provides comparative financial information for the same period of the prior fiscal year. Projected variances between the FY 2016 Budget and the Department's year end projections are described below.

### **REVENUES**

Following the completion of the first quarter, overall revenues for FY 2016 are projected to exceed the FY 2016 budget by \$150,000 (.70%). Explanations follow:

- **Charges for Services:**

Revenue in this category is expected to be \$50,000 (.28%) over budget due to higher than anticipated Septic Hauler Charges primarily due a new customer bringing leachate from Maplewood Landfill in Amelia County.

- **Sewer Contracts:**

Revenue in this category reflects the billing activity in counties of Amherst, Bedford, and Campbell and industries of WestRock and Frito-Lay. Revenue from this source is projected to be \$100,000 (3%) more than budget primarily due to higher than anticipated sewer sales from WestRock.

- **Interest and Other:**

Revenue in this category is projected to be at budget.

## **EXPENSES**

Overall expenses for FY 2016 are projected to be \$225,569 (1.05%) higher than budget. Explanations of this variance follow:

- **Departmental Operation and Maintenance Expenses:**

This category includes the Wastewater Treatment Plant and Sewer Line Maintenance. Expenses in this category are expected to be \$250,000 (2.51%) over budget (Waste Water Treatment Plant - \$250,000 and Sewer Line Maintenance - \$0). This variance is broken down as follows:

|                        |                           |
|------------------------|---------------------------|
| ➤ Chemicals            | (\$80,000)                |
| ➤ Contractual Services | (\$70,000)                |
| ➤ All Other            | <u>(\$100,000)</u>        |
| <b>Total</b>           | <b><u>(\$250,000)</u></b> |

Sludge disposal is becoming increasingly more challenging. Due to odor issues at Region 2000 Landfill, we have increased the amount of lime that is added to stabilize the sludge. The current rate of lime addition now produces Class B biosolids which can be land applied. In an effort to keep as many options as possible for sludge disposal, we have executed a contract with a vendor for land application beginning in March, 2016. Our third option for disposing sludge remains available at Maplewood Landfill in Amelia County. Of these options, the cost of land application and disposal at Region 2000 are similar compared to disposal at Maplewood Landfill being slightly less due to treating sludge to a lesser standard. The increased costs are attributable to purchase of lime, additional costs associated with hauling and disposal of lime. Our plan going forward is to land apply approximately 100 tons per week, haul approximately 100 tons per week to Maplewood Landfill and haul the balance (approximately 250 tons per week to Region 2000 Landfill)

- **Non-Departmental Operational and Maintenance Expenses:**

Non-Departmental expenses are expected to be at budget.

- **Debt/LOC Service Payments**

Expenditures in debt service are expected to have a \$24,731 (.26%) budget savings due to a March 6, 2015 bond refunding.

- **Capital Outlay and Transfers to Other Funds**

Purchases and transfers in this category are expected to be within budget.



**SUMMARY**

This first quarter report reflects a stable FY 2016 financial position for this fund. Under the Council adopted financial policies, the two important financial ratios, debt coverage and fund balance, are within or above policy targets. The debt coverage ratio projected for the end of the fiscal year is 1.20 compared to a target range of 1.20 to 1.50. The fund balance ratio projected for the end of the fiscal year is 31% compared to a target range 15 to 25%.

Respectfully submitted,

Timothy A. Mitchell, P.E.  
Director of Water Resources

cc: L. Kimball Payne, III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Donna Witt, Director of Financial Services

**SEWER OPERATING FUND  
FINANCIAL SUMMARY  
Quarter ending September 30, 2015**

|                                                       | <b>FY 2015<br/>Adopted<br/>Budget</b> | <b>FY 2015<br/>Actual<br/>Q1 YTD</b> | <b>FY 2015<br/>% of<br/>Budget</b> | <b>FY 2016<br/>Adopted<br/>Budget</b> | <b>FY 2016<br/>Actual<br/>Q1 YTD</b> | <b>FY 2016<br/>% of<br/>Budget</b> | <b>FY 2016<br/>Adopted<br/>Budget</b> | <b>FY 2016<br/>Revised<br/>Estimate</b> | <b>FY 2016<br/>\$ Variance<br/>Adopted Budget<br/>vs. Projected</b> |
|-------------------------------------------------------|---------------------------------------|--------------------------------------|------------------------------------|---------------------------------------|--------------------------------------|------------------------------------|---------------------------------------|-----------------------------------------|---------------------------------------------------------------------|
| <b>BEGINNING NET ASSETS (1)</b>                       | \$136,833,798                         | \$136,833,798                        |                                    | \$134,996,557                         | \$134,996,557                        |                                    | \$134,996,557                         | \$134,996,557                           |                                                                     |
| Less: Invested in Capital Assets, net of related debt | (129,047,540)                         | (129,047,540)                        |                                    | (131,477,037)                         | (131,477,037)                        |                                    | (131,477,037)                         | (131,477,037)                           |                                                                     |
| <b>BEGINNING UNRESTRICTED NET ASSETS</b>              | <b>\$7,786,258</b>                    | <b>\$7,786,258</b>                   |                                    | <b>\$3,519,520</b>                    | <b>\$3,519,520</b>                   |                                    | <b>3,519,520</b>                      | <b>\$3,519,520</b>                      |                                                                     |
| <b>REVENUES:</b>                                      |                                       |                                      |                                    |                                       |                                      |                                    |                                       |                                         |                                                                     |
| Charges for services                                  | \$17,170,636                          | \$3,117,589                          | 18%                                | \$17,917,821                          | \$3,213,013                          | 18%                                | \$17,917,821                          | \$17,967,821                            | \$50,000                                                            |
| Sewer contracts                                       | 3,327,630                             | 477,625                              | 14%                                | 3,332,495                             | 586,682                              | 18%                                | 3,332,495                             | 3,432,495                               | 100,000                                                             |
| Interest and other                                    | 75,344                                | 25,228                               | 33%                                | 210,634                               | 64,955                               | 31%                                | 210,634                               | 210,634                                 | 0                                                                   |
|                                                       | <b>\$20,573,610</b>                   | <b>\$3,620,442</b>                   |                                    | <b>\$21,460,950</b>                   | <b>\$3,864,650</b>                   |                                    | <b>\$21,460,950</b>                   | <b>\$21,610,950</b>                     | <b>\$150,000</b>                                                    |
| <b>EXPENSES:</b>                                      |                                       |                                      |                                    |                                       |                                      |                                    |                                       |                                         |                                                                     |
| Departmental O&M                                      | \$9,792,683                           | \$2,102,666                          | 21%                                | \$9,941,108                           | \$2,084,575                          | 21%                                | \$9,941,108                           | \$10,191,108                            | (\$250,000)                                                         |
| Non-departmental O&M                                  | 238,200                               | 34,533                               | 14%                                | 288,522                               | 31,940                               | 11%                                | \$288,522                             | 288,522                                 | 0                                                                   |
| Equipment Purchases                                   | 320,000                               | 0                                    | 0%                                 | 265,000                               | 0                                    | 0%                                 | \$265,000                             | 265,000                                 | 0                                                                   |
| Transfers - Capital                                   | 2,000,000                             | 500,000                              | 25%                                | 1,500,000                             | 375,000                              | 25%                                | \$1,500,000                           | 1,500,000                               | 0                                                                   |
| Debt service                                          | 8,961,298                             | 1,459,295                            | 16%                                | 9,370,351                             | 1,564,703                            | 17%                                | 9,370,351                             | 9,345,620                               | 24,731                                                              |
|                                                       | <b>\$21,312,181</b>                   | <b>\$4,096,494</b>                   |                                    | <b>\$21,364,981</b>                   | <b>\$4,056,218</b>                   |                                    | <b>\$21,364,981</b>                   | <b>\$21,590,250</b>                     | <b>(\$225,269)</b>                                                  |
| <b>Adjustment for expenses from capital projects</b>  |                                       | <b>\$0</b>                           |                                    |                                       | <b>\$0</b>                           |                                    |                                       | <b>\$0</b>                              |                                                                     |
| <b>ENDING NET ASSETS</b>                              | <b>\$7,047,687</b>                    | <b>\$7,310,206</b>                   |                                    | <b>\$3,615,489</b>                    | <b>\$3,327,952</b>                   |                                    | <b>\$3,615,489</b>                    | <b>\$3,540,220</b>                      |                                                                     |

**KEY RATIOS:**

|                                                                       |          |
|-----------------------------------------------------------------------|----------|
| Unrestricted cash target as a % of operating expenses & debt service: | 25%      |
| Unrestricted cash as a % of operating expenses & debt service:        | 31%      |
| Financial Policy targeted debt coverage minimum:                      | 1.20     |
| Ending debt coverage:                                                 | 1.20 (a) |

Note (a) Calculation of debt coverage includes \$125,000 of capitalizable costs for internal labor charges applicable to time spent on capital project activities.

December 8, 2015

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

Re: September 30, 2015 Quarterly Financial Report – Stormwater Operating Fund

The attached Stormwater Operating Fund Financial Summary summarizes the financial activity for this fund through September 30, 2015. This quarterly report provides comparative financial information for the same period of the prior fiscal year. Projected variances between the FY 2016 Budget and the Department's year end projections are described below.

### **REVENUES**

Following the completion of the first quarter, the overall revenues for FY 2016 are projected to be at budget for all categories that includes the following: (1) Charges for Services, (2) Interest and Other (3) Transfers from Other Funds

### **EXPENSES**

Overall expenses for FY 2016 are projected to be at budget in each category that includes the following: (1) Departmental Operation and Maintenance (2) Non-Departmental Operation and Maintenance (3) Capital Outlay (4) Transfers to Other Funds.

### **SUMMARY**

This first quarter report reflects a stable FY 2016 financial position for the fund at this time. The fund balance ratio projected for the end of the fiscal year is 20%.

Respectfully submitted,

Timothy A. Mitchell, P.E.  
Director of Water Resources

cc: L. Kimball Payne, III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Donna Witt, Director of Financial Services

STORMWATER OPERATING FUND  
FINANCIAL SUMMARY  
First Quarter September 30, 2015

|                                                       | FY 2015<br>Adopted<br>Budget | FY 2015<br>Actual<br>Q1 YTD | FY 2015<br>% of<br>Budget | FY 2016<br>Adopted<br>Budget | FY 2016<br>Actual<br>Q1 YTD | FY 2016<br>% of<br>Budget | FY 2016<br>Adopted<br>Budget | FY 2016<br>Revised<br>Estimate | FY 2016<br>\$ Variance<br>Adopted Budget<br>vs. Projected |
|-------------------------------------------------------|------------------------------|-----------------------------|---------------------------|------------------------------|-----------------------------|---------------------------|------------------------------|--------------------------------|-----------------------------------------------------------|
| <b>BEGINNING NET ASSETS</b>                           | \$1,300,413                  | \$1,300,413                 |                           | \$1,498,775                  | \$1,498,775                 |                           | \$1,498,775                  | \$1,498,775                    |                                                           |
| Less: Invested in Capital Assets, net of related debt | 0                            | 0                           |                           | (776,555)                    | (776,555)                   |                           | (776,555)                    | (776,555)                      |                                                           |
| <b>BEGINNING UNRESTRICTED NET ASSETS</b>              | <b>\$1,300,413</b>           | <b>\$1,300,413</b>          |                           | <b>\$722,220</b>             | <b>\$722,220</b>            |                           | <b>\$722,220</b>             | <b>\$722,220</b>               |                                                           |
| <b>REVENUES:</b>                                      |                              |                             |                           |                              |                             |                           |                              |                                |                                                           |
| Charges for services                                  | \$3,218,850                  | \$580,021                   | 18%                       | \$3,202,178                  | 590,286                     | 18%                       | \$3,202,178                  | \$3,202,178                    | \$0                                                       |
| Interest and other                                    | 5,000                        | 0                           |                           | 4,500                        | 0                           | 0%                        | 4,500                        | 4,500                          | 0                                                         |
| Transfers                                             | 275,000                      | 68,750                      | 25%                       | 275,000                      | 68,750                      | 25%                       | 275,000                      | 275,000                        | 0                                                         |
|                                                       | <b>\$3,498,850</b>           | <b>\$648,771</b>            |                           | <b>\$3,481,678</b>           | <b>659,036</b>              |                           | <b>\$3,481,678</b>           | <b>\$3,481,678</b>             | <b>\$0</b>                                                |
| <b>EXPENSES:</b>                                      |                              |                             |                           |                              |                             |                           |                              |                                |                                                           |
| Departmental O&M                                      | \$2,275,230                  | \$425,534                   | 19%                       | \$2,483,080                  | \$446,412                   | 18%                       | \$2,483,080                  | \$2,483,080                    | \$0                                                       |
| Non-departmental O&M                                  | 25,800                       | 1,752                       | 7%                        | 32,425                       | 4,000                       | 12%                       | 32,425                       | 32,425                         | 0                                                         |
| Equipment Purchases                                   | 400,000                      | 0                           | 0%                        | 29,000                       | 0                           | 0%                        | 29,000                       | 29,000                         | 0                                                         |
| Transfers - Capital                                   | 1,050,000                    | 262,500                     | 25%                       | 1,150,000                    | 287,500                     | 25%                       | 1,150,000                    | 1,150,000                      | 0                                                         |
| Transfers - Sewer Operating and Fleet                 | 0                            | 0                           | 0%                        | 126,734                      | 31,684                      | 25%                       | 126,734                      | 126,734                        | 0                                                         |
| Debt service                                          | 0                            | 0                           |                           | 0                            | 0                           |                           | 0                            | 0                              | 0                                                         |
|                                                       | <b>\$3,751,030</b>           | <b>\$689,786</b>            |                           | <b>\$3,821,239</b>           | <b>\$769,596</b>            |                           | <b>\$3,821,239</b>           | <b>\$3,821,239</b>             | <b>\$0</b>                                                |
| <b>Adjustment for expenses from capital projects</b>  |                              | <b>\$0</b>                  |                           |                              | <b>\$0</b>                  |                           |                              | <b>\$0</b>                     |                                                           |
| <b>ENDING NET ASSETS</b>                              | <b>\$1,048,233</b>           | <b>\$1,259,398</b>          |                           | <b>\$382,659</b>             | <b>\$611,660</b>            |                           | <b>\$382,659</b>             | <b>\$382,659</b>               |                                                           |

**KEY RATIOS:**

Projected unrestricted cash as a % of operating expenses at year end 20%

December 8, 2015

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

Re: September 30, 2015 Quarterly Report - General Fund

Attached is the Financial Summary for the General Fund (Fund) for the period ending September 30, 2015.

This quarterly report provides comparative information for the same period of the prior fiscal year and an annualized projection through the end of the current fiscal year.

#### NON-DEDICATED REVENUES

- Real Estate Taxes:

Real Estate taxes are due in four quarterly installments on November 15, January 15, March 15, and May 15. As of the date of this report, the first installment for FY 2016 has not been billed.

- Personal Property Taxes:

Personal Property tax revenue for FY 2016 is 15.4% or \$255,627 more than the amount collected in the first quarter of FY 2015. Personal property taxes 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.

In 1998, the Virginia General Assembly enacted the Personal Property Tax Relief Act (PPTRA) to reimburse citizens for a portion of the local personal property tax. In the 2004 Virginia General Assembly, the State capped the amount reimbursed to localities at \$950 million for FY 2016. This action eliminates the 70% reimbursement. Lynchburg's share is \$5,543,584. During the first quarter of FY 2016, the State reimbursed the City \$277,179 (5%), as scheduled. Future payments will be made in November 2015 (75%), February 2016 (15%), and May 2016 (5%).

- Consumer Utility Taxes - Electric:

Consumer Utility Tax – Electric is on pace with the FY 2016 budget projection based on collections for 2 months. Staff is monitoring this revenue and providing the Finance Committee with monthly updates.

- Communication Sales and Use Taxes:

Communication Sales and Use tax revenue is on pace with FY 2016 budget projection based on collections for 1 month. Staff is monitoring this revenue and providing the Finance Committee with monthly updates. Receipts from the State lag by two months.

- Local Sales Tax:

In comparison to the FY 2016 budget, sales tax revenue is slightly higher by 7.9%, or \$88,387 based on collections for 1 month. Receipts from the State lag by two months.

- Business License

Business License revenue collected for the first quarter of FY 2016 is \$12,795. Since this tax is due May 1, the collection percentage is currently only a small part of the annual budget. The majority of the tax will be collected from March to May.

- Meals Tax

Meals tax revenue is slightly ahead of FY 2016 budget projections by 2.8%, or \$62,037 based on collections for 2 months. Staff is monitoring this revenue and providing the Finance Committee with monthly updates. Receipts from local businesses lag by one month.

- Lodging Tax

Lodging tax revenue is on pace with FY 2016 budget projections based on collections for 2 months. Staff is monitoring this revenue and providing the Finance Committee with monthly updates. Receipts from local businesses lag by one month.

- Permit, Fees, and Licenses:

Permit, Fees, and Licenses revenue is on pace with FY 2016 budget projections with \$192,210 collected.

- Fines and Forfeitures:

Fines and Forfeitures revenue is slightly behind the budget projection for FY 2016 by 16.7%, or \$92,437 due primarily to the timing in receiving criminal court fees, as well as court fines. Staff will continue to keep a close watch on this revenue to see if an adjustment in projected revenue is necessary.

- Interest on Investments:

Investment income is on pace with budget for FY 2016.

- Charges for Services

Charges for Services revenue is on pace with budget projections for FY 2016 with \$2,631,774 collected.

### DEDICATED REVENUES

Intergovernmental Revenues consisting of Constitutional Officers, Health and Human Services, and State subsidies are 18.3%, or \$1,275,789 less than FY 2016 budget projection. This is due to the timing of submitting and receiving reimbursements from the State and Federal governments.

### EXPENDITURES

- Operating Expenditures:

The percentage of operating expenditures spent through the first quarter of FY 2016, 18.6%, is on target with budget projections.

- Debt Service

FY 2016 Debt Service expenditures are anticipated to be \$92,355 less than the adopted budget due to the March 2015 refunding.

Finance Committee  
Lynchburg City Council  
December 8, 2015  
Page 4

SUMMARY

This report represents three months of fiscal activity. As the year progresses, revised estimates for revenues and expenditures will be presented to reflect the impact of changes.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "D. S. Witt". The signature is written in a cursive, flowing style.

Donna S. Witt  
Director of Financial Services

cc: L. Kimball Payne, III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Rhonda Allbeck, Assistant Director of Financial Services



|                |                        |
|----------------|------------------------|
| Period         | Fiscal Quarter 1, 2016 |
| Fund           | 1001 General Fund      |
| Account Type   | Revenue                |
| Process Status | Posted                 |

| Revenues                                       | Adopted Budget     | Budget Amendment | Amended Budget     | Actual Amount    | Remaining Budget w/<br>Encumbrances -<br>Reporting | Percentage Used w/<br>Encumbrances -<br>Reporting | Prev Year Actual Amount |
|------------------------------------------------|--------------------|------------------|--------------------|------------------|----------------------------------------------------|---------------------------------------------------|-------------------------|
| <b>100 Taxes</b>                               |                    |                  |                    |                  |                                                    |                                                   |                         |
| 02110 - Current Real Property Tax              | 55,383,720         | 0                | 55,383,720         | 1,292,386        | 54,091,333.91                                      | 2.3%                                              | 1,953,301               |
| 02110 - Delinquent Real Prop Tax               | 1,575,000          | 0                | 1,575,000          | 159,852          | 1,415,147.86                                       | 10.1%                                             | 316,066                 |
| 02110 - Tax Relief For Elderly                 | (700,000)          | 0                | (700,000)          | (639,853)        | (60,146.87)                                        | 91.4%                                             | (651,612)               |
| 02110 - Tax Relief-Rehab.RealProp              | (483,100)          | 0                | (483,100)          | (564,488)        | 81,388.28                                          | 116.8%                                            | (486,995)               |
| 02120 - Current PSC Taxes                      | 2,225,000          | 0                | 2,225,000          | 0                | 2,225,000.00                                       | 0.0%                                              | 0                       |
| 02130 - Curr Pers Property Tx PCI              | 17,266,000         | 0                | 17,266,000         | 1,665,245        | 15,600,755.22                                      | 9.6%                                              | 1,409,618               |
| 02130 - Delinquent PP Tax PCI                  | 950,000            | 0                | 950,000            | 88,378           | 861,622.35                                         | 9.3%                                              | 60,644                  |
| 02130 - Recovery-C/O Pers Prop Tx              | 4,000              | 0                | 4,000              | 68               | 3,932.23                                           | 1.7%                                              | 173                     |
| 02170 - Interest on PSC Taxes                  |                    |                  |                    |                  |                                                    |                                                   | 4                       |
| 02170 - Interest-Delinquent Taxes              | 375,000            | 0                | 375,000            | 61,141           | 313,858.66                                         | 16.3%                                             | 101,231                 |
| 02170 - Penalty-Delinquent Taxes               | 625,000            | 0                | 625,000            | 118,687          | 506,312.57                                         | 19.0%                                             | 130,964                 |
| 02510 - Local Sales And Use Taxes              | 14,700,000         | 0                | 14,700,000         | 1,207,589        | 13,492,410.77                                      | 8.2%                                              | 1,131,485               |
| 02515 - Consumer Util Tx-Electric              | 3,790,000          | 0                | 3,790,000          | 666,829          | 3,123,171.34                                       | 17.6%                                             | 626,608                 |
| 02515 - Consumer Utility Tax-Gas               | 654,000            | 0                | 654,000            | 47,783           | 606,216.96                                         | 7.3%                                              | 45,648                  |
| 02515 - Right of Way Fees                      | 243,000            | 0                | 243,000            | 1,977            | 241,022.71                                         | 0.8%                                              | 51,036                  |
| 02517 - Communication Sale&Use Tx              | 3,300,000          | 0                | 3,300,000          | 276,750          | 3,023,250.07                                       | 8.4%                                              | 283,594                 |
| 02520 - Business License Taxes                 | 8,200,764          | 0                | 8,200,764          | 12,795           | 8,187,969.08                                       | 0.2%                                              | 75,734                  |
| 02520 - Consumption Tax Electric               | 306,420            | 0                | 306,420            | 54,846           | 251,573.97                                         | 17.9%                                             | 51,145                  |
| 02520 - Consumption Tax Gas                    | 34,000             | 0                | 34,000             | 2,232            | 31,768.17                                          | 6.6%                                              | 2,296                   |
| 02520 - Pen&Int-Business License               | 90,000             | 0                | 90,000             | 19,988           | 70,011.75                                          | 22.2%                                             | 39,152                  |
| 02525 - Fran.Lic. Tax-Sprint Cel               | 500                | 0                | 500                | 500              | 0.00                                               | 100.0%                                            | 0                       |
| 02525 - Franchis Lic.Tax-MCI                   | 4,027              | 0                | 4,027              | 9,600            | (5,573.00)                                         | 238.4%                                            | 0                       |
| 02530 - Delinquent MtrVeh LicFee               | 174,000            | 0                | 174,000            | 7,001            | 166,999.45                                         | 4.0%                                              | 8,528                   |
| 02530 - Motor Vehicle LicensesPCI              | 1,544,000          | 0                | 1,544,000          | 74,422           | 1,469,577.69                                       | 4.8%                                              | 73,194                  |
| 02535 - Bank Stock Taxes                       | 650,000            | 0                | 650,000            | 2,371            | 647,629.00                                         | 0.4%                                              | 0                       |
| 02540 - Probate Taxes                          | 15,000             | 0                | 15,000             | 3,622            | 11,378.03                                          | 24.1%                                             | 5,173                   |
| 02540 - Recordation Taxes-City                 | 450,000            | 0                | 450,000            | 36,853           | 413,146.56                                         | 8.2%                                              | 51,234                  |
| 02545 - Tobacco Taxes                          | 900,000            | 0                | 900,000            | 215,445          | 684,554.70                                         | 23.9%                                             | 246,384                 |
| 02550 - Amusement Tax                          | 675,000            | 0                | 675,000            | 104,435          | 570,565.47                                         | 15.5%                                             | 106,044                 |
| 02550 - Penalty/Int-Amusement Tx               | 0                  | 0                | 0                  | 2,316            | (2,315.88)                                         |                                                   | 67                      |
| 02555 - Lodging Tax                            | 2,037,000          | 0                | 2,037,000          | 381,131          | 1,655,868.84                                       | 18.7%                                             | 365,797                 |
| 02555 - Penalty/Interest-Lodging               | 0                  | 0                | 0                  | 4,616            | (4,615.74)                                         |                                                   | (116)                   |
| 02560 - Meals Tax                              | 13,715,000         | 0                | 13,715,000         | 2,231,735        | 11,483,264.71                                      | 16.3%                                             | 2,090,182               |
| 02560 - Penalty/Interest-Meals Tx              | 50,000             | 0                | 50,000             | 25,816           | 24,184.05                                          | 51.6%                                             | 35,408                  |
| <b>100 Taxes Total</b>                         | <b>128,753,331</b> | <b>0</b>         | <b>128,753,331</b> | <b>7,572,068</b> | <b>121,181,262.91</b>                              | <b>5.9%</b>                                       | <b>8,121,984</b>        |
| <b>110 Permits, Fees, &amp; Licenses</b>       |                    |                  |                    |                  |                                                    |                                                   |                         |
| 03005 - Animal Licenses                        | 10,000             | 0                | 10,000             | 1,110            | 8,890.00                                           | 11.1%                                             | 1,304                   |
| 03010 - Annual/Periodic Insp Fee               | 8,000              | 0                | 8,000              | 2,300            | 5,700.00                                           | 28.8%                                             | 750                     |
| 03010 - Bicycle Licenses                       |                    |                  |                    |                  |                                                    |                                                   | 2                       |
| 03010 - Building Insp Permit Fee               | 445,000            | 0                | 445,000            | 86,616           | 358,383.90                                         | 19.5%                                             | 94,425                  |
| 03010 - Building Plan Review                   | 40,000             | 0                | 40,000             | 5,821            | 34,179.40                                          | 14.6%                                             | 7,684                   |
| 03010 - Concealed Weapons Permit               | 20,000             | 0                | 20,000             | 4,798            | 15,202.42                                          | 24.0%                                             | 3,192                   |
| 03010 - Conditional Use Permits                | 4,800              | 0                | 4,800              | 1,200            | 3,600.00                                           | 25.0%                                             | 800                     |
| 03010 - Del False Alarm-Pen & Int              |                    |                  |                    |                  |                                                    |                                                   | 0                       |
| 03010 - Demolition Fees                        | 10,000             | 0                | 10,000             | 1,300            | 8,700.00                                           | 13.0%                                             | 2,350                   |
| 03010 - Elev Admin Fee Pen & Int               | 0                  | 0                | 0                  | 155              | (154.98)                                           |                                                   | 155                     |
| 03010 - Elevator Inspec Admin Fee              | 20,200             | 0                | 20,200             | 9,691            | 10,508.64                                          | 48.0%                                             | 9,858                   |
| 03010 - False Alarm Serv Assessmt              | 100,000            | 0                | 100,000            | 5,028            | 94,972.00                                          | 5.0%                                              | 8,783                   |
| 03010 - Land Disturbing Fees                   | 17,000             | 0                | 17,000             | 10,294           | 6,706.00                                           | 60.6%                                             | 8,858                   |
| 03010 - Legal Notice Advertising               | 7,247              | 0                | 7,247              | 0                | 7,247.00                                           | 0.0%                                              | 4,076                   |
| 03010 - Misc Permit Fee & License              | 2,000              | 0                | 2,000              | 50               | 1,950.00                                           | 2.5%                                              | 427                     |
| 03010 - Permit Parking Fees                    | 199,000            | 0                | 199,000            | 50,836           | 148,163.95                                         | 25.5%                                             | 24,749                  |
| 03010 - Precious Metal Premits                 | 1,600              | 0                | 1,600              | 400              | 1,200.00                                           | 25.0%                                             | 1,200                   |
| 03010 - Rental Insp-Annual No/Shw              | 0                  | 0                | 0                  | 100              | (100.00)                                           |                                                   | 50                      |
| 03010 - Rental Reinspect/FollowUp              | 0                  | 0                | 0                  | 150              | (150.00)                                           |                                                   |                         |
| 03010 - Re-zoning Fees                         | 5,000              | 0                | 5,000              | 1,802            | 3,197.77                                           | 36.0%                                             | 641                     |
| 03010 - Sign Insp Permit Fee                   | 5,000              | 0                | 5,000              | 900              | 4,100.00                                           | 18.0%                                             | 1,725                   |
| 03010 - Site Plan Reviews                      | 19,686             | 0                | 19,686             | 5,206            | 14,480.50                                          | 26.4%                                             | 5,442                   |
| 03010 - Subdivision Plat Review                | 6,000              | 0                | 6,000              | 2,880            | 3,120.00                                           | 48.0%                                             | 2,775                   |
| 03010 - Taxicab Application Fees               | 4,000              | 0                | 4,000              | 800              | 3,200.00                                           | 20.0%                                             | 1,000                   |
| 03010 - Transfer Fees                          | 1,600              | 0                | 1,600              | 573              | 1,026.70                                           | 35.8%                                             | 534                     |
| 03010 - Zoning Appeal Fees-Inspc               | 1,000              | 0                | 1,000              | 200              | 800.00                                             | 20.0%                                             | 150                     |
| <b>110 Permits, Fees, &amp; Licenses Total</b> | <b>927,133</b>     | <b>0</b>         | <b>927,133</b>     | <b>192,210</b>   | <b>734,923.30</b>                                  | <b>20.7%</b>                                      | <b>180,929</b>          |
| <b>120 Fines &amp; Forfeitures</b>             |                    |                  |                    |                  |                                                    |                                                   |                         |
| 03510 - Court Fines And Forfeit.               | 440,000            | 0                | 440,000            | 32,067           | 407,933.22                                         | 7.3%                                              | 88,009                  |
| 03510 - Criminal Court Fees                    | 2,500              | 0                | 2,500              | 198              | 2,302.05                                           | 7.9%                                              | 184                     |
| 03510 - Parking Fines                          | 110,000            | 0                | 110,000            | 13,423           | 96,576.78                                          | 12.2%                                             | 13,464                  |
| <b>120 Fines &amp; Forfeitures Total</b>       | <b>552,500</b>     | <b>0</b>         | <b>552,500</b>     | <b>45,688</b>    | <b>506,812.05</b>                                  | <b>8.3%</b>                                       | <b>101,657</b>          |
| <b>130 Use of Money &amp; Property</b>         |                    |                  |                    |                  |                                                    |                                                   |                         |
| 04010 - Interest on Investment                 | 15,000             | 0                | 15,000             | 48,885           | (33,885.35)                                        | 325.9%                                            | (35,649)                |
| 04010 - Interest-City Capital                  | 30,000             | 0                | 30,000             | 26,495           | 3,504.64                                           | 88.3%                                             | 21,451                  |

| Revenues                                     | Adopted Budget | Budget         | Amended        | Actual Amount  | Remaining Budget w/<br>Encumbrances - | Percentage Used w/<br>Encumbrances - | Prev Year Actual Amount |
|----------------------------------------------|----------------|----------------|----------------|----------------|---------------------------------------|--------------------------------------|-------------------------|
|                                              |                | Amendment      | Budget         |                | Reporting                             | Reporting                            |                         |
| 04010 - Interest-Health Ins Resrv            | 18,000         | 0              | 18,000         | 4,375          | 13,625.40                             | 24.3%                                | 4,498                   |
| 04010 - Interest-OPEB                        | 4,000          | 0              | 4,000          | 2,266          | 1,734.38                              | 56.6%                                | 1,313                   |
| 04010 - Interest-School Capital              | 200            | 0              | 200            | 0              | 200.00                                | 0.0%                                 | 0                       |
| 04010 - Interest-SNAP Income                 | 15,000         | 0              | 15,000         | 9,796          | 5,204.46                              | 65.3%                                | 5,439                   |
| 04010 - Interst-MktValueGain/Loss            | 0              | 0              | 0              | (3,636)        | 3,635.91                              |                                      | 28,049                  |
| 04020 - Culture & Rec. Prop Rent             | 15,070         | 0              | 15,070         | 3,768          | 11,302.50                             | 25.0%                                | 15,070                  |
| 04020 - Dwtwn Parking Deck Lease             | 90,000         | 0              | 90,000         | 22,311         | 67,689.50                             | 24.8%                                | 20,894                  |
| 04020 - Gen Govt Property Rental             | 85,000         | 0              | 85,000         | 22,991         | 62,009.22                             | 27.0%                                | 15,542                  |
| 04020 - Human Services Prop Rent             | 100,000        | 0              | 100,000        | 25,000         | 75,000.01                             | 25.0%                                | 25,000                  |
| 04020 - Market Rent- Pen & Int               | 0              | 0              | 0              | 253            | (253.17)                              |                                      | 94                      |
| 04020 - Prop Rental-Market/Park.             | 90,000         | 0              | 90,000         | 11,164         | 78,836.09                             | 12.4%                                | 28,110                  |
| 04020 - Prop Rental-Stadium                  | 2,000          | 0              | 2,000          | 485            | 1,515.00                              | 24.3%                                | 0                       |
| 04020 - Public Safety Prop Rent              | 24,464         | 0              | 24,464         | 0              | 24,464.00                             | 0.0%                                 | 0                       |
| 04020 - Public Works Prop Rental             | 6,000          | 0              | 6,000          | 0              | 6,000.00                              | 0.0%                                 | 0                       |
| 04020 - Rental Miller Center                 | 0              | 103,548        | 103,548        | 0              | 103,548.00                            | 0.0%                                 |                         |
| <b>130 Use of Money &amp; Property Total</b> | <b>494,734</b> | <b>103,548</b> | <b>598,282</b> | <b>174,151</b> | <b>424,130.59</b>                     | <b>29.1%</b>                         | <b>129,811</b>          |
| <b>140 Charges for Services</b>              |                |                |                |                |                                       |                                      |                         |
| 04510 - Collection &Tax Lien Fees            | 19,000         | 0              | 19,000         | 7,598          | 11,402.11                             | 40.0%                                | 7,096                   |
| 04510 - DMV Admin Fee                        | 225,000        | 0              | 225,000        | 67,670         | 157,330.44                            | 30.1%                                | 65,806                  |
| 04510 - DMV Select Agency                    | 20,000         | 0              | 20,000         | 7,454          | 12,546.42                             | 37.3%                                | 6,482                   |
| 04510 - Indirect Cost&Srcv Airprt            | 111,591        | 0              | 111,591        | 27,898         | 83,693.25                             | 25.0%                                | 29,576                  |
| 04510 - Indirect Cost&Srcv Sewer             | 404,344        | 0              | 404,344        | 51,610         | 352,734.00                            | 12.8%                                | 85,698                  |
| 04510 - Indirect Cost&Srcv Water             | 845,105        | 0              | 845,105        | 211,280        | 633,825.00                            | 25.0%                                | 274,985                 |
| 04510 - Indirect Cost&Srcv WWTP              | 369,985        | 0              | 369,985        | 141,976        | 228,009.00                            | 38.4%                                | 191,920                 |
| 04510 - Indirect Cost&Svc DetHome            | 252,343        | 0              | 252,343        | 63,086         | 189,257.25                            | 25.0%                                | 62,609                  |
| 04510 - Indirect Cost&Svc Juv Svc            | 15,000         | 0              | 15,000         | 0              | 15,000.00                             | 0.0%                                 | 3,750                   |
| 04510 - Indirect Cost&Svc Strmwtr            | 107,328        | 0              | 107,328        | 26,832         | 80,496.00                             | 25.0%                                | 26,997                  |
| 04510 - Processng Fee-PYRL Deduct            | 6,500          | 0              | 6,500          | 1,590          | 4,910.00                              | 24.5%                                | 1,435                   |
| 04510 - Sale of GIS Maps & Data              | 350            | 0              | 350            | 100            | 250.00                                | 28.6%                                | 79                      |
| 04515 - CA Coll Fees- Circuit Crt            | 60,000         | 0              | 60,000         | 11,903         | 48,097.49                             | 19.8%                                | 10,739                  |
| 04515 - CA Coll Fees- Gen Dist Ct            | 46,000         | 0              | 46,000         | 17,792         | 28,208.09                             | 38.7%                                | 20,563                  |
| 04515 - CA Coll Fees- J&D Court              | 9,700          | 0              | 9,700          | 1,757          | 7,943.21                              | 18.1%                                | 1,468                   |
| 04515 - Commonwealth Atty.Fees               | 7,000          | 0              | 7,000          | 1,884          | 5,116.46                              | 26.9%                                | 1,613                   |
| 04515 - Court Rm Sheriff Fee \$5             | 110,000        | 0              | 110,000        | 17,778         | 92,221.62                             | 16.2%                                | 21,585                  |
| 04515 - Document Reprod Costs                | 13,000         | 0              | 13,000         | 1,606          | 11,393.56                             | 12.4%                                | 2,623                   |
| 04515 - Fees For Court Officers              | 7,244          | 0              | 7,244          | 7,244          | (0.22)                                | 100.0%                               | 7,244                   |
| 04515 - Legal Service Charges                | 20,000         | 0              | 20,000         | 0              | 20,000.00                             | 0.0%                                 | 0                       |
| 04515 - Probation Supervisor Fee             | 15,000         | 0              | 15,000         | 5,852          | 9,147.76                              | 39.0%                                | 805                     |
| 04520 - \$250 DUI Fees                       | 0              | 0              | 0              | 1,810          | (1,810.00)                            |                                      | 1,474                   |
| 04520 - Ambulance Service Fees               | 2,750,000      | 0              | 2,750,000      | 421,891        | 2,328,108.62                          | 15.3%                                | 405,900                 |
| 04520 - Criminal Records Check               | 3,000          | 0              | 3,000          | 495            | 2,505.00                              | 16.5%                                | 525                     |
| 04520 - Delinq Ambulance>120 Days            | 100,000        | 0              | 100,000        | 187,762        | (87,762.23)                           | 187.8%                               | 14,060                  |
| 04520 - Fire Prevention Fees                 | 2,000          | 0              | 2,000          | 1,450          | 550.00                                | 72.5%                                | 925                     |
| 04520 - Lcl Reimb-COL Confd Space            | 50,000         | 0              | 50,000         | 12,500         | 37,500.00                             | 25.0%                                | 12,500                  |
| 04520 - PD Off Duty                          | 800,000        | 0              | 800,000        | 253,421        | 546,578.74                            | 31.7%                                | 194,657                 |
| 04520 - PD Off Duty- Pen & Int               | 0              | 0              | 0              | (8,283)        | 8,282.82                              |                                      | 1,834                   |
| 04520 - PIER Contract Payments               | 32,500         | 0              | 32,500         | 32,500         | 0.00                                  | 100.0%                               | 32,500                  |
| 04520 - Police Report Sales                  | 13,500         | 0              | 13,500         | 3,750          | 9,750.00                              | 27.8%                                | 3,045                   |
| 04520 - Police-Schools DARE Prog             | 108,500        | 0              | 108,500        | 27,677         | 80,822.66                             | 25.5%                                | 0                       |
| 04520 - Range Use Fee                        | 15,000         | 0              | 15,000         | 14,800         | 200.00                                | 98.7%                                | 13,800                  |
| 04525 - Bldg Maint Charge-Other              | 10,000         | 0              | 10,000         | 2,536          | 7,464.50                              | 25.4%                                | 10,142                  |
| 04525 - Downtown Parking Fees                | 35,000         | 0              | 35,000         | 3,371          | 31,629.25                             | 9.6%                                 | 1,770                   |
| 04525 - Engineering Serv.Charges             | 0              | 0              | 0              | 5,557          | (5,556.72)                            |                                      |                         |
| 04525 - PW Admin Stormwater Chrgs            | 161,947        | 0              | 161,947        | 10,733         | 151,213.68                            | 6.6%                                 | 3,605                   |
| 04525 - PW Eng Stormwater Chrgs              | 19,500         | 0              | 19,500         | 0              | 19,500.00                             | 0.0%                                 | 2,160                   |
| 04525 - PW Streets StormwaterChrg            | 179,152        | 0              | 179,152        | 195            | 178,957.40                            | 0.1%                                 | 0                       |
| 04525 - Res.Disp.Tags.-Vendor                |                |                |                |                |                                       |                                      | 1,106                   |
| 04525 - Resid.Disposal-Decals                | 715,000        | 0              | 715,000        | 562,314        | 152,686.40                            | 78.6%                                | 541,091                 |
| 04525 - Trash Bag Srcv-Waste Zero            | 150,000        | 0              | 150,000        | 30,562         | 119,438.50                            | 20.4%                                | 27,511                  |
| 04530 - CSA Service Providers                | 178,868        | 0              | 178,868        | 0              | 178,868.00                            | 0.0%                                 | 0                       |
| 04530 - Local Reimb-Opportunity              | 366,596        | 0              | 366,596        | 31,143         | 335,452.62                            | 8.5%                                 | 82,706                  |
| 04530 - Local Reimb-Sparc House              | 330,940        | 0              | 330,940        | 89,700         | 241,239.54                            | 27.1%                                | 100,628                 |
| 04535 - Delinq Library Fines&Fees            | 4,000          | 0              | 4,000          | 1,263          | 2,737.13                              | 31.6%                                | 46,799                  |
| 04535 - Delinq Library Lost/Dmg              | 12,000         | 0              | 12,000         | 1,683          | 10,317.25                             | 14.0%                                | 33,278                  |
| 04535 - Delinq Library Pen & Int             | 2,800          | 0              | 2,800          | 424            | 2,376.25                              | 15.1%                                | 21,055                  |
| 04535 - Law Library Fees                     | 60,000         | 0              | 60,000         | 7,719          | 52,280.60                             | 12.9%                                | 9,067                   |
| 04535 - Library Fines And Fees               | 74,000         | 0              | 74,000         | 13,851         | 60,149.20                             | 18.7%                                | 16,519                  |
| 04535 - Lost/Damaged Library Prop            | 5,000          | 0              | 5,000          | 1,404          | 3,596.28                              | 28.1%                                | 980                     |
| 04535 - Lynchburg Museum Fees                | 14,000         | 0              | 14,000         | 0              | 14,000.00                             | 0.0%                                 | 5,264                   |
| 04535 - Point of Honor Adm Fees              | 10,500         | 0              | 10,500         | 4,555          | 5,945.00                              | 43.4%                                | 3,070                   |
| 04535 - Recreation Program Fees              | 349,100        | 0              | 349,100        | 98,991         | 250,109.34                            | 28.4%                                | 77,067                  |
| 04535 - School Shr-Comm Ctr Wi-Fi            |                |                |                |                |                                       |                                      | 4,000                   |
| 04535 - Swimming Pool Fees                   | 24,000         | 0              | 24,000         | 9,801          | 14,199.00                             | 40.8%                                | 10,536                  |
| 04540 - Charges For Demolition               | 0              | 0              | 0              | 5,232          | (5,231.66)                            |                                      |                         |
| 04540 - Com Devl Stormwater Chrgs            | 499,003        | 0              | 499,003        | 124,751        | 374,252.22                            | 25.0%                                | 107,559                 |
| 04599 - Secure Vacant Stru Reimb             |                |                |                |                |                                       |                                      | 2,316                   |
| 04599 - Weed Ordinance Program               | 22,000         | 0              | 22,000         | 3,308          | 18,691.65                             | 15.0%                                | 4,354                   |

| Revenues                                   | Adopted Budget     | Budget Amendment | Amended Budget     | Actual Amount     | Remaining Budget w/      | Percentage Used w/       | Prev Year Actual Amount |
|--------------------------------------------|--------------------|------------------|--------------------|-------------------|--------------------------|--------------------------|-------------------------|
|                                            |                    |                  |                    |                   | Encumbrances - Reporting | Encumbrances - Reporting |                         |
| <b>140 Charges for Services Total</b>      | <b>9,762,396</b>   | <b>0</b>         | <b>9,762,396</b>   | <b>2,631,774</b>  | <b>7,130,622.48</b>      | <b>27.0%</b>             | <b>2,616,877</b>        |
| <b>150 Miscellaneous Revenue</b>           |                    |                  |                    |                   |                          |                          |                         |
| 05030 - Suspense Revenue/Exp Ref           | 0                  | 0                | 0                  | 0                 | (0.00)                   |                          | 18,926                  |
| 05050 - Cash Overage And Shortage          | 0                  | 0                | 0                  | 831               | (830.75)                 |                          | (343)                   |
| 05050 - Contributions-Adopt-A-Bed          |                    |                  |                    |                   |                          |                          | 200                     |
| 05050 - Credit Card Rebate                 | 94,000             | 0                | 94,000             | 0                 | 94,000.00                | 0.0%                     | 0                       |
| 05050 - Digg's Trust Rec-Pt Honor          | 40,398             | 0                | 40,398             | 10,200            | 30,198.00                | 25.2%                    | 10,560                  |
| 05050 - Donations- Emergency Mgmt          | 0                  | 0                | 0                  | 550               | (550.00)                 |                          | 100                     |
| 05050 - Drop-Off Recycling                 |                    |                  |                    |                   |                          |                          | 6                       |
| 05050 - Friends of L'burg Library          | 7,250              | 0                | 7,250              | 1,813             | 5,437.50                 | 25.0%                    | 0                       |
| 05050 - Gifts And Misc.                    | 500                | 0                | 500                | 659               | (158.52)                 | 131.7%                   | 458                     |
| 05050 - Miscellaneous Revenue              | 60,000             | 0                | 60,000             | 35,784            | 24,215.84                | 59.6%                    | 37,276                  |
| 05050 - P&R Spec Evt Sponership            | 4,500              | 0                | 4,500              | 500               | 4,000.00                 | 11.1%                    | 78                      |
| 05050 - Parking Lease Agreement            | 81,000             | 0                | 81,000             | 25,944            | 55,055.90                | 32.0%                    | 31,417                  |
| 05050 - Photo Reprod And Royalty           | 300                | 0                | 300                | 40                | 260.00                   | 13.3%                    | 41                      |
| 05050 - Pmt In Lieu Tax-WestCntbr          | 50,000             | 0                | 50,000             | 0                 | 50,000.00                | 0.0%                     | 0                       |
| 05050 - PointOfHonor-GiftShopSales         | 2,000              | 0                | 2,000              | 0                 | 2,000.00                 | 0.0%                     | 1,000                   |
| 05050 - Proceeds frm PropRoom.com          | 0                  | 0                | 0                  | 283               | (282.55)                 |                          |                         |
| 05050 - Pymt In Lieu of Tax-LRHA           | 25,000             | 0                | 25,000             | 0                 | 25,000.00                | 0.0%                     | 0                       |
| 05050 - Reimb.POH Carriage House           | 27,411             | 0                | 27,411             | 6,938             | 20,473.50                | 25.3%                    | 7,168                   |
| 05050 - RSA Profit Sharing                 | 0                  | 0                | 0                  | 18,248            | (18,247.89)              |                          | (1)                     |
| 05050 - Sale-Salvage/Surplus Prop          | 3,000              | 0                | 3,000              | 0                 | 3,000.00                 | 0.0%                     | 443                     |
| 05050 - Special Welfare Recoup             | 30,000             | 0                | 30,000             | 46                | 29,954.00                | 0.2%                     | 282                     |
| 05050 - Trash Bag&Decal Violation          | 0                  | 0                | 0                  | 2,975             | (2,975.00)               |                          | 75                      |
| 05050 - Trash Cart Sales                   | 2,000              | 0                | 2,000              | 719               | 1,281.00                 | 36.0%                    | 545                     |
| 05050 - Visitor Ctr Merchandise            | 23,700             | 0                | 23,700             | 6,693             | 17,006.98                | 28.2%                    | 5,818                   |
| 05050 - VisitorCtr CoffeeDonation          | 0                  | 0                | 0                  | 123               | (122.50)                 |                          |                         |
| 05050 - WardsCrossingWestSvcFee            | 133,000            | 0                | 133,000            | 0                 | 133,000.00               | 0.0%                     | 0                       |
| <b>150 Miscellaneous Revenue Total</b>     | <b>584,059</b>     | <b>0</b>         | <b>584,059</b>     | <b>112,343</b>    | <b>471,715.51</b>        | <b>19.2%</b>             | <b>114,049</b>          |
| <b>300 State Non-Categorical Aid</b>       |                    |                  |                    |                   |                          |                          |                         |
| 06100 - Auto Rental Tax-DMV                | 260,000            | 0                | 260,000            | 82,912            | 177,088.18               | 31.9%                    | 71,641                  |
| 06100 - Deeds Of Conveyance                | 120,000            | 0                | 120,000            | 10,438            | 109,562.20               | 8.7%                     | 14,277                  |
| 06100 - Mobile Home Titling Taxes          | 1,000              | 0                | 1,000              | 390               | 610.00                   | 39.0%                    | 261                     |
| 06100 - Personal Prop Tax Relief           | 5,543,584          | 0                | 5,543,584          | 277,179           | 5,266,404.81             | 5.0%                     | 277,179                 |
| 06100 - Recordation Taxes-State            | 200,000            | 0                | 200,000            | (0)               | 200,000.48               | 0.0%                     | 0                       |
| 06100 - Rolling Stock Taxes                | 93,000             | 0                | 93,000             | 105,138           | (12,137.81)              | 113.1%                   | 98,635                  |
| <b>300 State Non-Categorical Aid Total</b> | <b>6,217,584</b>   | <b>0</b>         | <b>6,217,584</b>   | <b>476,056</b>    | <b>5,741,527.86</b>      | <b>7.7%</b>              | <b>461,993</b>          |
| <b>310 State Shared Exp (Cat.)</b>         |                    |                  |                    |                   |                          |                          |                         |
| 06510 - Commissioner of Revenue            | 172,577            | 1,899            | 174,476            | 27,833            | 146,643.24               | 16.0%                    | 24,899                  |
| 06510 - Registrar/Electoral Board          | 53,455             | 1,040            | 54,495             | 0                 | 54,495.00                | 0.0%                     | 0                       |
| 06510 - Treasurer                          | 99,638             | 0                | 99,638             | 15,712            | 83,925.67                | 15.8%                    | 15,673                  |
| 06515 - Clerk of Cir Crt-Fringes           | 546,176            | 9,559            | 555,735            | 82,072            | 473,662.74               | 14.8%                    | 82,100                  |
| 06515 - Commonwealth Attorney              | 992,928            | 0                | 992,928            | 148,190           | 844,737.88               | 14.9%                    | 159,687                 |
| 06515 - Sheriff                            | 1,217,709          | 20,607           | 1,238,316          | 177,768           | 1,060,548.21             | 14.4%                    | 78,650                  |
| <b>310 State Shared Exp (Cat.) Total</b>   | <b>3,082,483</b>   | <b>33,105</b>    | <b>3,115,588</b>   | <b>451,575</b>    | <b>2,664,012.74</b>      | <b>14.5%</b>             | <b>361,008</b>          |
| <b>320 State Categorical Aid</b>           |                    |                  |                    |                   |                          |                          |                         |
| 06820 - HB 599 Law Enforc.Asst             | 2,930,790          | 0                | 2,930,790          | 732,698           | 2,198,092.00             | 25.0%                    | 732,698                 |
| 06820 - Juvenile Correct-Block Gt          | 247,716            | 0                | 247,716            | 61,929            | 185,787.00               | 25.0%                    | 61,929                  |
| 06820 - Wireless E911                      | 286,600            | 0                | 286,600            | 47,488            | 239,112.37               | 16.6%                    | 59,442                  |
| 06825 - Street And Highway Maint.          | 7,364,956          | 100,000          | 7,464,956          | 1,949,214         | 5,515,742.27             | 26.1%                    | 2,638,068               |
| 06830 - Finance-Social Srvc-State          | 115,004            | 0                | 115,004            | 24,273            | 90,730.61                | 21.1%                    | 9,981                   |
| 06830 - SS State Adm Sub 0901              | 2,020,159          | 0                | 2,020,159          | 257,383           | 1,762,776.46             | 12.7%                    | 300,454                 |
| 06830 - SS State Prog Sub 0902             | 4,810,245          | 0                | 4,810,245          | 964,122           | 3,846,123.30             | 20.0%                    | 736,612                 |
| 06835 - Finan Asst-Public Library          | 153,233            | 0                | 153,233            | 37,990            | 115,243.25               | 24.8%                    | 38,261                  |
| 06835 - SNAP Prog-Double Dollar            | 10,000             | 0                | 10,000             | 0                 | 10,000.00                | 0.0%                     | 5,000                   |
| 06835 - SNAP Program Reimb                 | 12,000             | 0                | 12,000             | 4,375             | 7,625.00                 | 36.5%                    | 5,398                   |
| <b>320 State Categorical Aid Total</b>     | <b>17,950,703</b>  | <b>100,000</b>   | <b>18,050,703</b>  | <b>4,079,471</b>  | <b>13,971,232.26</b>     | <b>22.6%</b>             | <b>4,587,841</b>        |
| <b>330 State Aid in Suspense</b>           |                    |                  |                    |                   |                          |                          |                         |
| 05030 - Suspense Rev-Va EDI Pmts           | 0                  | 0                | 0                  | 0                 | (0.05)                   |                          | 0                       |
| <b>330 State Aid in Suspense Total</b>     | <b>0</b>           | <b>0</b>         | <b>0</b>           | <b>0</b>          | <b>(0.05)</b>            |                          | <b>0</b>                |
| <b>510 Federal Direct Cat. Aid</b>         |                    |                  |                    |                   |                          |                          |                         |
| 07510 - Dir Fed Reim-Parks&Rec             | 0                  | 0                | 0                  | 42,322            | (42,321.87)              |                          |                         |
| 07540 - IRS Int Subs 8/09 BABsSCH          | 211,000            | 0                | 211,000            | 105,663           | 105,336.53               | 50.1%                    | 105,777                 |
| 07540 - IRS Int Subsidy 8/09 BABs          | 60,000             | 0                | 60,000             | 30,457            | 29,542.92                | 50.8%                    | 30,490                  |
| <b>510 Federal Direct Cat. Aid Total</b>   | <b>271,000</b>     | <b>0</b>         | <b>271,000</b>     | <b>178,442</b>    | <b>92,557.58</b>         | <b>65.8%</b>             | <b>136,267</b>          |
| <b>520 Fed Cat Aid- Pass Thru</b>          |                    |                  |                    |                   |                          |                          |                         |
| 07825 - B&G Chrgs Commerce St Bld          | 35,000             | 0                | 35,000             | 8,890             | 26,109.62                | 25.4%                    | 4,853                   |
| 07830 - Fed Pass Thru:Cost AIIDMG          | 400,000            | 0                | 400,000            | 0                 | 400,000.00               | 0.0%                     | 0                       |
| 07830 - Finance-Social Srvc-Fed            | 166,672            | 0                | 166,672            | 35,177            | 131,495.50               | 21.1%                    | 10,921                  |
| 07830 - SS Fed Adm Sub 0901                | 3,240,542          | 0                | 3,240,542          | 681,436           | 2,559,106.46             | 21.0%                    | 791,370                 |
| 07830 - SS Fed Prog Sub 0902               | 2,415,021          | 33,360           | 2,448,381          | 232,007           | 2,216,373.89             | 9.5%                     | 503,592                 |
| 07875 - Human Service Lease                | 129,786            | 0                | 129,786            | 21,631            | 108,155.02               | 16.7%                    | 26,489                  |
| <b>520 Fed Cat Aid- Pass Thru Total</b>    | <b>6,387,021</b>   | <b>33,360</b>    | <b>6,420,381</b>   | <b>979,141</b>    | <b>5,441,240.49</b>      | <b>15.3%</b>             | <b>1,337,225</b>        |
| <b>Grand Total</b>                         | <b>174,982,944</b> | <b>270,013</b>   | <b>175,252,957</b> | <b>16,892,919</b> | <b>158,360,037.72</b>    | <b>9.6%</b>              | <b>18,149,641</b>       |

|                |                        |
|----------------|------------------------|
| Period         | Fiscal Quarter 1, 2016 |
| Fund           | 1001 General Fund      |
| Account Type   | Expenses               |
| Process Status | Posted                 |

| Expenditures                   | Adopted Budget | Budget<br>Amendment | Amended Budget | Actual Amount | Remaining<br>Budget w/<br>Encumbrances | Percentage<br>Used w/<br>Encumbrances | Prev Year Actual<br>Amount |
|--------------------------------|----------------|---------------------|----------------|---------------|----------------------------------------|---------------------------------------|----------------------------|
| 0021 Public Information        | 431,904        | 13,378              | 445,282        | 86,407        | 348,975                                | 21.6%                                 | 86,515                     |
| 0022 Customer Service Center   | 131,429        | 10,597              | 142,026        | 34,848        | 107,178                                | 24.5%                                 | 23,014                     |
| 0028 Council / Manager         | 1,029,283      | 20,917              | 1,050,200      | 239,009       | 776,191                                | 26.1%                                 | 215,647                    |
| 0029 Local Government Channel  | 187,515        | 2,642               | 190,157        | 30,707        | 159,450                                | 16.1%                                 | 29,175                     |
| 0033 Parking Division          | 420,964        | 67,491              | 488,455        | 80,641        | 345,661                                | 29.2%                                 | 116,530                    |
| 0044 Tourism                   | 803,096        | 45,370              | 848,466        | 186,930       | 600,227                                | 29.3%                                 | 136,811                    |
| 0045 Visitors Center           | 198,801        | 7,751               | 206,552        | 24,734        | 181,818                                | 12.0%                                 | 26,628                     |
| 0050 City Attorney             | 675,807        | 11,810              | 687,617        | 134,370       | 553,247                                | 19.5%                                 | 136,476                    |
| 0051 Risk Management           | 524,817        | 0                   | 524,817        | 131,204       | 393,613                                | 25.0%                                 | 126,339                    |
| 0060 State Treasurer           | 150,743        | 864                 | 151,607        | 30,817        | 120,790                                | 20.3%                                 | 29,661                     |
| 0070 Com Rev-State/Loc Budget  | 704,658        | 12,415              | 717,073        | 140,763       | 574,219                                | 19.9%                                 | 130,555                    |
| 0080 City Assessor             | 726,906        | 12,196              | 739,102        | 154,343       | 584,759                                | 20.9%                                 | 162,613                    |
| 0090 Director Of Finance       | 666,141        | 14,494              | 680,635        | 100,672       | 521,353                                | 23.4%                                 | 127,023                    |
| 0093 Billings And Collections  | 1,302,127      | 18,362              | 1,320,489      | 240,130       | 861,217                                | 34.8%                                 | 257,521                    |
| 0094 Procurement               | 308,622        | 6,072               | 314,694        | 62,381        | 247,686                                | 21.3%                                 | 62,071                     |
| 0095 Accounting                | 885,424        | 73,721              | 959,145        | 195,141       | 698,831                                | 27.1%                                 | 167,577                    |
| 0096 Budget                    | 167,291        | 1,591               | 168,882        | 24,070        | 144,812                                | 14.3%                                 | 34,307                     |
| 0097 Human Services-Finance    | 324,968        | 5,401               | 330,369        | 60,969        | 269,400                                | 18.5%                                 | 62,215                     |
| 0110 Human Resources           | 747,323        | 13,698              | 761,021        | 152,000       | 607,492                                | 20.2%                                 | 138,697                    |
| 0111 Occupational Health Svs   | 128,256        | 2,220               | 130,476        | 22,487        | 100,489                                | 23.0%                                 | 18,135                     |
| 0115 Application Services      | 1,403,325      | 30,061              | 1,433,386      | 355,288       | 1,078,098                              | 24.8%                                 | 343,782                    |
| 0116 Network Services          | 1,633,096      | 29,448              | 1,662,544      | 318,727       | 1,343,817                              | 19.2%                                 | 302,167                    |
| 0117 I T Administration        | 442,749        | 15,300              | 458,049        | 86,859        | 366,366                                | 20.0%                                 | 88,140                     |
| 0125 GIS                       | 276,211        | 10,328              | 286,539        | 75,984        | 210,555                                | 26.5%                                 | 83,863                     |
| 0150 Registrar                 | 171,757        | 6,478               | 178,235        | 29,272        | 147,922                                | 17.0%                                 | 34,648                     |
| 0151 Electoral Board           | 369,809        | 0                   | 369,809        | 238,702       | 131,107                                | 64.5%                                 | 4,984                      |
| 0200 Lcl Sch Oper Contribution | 41,064,276     | 0                   | 41,064,276     | 1,000,000     | 40,064,276                             | 2.4%                                  | 0                          |
| 0300 Circuit Court-Judge       | 163,408        | 3,949               | 167,357        | 21,010        | 140,201                                | 16.2%                                 | 16,683                     |
| 0310 General District Court    | 69,023         | 600                 | 69,623         | 9,601         | 55,817                                 | 19.8%                                 | 16,253                     |
| 0320 Juvenile & Dr Dist Court  | 15,409         | 447                 | 15,856         | 1,303         | 8,583                                  | 45.9%                                 | 2,679                      |
| 0330 24th Court Service Unit   | 1,550          | 0                   | 1,550          | 69            | 1,481                                  | 4.4%                                  | 610                        |
| 0340 Commonwealth Attorney     | 1,516,386      | 0                   | 1,516,386      | 284,883       | 1,229,261                              | 18.9%                                 | 295,938                    |
| 0343 Com Aty Fines & Fees Coll | 62,442         | 0                   | 62,442         | 11,476        | 50,966                                 | 18.4%                                 | 11,536                     |
| 0350 Magistrate's Office       | 4,183          | 390                 | 4,573          | 576           | 2,730                                  | 40.3%                                 | 588                        |
| 0360 Circuit Court-Clerk       | 814,237        | 11,263              | 825,500        | 154,638       | 670,862                                | 18.7%                                 | 153,144                    |
| 0400 City Sheriff And Jail     | 2,180,124      | 26,049              | 2,206,173      | 432,858       | 1,773,315                              | 19.6%                                 | 448,117                    |
| 0420 Police Operations         | 15,682,340     | 277,173             | 15,959,513     | 3,636,627     | 12,276,521                             | 23.1%                                 | 3,663,204                  |
| 0421 Animal Warden             | 319,208        | 9,268               | 328,476        | 50,596        | 271,807                                | 17.3%                                 | 50,829                     |
| 0422 Emergency Communications  | 2,594,456      | 45,979              | 2,640,435      | 590,636       | 2,024,395                              | 23.3%                                 | 543,742                    |
| 0429 Range Operations          | 15,000         | 0                   | 15,000         | 2,345         | 12,655                                 | 15.6%                                 | 791                        |
| 0430 Police Off Duty Employmnt | 800,000        | 0                   | 800,000        | 158,661       | 641,339                                | 19.8%                                 | 155,995                    |
| 0444 Fire Operations And Ems   | 15,652,046     | 518,036             | 16,170,082     | 3,401,088     | 12,739,093                             | 21.2%                                 | 2,958,332                  |
| 0446 TRT- PIER Program         | 82,500         | 0                   | 82,500         | 32,681        | 49,819                                 | 39.6%                                 | 37,940                     |
| 0600 Public Works Administrat. | 842,475        | 12,830              | 855,305        | 161,518       | 681,488                                | 20.3%                                 | 126,854                    |
| 0605 Engineering               | 3,738,333      | 68,566              | 3,806,899      | 659,230       | 3,076,666                              | 19.2%                                 | 669,774                    |
| 0632 Street Maintenance,li     | 3,217,257      | 140,240             | 3,357,497      | 521,066       | 2,440,939                              | 27.3%                                 | 606,076                    |
| 0635 Snow Removal              | 197,627        | 350,000             | 547,627        | 126,504       | 139,877                                | 74.5%                                 | 11,446                     |
| 0640 Refuse Collection         | 2,805,397      | 174,009             | 2,979,406      | 571,806       | 1,425,371                              | 52.2%                                 | 503,528                    |
| 0645 Parks/Grounds Maintenance | 2,734,758      | 56,896              | 2,791,654      | 592,852       | 1,907,191                              | 31.7%                                 | 572,802                    |
| 0649 Baseball Stadium Maint    | 116,749        | 759                 | 117,508        | 24,413        | 92,451                                 | 21.3%                                 | 19,815                     |
| 0650 Building Maintenance      | 3,796,892      | 84,399              | 3,881,291      | 750,442       | 2,996,045                              | 22.8%                                 | 708,179                    |
| 0660 Human Services Maint.     | 208,383        | 8,167               | 216,550        | 56,797        | 140,703                                | 35.0%                                 | 58,954                     |
| 0800 Health Operations         | 830,977        | 0                   | 830,977        | 207,744       | 0                                      | 100.0%                                | 207,744                    |
| 0901 Social Services Admin.    | 6,956,451      | 452,369             | 7,408,820      | 1,456,904     | 5,934,811                              | 19.9%                                 | 1,364,174                  |
| 0902 Public Assistance         | 7,423,193      | 4,515               | 7,427,708      | 1,932,863     | 5,442,580                              | 26.7%                                 | 1,797,968                  |
| 0904 Juvenile Service Admin.   | 313,591        | 4,125               | 317,716        | 46,237        | 271,479                                | 14.6%                                 | 37,427                     |
| 0905 Juvenile Detention Home   | 452,768        | 0                   | 452,768        | 12,420        | 440,348                                | 2.7%                                  | 181,384                    |
| 0906 Opportunity House         | 611,712        | 14,286              | 625,998        | 116,118       | 507,543                                | 18.9%                                 | 118,642                    |
| 0908 Sparc House               | 625,770        | 14,697              | 640,467        | 131,608       | 474,107                                | 26.0%                                 | 129,596                    |
| 0915 Csa Service Providers     | 1,348,616      | 1,968               | 1,350,584      | 331,939       | 1,018,645                              | 24.6%                                 | 341,734                    |
| 0929 Lynchburg Outreach Prog   | 188,179        | 4,503               | 192,682        | 37,994        | 144,782                                | 24.9%                                 | 38,658                     |
| 1002 Parks/Rec/Market          | 377,562        | 11,546              | 389,108        | 79,668        | 303,655                                | 22.0%                                 | 78,140                     |

| Expenditures                   | Budget             |                  |                    | Actual Amount     | Remaining                 | Percentage              | Prev Year Actual  |
|--------------------------------|--------------------|------------------|--------------------|-------------------|---------------------------|-------------------------|-------------------|
|                                | Adopted Budget     | Amendment        | Amended Budget     |                   | Budget w/<br>Encumbrances | Used w/<br>Encumbrances |                   |
| 1010 Recreation, General Admin | 634,337            | 72,433           | 706,770            | 145,136           | 559,784                   | 20.8%                   | 120,753           |
| 1013 Recreation, Athletic      | 139,394            | 6,678            | 146,072            | 27,089            | 118,983                   | 18.5%                   | 27,778            |
| 1015 Recreation, Park Services | 641,094            | 166,139          | 807,233            | 136,840           | 658,241                   | 18.5%                   | 103,722           |
| 1022 Recreation, Aquatics      | 102,115            | 579              | 102,694            | 53,980            | 48,714                    | 52.6%                   | 42,379            |
| 1023 Recreation, Naturalist    | 125,367            | 8,258            | 133,625            | 27,809            | 105,816                   | 20.8%                   | 29,768            |
| 1024 Special Events-Cty Sponsr | 60,501             | 0                | 60,501             | 7,626             | 52,875                    | 12.6%                   | 5,172             |
| 1027 Recreation Programs       | 443,974            | 13,253           | 457,227            | 132,178           | 325,049                   | 28.9%                   | 99,836            |
| 1028 City-wide Centers         | 348,755            | 20,587           | 369,342            | 75,748            | 293,594                   | 20.5%                   | 53,509            |
| 1029 Neighborhood Centers      | 427,875            | 38,864           | 466,739            | 85,308            | 381,431                   | 18.3%                   | 74,692            |
| 1100 Public Library            | 1,492,945          | 24,611           | 1,517,556          | 283,867           | 1,229,016                 | 19.0%                   | 317,589           |
| 1120 Law Library               | 33,850             | 0                | 33,850             | 3,989             | 29,861                    | 11.8%                   | 3,179             |
| 1150 Museum                    | 448,386            | 5,512            | 453,898            | 83,788            | 368,761                   | 18.8%                   | 82,141            |
| 1200 Director-Comm Plan/Dev    | 310,852            | 6,849            | 317,701            | 58,266            | 254,493                   | 19.9%                   | 51,202            |
| 1201 Planning                  | 337,273            | 42,616           | 379,889            | 64,159            | 308,846                   | 18.7%                   | 109,330           |
| 1202 Inspections               | 831,651            | 12,810           | 844,461            | 160,817           | 683,644                   | 19.0%                   | 162,902           |
| 1205 Zoning                    | 231,351            | 3,021            | 234,372            | 39,277            | 195,095                   | 16.8%                   | 30,225            |
| 1300 Economic Development      | 436,703            | 47,453           | 484,156            | 167,705           | 316,451                   | 34.6%                   | 156,898           |
| 1430 Non-allocated Emp Benefit | 2,695,715          | 5,000            | 2,700,715          | 870,211           | 1,805,802                 | 33.1%                   | 1,123,520         |
| 1506 Water Oper Fund Payments  | 879,498            | 0                | 879,498            | 219,875           | 659,624                   | 25.0%                   | 219,875           |
| 1508 Stormwater Fee-City Bldgs | 87,726             | 0                | 87,726             | 21,813            | 65,913                    | 24.9%                   | 21,682            |
| 1509 Stormwater Fee-School Bld | 70,796             | 0                | 70,796             | 17,449            | 53,347                    | 24.6%                   | 17,486            |
| 1566 Managed Vacancy Program   | (325,000)          | 0                | (325,000)          | 0                 | (325,000)                 | 0.0%                    | 0                 |
| 1567 Employee Choice Awards    | 20,700             | 0                | 20,700             | 4,474             | 16,226                    | 21.6%                   | 3,592             |
| 1568 Retirement Recognition    | 3,000              | 0                | 3,000              | 64                | 2,936                     | 2.1%                    | 0                 |
| 1569 Take Your Kids to Work Dy | 600                | 0                | 600                | 0                 | 600                       | 0.0%                    | 0                 |
| 1570 Emp Appreciation Luncheon | 6,000              | 0                | 6,000              | 155               | 5,845                     | 2.6%                    | 0                 |
| 1573 Payment-Fleet Capital Chg | 2,148,719          | 0                | 2,148,719          | 570,829           | 1,577,890                 | 26.6%                   | 457,480           |
| 1574 Health Management Program | 165,912            | 0                | 165,912            | 66,076            | 8,566                     | 94.8%                   | 7,020             |
| 1575 Employee Committee Funds  | 3,000              | 0                | 3,000              | 27                | 2,973                     | 0.9%                    | 291               |
| 1576 Line of Duty Act          | 77,632             | 0                | 77,632             | 0                 | 77,632                    | 0.0%                    | 0                 |
| 1577 Workforce Development     |                    |                  |                    |                   |                           |                         | 0                 |
| 1578 Poverty Initiative        | 50,000             | 0                | 50,000             | 0                 | 50,000                    | 0.0%                    |                   |
| 1579 Recruitment               | 25,000             | 0                | 25,000             | 6,256             | 18,744                    | 25.0%                   |                   |
| 1637 City Cemetery Master Plan | 132,438            | 0                | 132,438            | 87,642            | 0                         | 100.0%                  | 86,617            |
| 1702 V.P.I. Extension Service  | 35,715             | 0                | 35,715             | 1,518             | (18)                      | 100.1%                  | 1,517             |
| 1705 Lynchburg Humane Society  | 351,697            | 0                | 351,697            | 353,221           | (1,524)                   | 100.4%                  | 354,825           |
| 1707 Cent Va Area Agc On Aging | 15,000             | 0                | 15,000             | 15,000            | 0                         | 100.0%                  | 15,000            |
| 1708 Horizon Behavioral Health | 457,323            | 0                | 457,323            | 114,331           | 342,992                   | 25.0%                   | 114,331           |
| 1709 Cvcc Board & Related Oper | 1,900              | 0                | 1,900              | 1,900             | 0                         | 100.0%                  | 1,917             |
| 1710 R.E.Lee Soil Conserv Dist | 10,000             | 0                | 10,000             | 10,000            | 0                         | 100.0%                  | 10,000            |
| 1711 Cent Va Planning Dist Com | 44,491             | 0                | 44,491             | 44,491            | (0)                       | 100.0%                  | 44,392            |
| 1715 Greater Lynch. Transit Co | 1,394,038          | 0                | 1,394,038          | 1,394,038         | 0                         | 100.0%                  | 1,394,038         |
| 1716 Region 2000 Program       |                    |                  |                    |                   |                           |                         | 0                 |
| 1721 Blue Ridge Regional Jail  | 5,586,635          | 0                | 5,586,635          | 2,633,614         | 207,408                   | 96.3%                   | 2,776,208         |
| 1724 Legal Aid Society         | 10,816             | 0                | 10,816             | 10,816            | 0                         | 100.0%                  | 10,400            |
| 1739 Contrib- Amazement Square | 5,604              | 0                | 5,604              | 0                 | 5,604                     | 0.0%                    | 0                 |
| 1743 Central Va Reg Radio Brd  | 692,034            | 0                | 692,034            | 412,017           | 280,017                   | 59.5%                   | 412,191           |
| 5985 Refunded Debt Payments    |                    |                  |                    |                   |                           |                         | 14,077,821        |
| 5990 Principal Bonds/BANS/LOC  | 9,689,308          | 0                | 9,689,308          | 4,236,631         | 5,452,677                 | 43.7%                   | 3,767,204         |
| 5994 Interest Bonds/BANS/LOC   | 7,517,965          | 0                | 7,517,965          | 1,072,330         | 6,445,635                 | 14.3%                   | 1,164,954         |
| 5996 Debt Issuance Costs       |                    |                  |                    |                   |                           |                         | 389,718           |
| 5997 Debt - Misc. Charges      | 4,170              | 1,100            | 5,270              | 1,500             | 2,670                     | 49.3%                   | 0                 |
| 9710 Operating Transfers Out   | 9,131,725          | 1,261,402        | 10,393,127         | 466,535           | 9,926,592                 | 4.5%                    | 2,784,066         |
| <b>Grand Total</b>             | <b>180,672,880</b> | <b>4,466,798</b> | <b>185,139,678</b> | <b>35,031,022</b> | <b>143,540,878</b>        | <b>22.5%</b>            | <b>49,601,592</b> |

# FINANCE COMMITTEE

## Agenda Item Summary

MEETING DATE: **December 8, 2015**

AGENDA ITEM NO.: **5**

CONSENT:

REGULAR:

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: **X**

ITEM TITLE: **Revenue Update**

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

SUMMARY: Five of the City's major revenue sources are taxes collected on a monthly basis: Sales Tax, Consumer Utility Tax – Electric, Communications Sales and Use Tax, Meals Tax, and Lodging Tax. Since the last Finance Committee meeting, revenue information through September 2015 has been posted for these five revenue streams.

PRIOR ACTION(S):

This information is provided monthly to the Finance Committee.

FISCAL IMPACT:

None

CONTACT(S):

Donna Witt, Director of Financial Services, 455-3968

ATTACHMENT(S):

Comparison of Collections Budget to Actual FY 2015 – FY 2016

REVIEWED BY:

**Comparison of Collections**  
**Budget to Actual FY 2015 - FY 2016**

|                                              | Actual<br>FY 2012  | Actual<br>FY 2013  | Actual<br>FY 2014  | Actual<br>FY 2015  | Adopted<br>FY 2016 | Actual<br>FY 2016  | Actual<br>FY 2016 to<br>Adopted<br>FY 2016 | Actual<br>FY 2016 to<br>Actual<br>FY 2015 |
|----------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------------------------------|-------------------------------------------|
| <b>SALES &amp; USE TAX</b>                   |                    |                    |                    |                    |                    |                    |                                            |                                           |
| <i>ADOPTED FY 2016 BUDGET - \$14,700,000</i> |                    |                    |                    |                    |                    |                    |                                            |                                           |
| JULY                                         | \$1,014,596        | \$996,646          | \$1,075,816        | \$1,131,485        | \$1,119,202        | \$1,207,589        | \$88,387                                   | \$76,104                                  |
| AUGUST <sup>1</sup>                          | 1,079,129          | 1,145,592          | 1,098,342          | 1,299,763          | 1,142,228          | 1,198,772          | 56,544                                     | (100,991)                                 |
| SEPTEMBER                                    | 1,100,698          | 1,117,209          | 1,083,199          | 1,204,336          | 1,191,262          | 1,269,930          | 78,668                                     | 65,594                                    |
| <b>TOTAL</b>                                 | <b>\$3,194,423</b> | <b>\$3,259,447</b> | <b>\$3,257,357</b> | <b>\$3,635,584</b> | <b>\$3,452,692</b> | <b>\$3,676,291</b> | <b>\$223,599</b>                           | <b>\$40,707</b>                           |
| <b>CONSUMER UTILITY TAX - ELECTRIC</b>       |                    |                    |                    |                    |                    |                    |                                            |                                           |
| <i>ADOPTED FY 2016 BUDGET - \$3,790,000</i>  |                    |                    |                    |                    |                    |                    |                                            |                                           |
| JULY                                         | \$341,729          | \$323,141          | \$325,815          | \$321,596          | \$320,615          | \$332,876          | \$12,261                                   | \$11,280                                  |
| AUGUST                                       | 345,615            | 345,163            | 318,738            | 305,012            | 304,082            | 333,953            | 29,871                                     | 28,941                                    |
| SEPTEMBER                                    | 325,754            | 318,915            | 317,324            | 317,947            | 316,978            | 328,411            | 11,433                                     | 10,464                                    |
| <b>TOTAL</b>                                 | <b>\$1,013,098</b> | <b>\$987,219</b>   | <b>\$961,877</b>   | <b>\$944,555</b>   | <b>\$941,675</b>   | <b>\$995,240</b>   | <b>\$53,565</b>                            | <b>\$50,685</b>                           |
| <b>COMMUNICATIONS SALES &amp; USE TAX</b>    |                    |                    |                    |                    |                    |                    |                                            |                                           |
| <i>ADOPTED FY 2016 BUDGET - \$3,300,000</i>  |                    |                    |                    |                    |                    |                    |                                            |                                           |
| JULY                                         | \$349,339          | \$293,358          | \$286,999          | \$283,594          | \$275,000          | \$276,750          | \$1,750                                    | (\$6,844)                                 |
| AUGUST                                       | 294,910            | 291,560            | 284,691            | 281,957            | 275,000            | 270,038            | (4,962)                                    | (11,919)                                  |
| SEPTEMBER                                    | 179,549            | 263,295            | 284,249            | 283,441            | 275,000            | 273,974            | (1,026)                                    | (9,467)                                   |
| <b>TOTAL</b>                                 | <b>\$823,798</b>   | <b>\$848,213</b>   | <b>\$855,939</b>   | <b>\$848,992</b>   | <b>\$825,000</b>   | <b>\$820,762</b>   | <b>(\$4,238)</b>                           | <b>(\$28,230)</b>                         |

**Comparison of Collections  
Budget to Actual FY 2015 - FY 2016**

|                                              | Actual<br>Assessed<br>FY 2013 | Actual<br>Collected<br>FY 2013 <sup>4</sup> | Actual<br>Assessed<br>FY 2014 | Actual<br>Collected<br>FY 2014 <sup>4</sup> | Actual<br>Assessed<br>FY 2015 | Actual<br>Collected<br>FY 2015 <sup>4</sup> | Adopted<br>FY 2016 | Actual<br>Assessed<br>FY 2016 | Actual<br>Assessed<br>FY 2016 to<br>Adopted<br>FY 2016 | Actual<br>Collected<br>FY 2016 <sup>4</sup> | Actual<br>Collected<br>FY 2016 to<br>Adopted<br>FY 2016 | Actual<br>Collected<br>FY 2016 to<br>Assessed<br>FY 2016 |
|----------------------------------------------|-------------------------------|---------------------------------------------|-------------------------------|---------------------------------------------|-------------------------------|---------------------------------------------|--------------------|-------------------------------|--------------------------------------------------------|---------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|
| <b>MEALS TAX</b>                             |                               |                                             |                               |                                             |                               |                                             |                    |                               |                                                        |                                             |                                                         |                                                          |
| <i>ADOPTED FY 2016 BUDGET - \$13,715,000</i> |                               |                                             |                               |                                             |                               |                                             |                    |                               |                                                        |                                             |                                                         |                                                          |
| JULY <sup>2</sup>                            | \$943,431                     | \$1,044,556                                 | \$944,920                     | \$1,159,786                                 | \$1,009,124                   | \$970,597                                   | \$1,026,218        | \$1,096,314                   | \$70,096                                               | \$1,046,770                                 | \$20,552                                                | (\$49,544)                                               |
| AUGUST                                       | 1,042,850                     | 1,026,544                                   | 1,056,821                     | 1,024,718                                   | 1,152,551                     | 1,119,585                                   | 1,172,074          | 1,165,329                     | (6,745)                                                | 1,213,559                                   | 41,485                                                  | 48,230                                                   |
| SEPTEMBER                                    | 1,011,701                     | 1,012,294                                   | 1,030,134                     | 1,052,079                                   | 1,107,413                     | 1,159,391                                   | 1,126,172          | 1,190,548                     | 64,376                                                 | 1,167,356                                   | 41,184                                                  | (23,192)                                                 |
| <b>TOTAL</b>                                 | <b>\$2,997,982</b>            | <b>\$3,083,394</b>                          | <b>\$3,031,875</b>            | <b>\$3,236,583</b>                          | <b>\$3,269,088</b>            | <b>\$3,249,573</b>                          | <b>\$3,324,464</b> | <b>\$3,452,191</b>            | <b>\$127,727</b>                                       | <b>\$3,427,685</b>                          | <b>\$103,221</b>                                        | <b>(\$24,506)</b>                                        |
| <b>LODGING TAX</b>                           |                               |                                             |                               |                                             |                               |                                             |                    |                               |                                                        |                                             |                                                         |                                                          |
| <i>ADOPTED FY 2016 BUDGET - \$2,037,000</i>  |                               |                                             |                               |                                             |                               |                                             |                    |                               |                                                        |                                             |                                                         |                                                          |
| JULY <sup>2</sup>                            | \$180,074                     | \$197,072                                   | \$174,759                     | \$223,419                                   | \$189,065                     | \$180,395                                   | \$186,540          | \$180,587                     | (\$5,953)                                              | \$180,808                                   | (\$5,732)                                               | \$221                                                    |
| AUGUST <sup>3</sup>                          | 163,020                       | 275,903                                     | 185,662                       | 185,340                                     | 185,946                       | 185,402                                     | 183,463            | 206,167                       | 22,704                                                 | 202,217                                     | 18,754                                                  | (3,950)                                                  |
| SEPTEMBER                                    | 160,661                       | 157,680                                     | 181,706                       | 204,758                                     | 173,904                       | 173,875                                     | 171,582            | 203,987                       | 32,405                                                 | 206,009                                     | 34,427                                                  | 2,022                                                    |
| <b>TOTAL</b>                                 | <b>\$503,755</b>              | <b>\$630,655</b>                            | <b>\$542,127</b>              | <b>\$613,517</b>                            | <b>\$548,915</b>              | <b>\$539,672</b>                            | <b>\$541,585</b>   | <b>\$590,741</b>              | <b>\$49,156</b>                                        | <b>\$589,034</b>                            | <b>\$47,449</b>                                         | <b>(\$1,707)</b>                                         |

<sup>1</sup> The August FY 2015 Actual amount includes a one-time, \$145,000 payment in taxes, which was redistributed to the City from another locality.

<sup>2</sup> Due to year end accounting activities, a portion of Meals and Lodging Tax revenues associated with May and June were posted in June and July.

<sup>3</sup> The August FY 2013 collection amount includes a one-time, \$140,000 payment in delinquent taxes.

<sup>4</sup> Meals and Lodging Tax data includes columns titled "Actual Collected ." The figures listed under these columns include all revenue received per month regardless of whether the payment is current or delinquent.



**CITY OF  
LYNCHBURG, VIRGINIA**

Comprehensive Annual Financial Report  
for the fiscal year ended June 30, 2015



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

---

*FISCAL YEAR ENDED JUNE 30, 2015*

**CITY OF LYNCHBURG,  
VIRGINIA**

Prepared by:  
Financial Services



# CITY OF LYNCHBURG, VIRGINIA

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## **INTRODUCTORY SECTION**





## THE CITY OF LYNCHBURG, VIRGINIA

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

OFFICE OF THE  
CITY MANAGER

November 13, 2015

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, 2015, is hereby submitted in accordance with the *City Code* and State statutes. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the City. With reasonable assurance, based upon a comprehensive framework of internal controls, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows, as applicable, of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

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

The City of Lynchburg was incorporated in 1805 by the Virginia General Assembly and became an independent city in 1852. Encompassing 50 square miles, Lynchburg is located adjacent to Amherst, Bedford, and Campbell Counties, on the eastern edge of the beautiful Blue Ridge Mountains, and is within 54 miles of the geographic center of the Commonwealth of Virginia. The County of Appomattox is also included in the Lynchburg Metropolitan Statistical Area. With an estimated population of 77,874, Lynchburg is an important commercial center for the four county region known as Region 2000. It serves a regional population of nearly 260,000 and benefits from an economy that remains diversified among the manufacturing, health services, technology, retail, trade, and higher education sectors. The City is home to five colleges and universities with a sixth in Amherst County.

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

### **Local Economic Condition and Outlook**

The City continues to maintain its role as an employment and commercial center for a four county metropolitan statistical area with a population of approximately 260,000. The following was published in the August 2015 edition of *Virginia Business* regarding the City of Lynchburg: "With more than 4,700 businesses ranging from traditional shops to global corporation headquarters, [its] industry makeup and workforce is made up of firms of all sizes, making [its] economy stable and diverse. While employment is driven primarily by healthcare and retail, these jobs are complimented by healthy higher education, energy, professional services and advanced manufacturing sectors." Real property assessments have experienced slight growth and personal property assessments have experienced unexpected growth due to consumer friendly gas prices. Consumption driven revenues, though declining in FY 2009, stabilized in FY 2010, have realized growth since FY 2011. In FY 2015, Local Sales Tax Revenue exceeded pre-recession levels for the first time. 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 the economy allows.

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

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

Areva NP, with three major facilities in greater 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 March 2015, Areva was awarded a multi-million dollar contract to fabricate and deliver a replacement reactor vessel head to a U.S. utility. As part of this contract, AREVA will also supply control rod drive mechanisms. The equipment will be designed and manufactured by the AREVA teams in Lynchburg and at their international headquarters in France.

In the health services sector Centra Health owns and operates both Lynchburg General and Virginia Baptist hospitals in the City, Bedford Memorial Hospital and Oakwood Rehabilitation Center in Bedford County, and Southside Community Hospital in Farmville, serving a large region in central and southside Virginia with state of the art and nationally recognized health care. Centra is one of the top two employers in the region.

In December 2014, Centra Health held a ribbon-cutting and dedication for its \$23.8 million emergency room and medical center in Gretna, Virginia. The 24/7 operation employs 80 people and includes a wellness center, physical therapy gyms, cardiac rehabilitation and laboratory services, imaging services and an on-site ambulance and helipad.

Other business sector growth includes Seven Hills Food, which purchased and renovated a 100-year-old, 40,000-square-foot meat processing facility. Seven Hills Food was awarded the largest Governor's Agriculture and Forestry Industries Development Fund grant to date. The business is a medium-scale processing plant which anticipates buying 12,000 Virginia cattle and hogs, in the first three years, and growing its employee base to 43.

A major new retail development, Lakeside Crossing, opened in 2013 at the intersection of Lakeside Drive and the Lynchburg Expressway. While Lakeside Crossing continues to inject substantial revenue into the Lynchburg economy, the success of the project has prompted renewed interest in new retail development in the area.

In the education sector, Liberty University (LU) announced plans in October 2013 to increase its online and resident student population and an expansive "campus transformation" with over \$500 million in new construction. This transformation continues with the opening of the second of six nine-story residence halls for the Fall 2015 Semester. A new 60,000-square-foot Academic and Performance Center is under construction as well as the new 275-foot-tall Freedom Tower.

## **Major Initiatives and Accomplishments**

### *Downtown and Riverfront Development/Redevelopment*

The City's commitment to downtown revitalization remains strong. With Phase II of the Lower Bluffwalk project completed, private sector investment continues with thousands of square feet of newly renovated residential and commercial space. Downtown now contains more than 760 apartment, condominium and loft type residential units. These new residents are driving demand downtown, spurring the establishment of new businesses. The number of downtown businesses has increased by more than 205% in ten years and the assessed value of downtown property has doubled in the same timeframe. Since 2004, 353 businesses have opened and 706 jobs have been created.

The Office of Economic Development expanded the City's two Enterprise Zones, providing development and job creating assistance to growing businesses in commercial areas throughout the City. During calendar year 2014, Enterprise Zone grants of \$203,585 assisted Lynchburg businesses in retaining 570 jobs and creating 205 new jobs. Investments in commercial real estate were even more significant. Real Property Investment Grants of nearly \$838,000 leveraged private commercial property investments of almost \$23 million.

In March 2015, City Council voted to work through the Economic Development Authority to assist private investors with the \$25 million restoration of the historic Virginian Hotel located in downtown Lynchburg. The hotel will have 115 rooms and a conference center with restaurant space and is planned to open in 2017.

### *Education*

Lynchburg City Schools (LCS) saw division wide improvement in Standards of Learning (SOL) pass rates. Gains in math, reading, science, and social studies were achieved and many schools had double digit increases in pass rates. LCS also saw improvement for African-American students and among economically disadvantaged students and students with disabilities.

LCS graduated 19 Early College Program students this year. This is the first group of students to graduate from LCS with an Advanced Diploma and an Associate's Degree from Central Virginia Community College.

### *Infrastructure*

FY 2015 was a year of continued work on downtown redevelopment, the Combined Sewer Overflow (CSO) Program and transportation projects. The second phase of the Midtown Connector, which included the re-working of a major intersection, is well underway with completion estimated to be December 2015. Construction of the new Juvenile Services Group Home and the Kemper Street Bridge has begun with completion dates next fall. Construction has also begun on the complete renovation of the football/soccer facilities at Lynchburg City Stadium. Renovations will meet National Federation of State High School Associations.

Construction of the new Heritage High School commenced in May 2014 and remains on schedule. The total project costs are estimated at \$76.9 million which includes demolition of the existing school, the construction of new athletic fields and a new field house. The school will be occupied in August 2016 with final completion of all project phases in July 2017.

### *Technology*

The City continues to be a leader in using technology to assist in service delivery. e.Republic's Center for Digital Government and Digital Communities Program has ranked Lynchburg fifth among the top-ranked digital city governments in the 75,000 – 124,999 population categories in the 13<sup>th</sup> annual Digital Cities Survey. This is Lynchburg's eleventh 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. Construction of a new bus maintenance and operations facility began this year with funding from Federal, state and local sources.

The City is also served by the Lynchburg Regional Airport, an FAA-designated small non-hub commercial airport with significant general aviation flight and training activity. Airline service includes 6 daily

departures, with an estimated yearly passenger count of 159,000. Commercial service is provided by American Airlines with 80% passenger loads resulting in continuing increases in airport revenues. Through its Air Service Development Partnership with the Chamber of Commerce and area businesses the City is actively seeking new airline service to a northern hub airport as well as investigating possibilities for adding service with ultra-low cost carriers to popular tourist destinations.

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

### **Prospects for the Future**

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

### **Certificates of Achievement for Excellence**

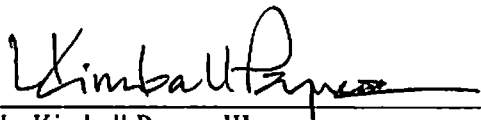
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lynchburg for its CAFR for the fiscal year ended June 30, 2014. This is the City's eighteenth consecutive year in receiving this award.

GFOA also awarded the Distinguished Budget Presentation Award to the City of Lynchburg for its FY 2014 Adopted Budget. This is the City's tenth consecutive year in receiving this award.

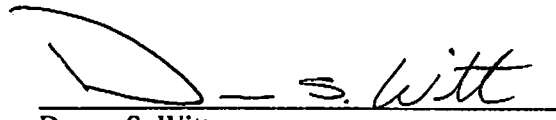
### **Acknowledgments**

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, 2014**

**CITY COUNCIL**

Dr. Michael A. Gillette, Mayor

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

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

**CITY OFFICIALS**

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

City Manager  
Deputy City Manager  
City Attorney  
Director of Financial Services

**SCHOOL BOARD**

Ms. Mary Ann Hoss, Chair

J. Marie Waller, Vice Chair  
Ms. Sharon Y. Carter  
Dr. James E. Coleman  
Dr. Regina T. Dolan-Sewell

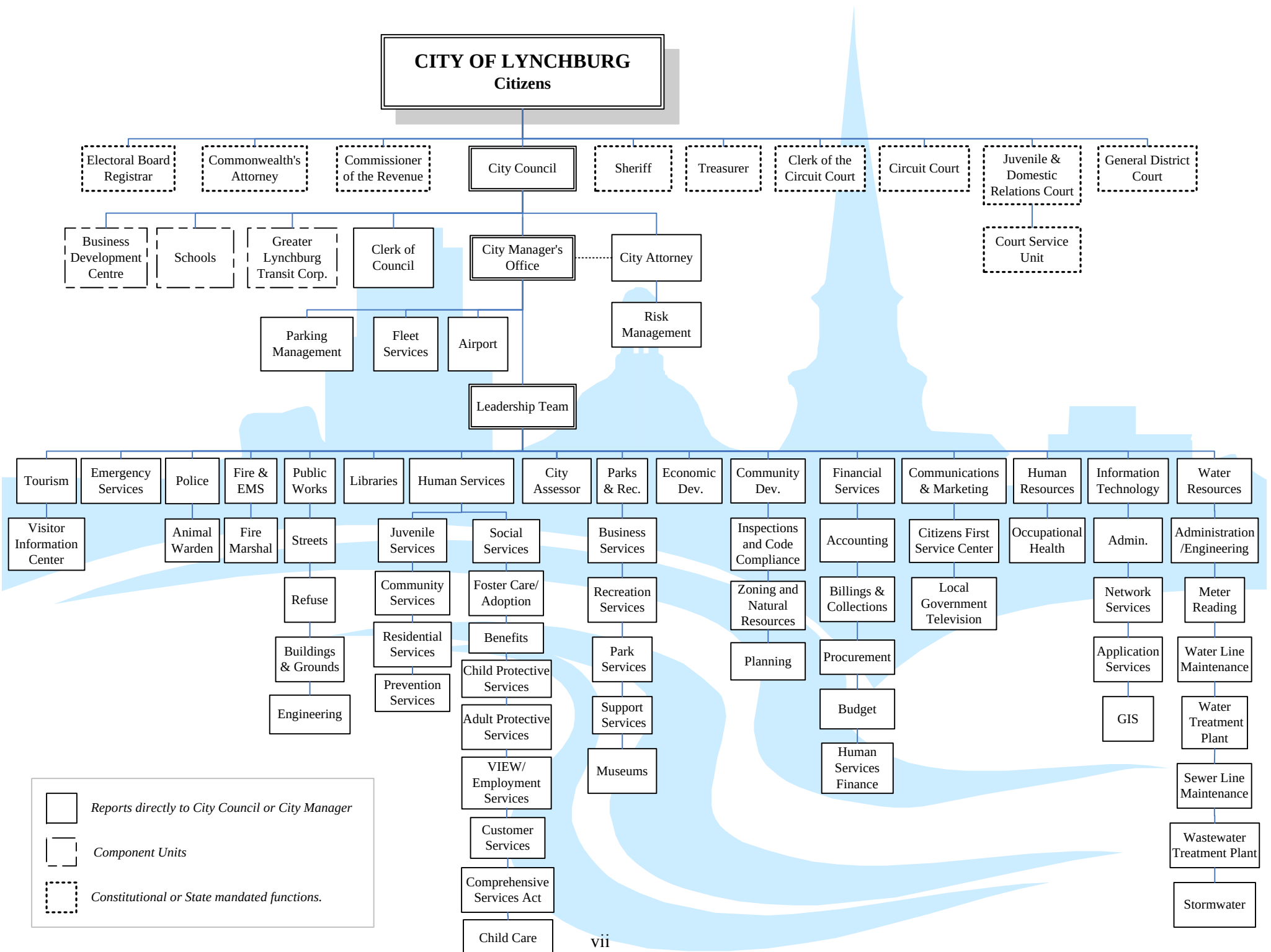
Dr. Michael J. Nilles  
Mr. Derek L. Polley  
Ms. Jennifer R. Poore  
Mrs. Katie K. Snyder

**SCHOOL BOARD OFFICIALS**

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

Superintendent of Schools  
Assistant Superintendent  
Assistant Superintendent  
Chief Financial Officer





Reports directly to City Council or City Manager

Component Units

Constitutional or State mandated functions.



Government Finance Officers Association

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

Presented to

**City of Lynchburg  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

## **FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia (the "City") as of and for the year ended June 30, 2015, 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 \$1,962,658 as of June 30, 2015, and total revenues of \$251,833 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., 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, 2015, 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.**

## ***Change in Accounting Principle***

As described in Note 20 to the financial statements, in 2015 the Authority adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, as amended by GASB Statement No. 71*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual statements and schedules, the non-major funds budgetary comparison statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 a required part of the basic financial statements.

***Other Matters (Continued)***

***Other Information (Continued)***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015, 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 13, 2015

## **CITY OF LYNCHBURG, VIRGINIA**

### **Management's Discussion and Analysis**

The Management's Discussion and Analysis (MD&A) of the City of Lynchburg's (City) financial statements offers readers a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2015. 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, 2015 by \$398.0 million (net position). Unrestricted net position of (\$9.5) million represented (\$20.3) million for governmental activities, which included the general fund, and \$10.8 million for business-type activities, which included the enterprise funds (water, sewer, stormwater, and airport).
- In 2015 the City adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The overall effect of this new standard is to reflect the City's long-term Virginia Retirement System (VRS) obligations directly in the financial statements. Previously, such amounts were mostly disclosed, but were not recognized as long as the City was current with its required VRS contributions. The new standard not only changes certain measurement methodologies, but also requires certain new disclosures and that the City record a net pension liability directly on the statement of net position. Beginning net position has been restated as discussed in Note 20, and this has had a significant impact on the City's net position. However, because similar information has been disclosed in prior years, both in the notes to the financial statements and in required supplementary information, the effect of this new standard is not expected to negatively affect how most governmental entities are viewed by sophisticated readers of their financial statements. Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis has not been restated.
- The general fund's unassigned fund balance of \$32.1 million was 18.2% of total general fund revenues, which were \$176.6 million. This was \$14.5 million more than the City Council adopted unassigned fund balance policy requirement of 10%, or \$17.6 million.
- In comparison with the prior fiscal year, the City's total net position decreased 18.4%, or \$89.6 million, from FY 2014. Net position of governmental activities decreased 32.5%, or \$87.7 million, from FY 2014; and, net position of business-type activities decreased 0.8%, or \$1.9 million. The Schools' total net position decreased \$88.7 million, from FY 2014. The decreases in net position were a result of the City's adopting of GASB Statement No. 68 as discussed above.
- The City's total revenues of \$241.5 million increased 2.1%, or \$5.1 million, and total expenses of \$225.2 million increased 0.6%, or \$1.3 million, from FY 2014. General revenues and transfers of \$137.1 million were \$16.3 million more than the expenses net of program revenues of \$120.8 million.
- For the current fiscal year, the City's total liabilities and deferred inflows of resources of \$544.2 million increased 56.5% or \$196.5 million from FY 2014. The increase is attributable to recording the pension liability for the City.
- The City increased its overall debt by \$72.9 million, of which \$71.8 million was for governmental activities and \$1.1 million was for business-type activities. This includes issuance of new debt totaling \$128.6 million, of which \$105.4 million was for governmental activities and \$23.2 million was for business-type activities. Debt retirements through a combination of planned retirements; and current and advance refunding totaled \$55.7 million, of which \$33.6 million was for governmental activities and \$22.1 million was for business-type activities. The City's general obligation bonds continued to maintain an Aa2 rating from Moody's Investors Service; an AA+ rating from Fitch Ratings; and, an AA+ from Standard & Poor's Ratings Services.

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

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



## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

## FUND FINANCIAL STATEMENTS

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

### Governmental Funds

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

### Proprietary Funds

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

### Fiduciary Funds

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

## **Notes to the Financial Statements**

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

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its 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, 2015/2014 (in millions)***

|                                         | Governmental<br>Activities |          | Business-Type<br>Activities |          | Total Primary<br>Government |          | Percentage<br>Change | Component Unit<br>Schools |         |
|-----------------------------------------|----------------------------|----------|-----------------------------|----------|-----------------------------|----------|----------------------|---------------------------|---------|
|                                         | 2015                       | 2014     | 2015                        | 2014     | 2015                        | 2014     | 2015-2014            | 2015                      | 2014    |
| Current and other assets                | \$ 178.1                   | \$ 134.1 | \$ 41.8                     | \$ 33.2  | \$ 219.9                    | \$ 167.3 | 31%                  | \$ 17.5                   | \$ 16.6 |
| Capital assets                          | 332.5                      | 292.5    | 373.7                       | 371.2    | 706.2                       | 663.7    | 6%                   | 6.6                       | 5.5     |
| Total assets                            | 510.6                      | 426.6    | 415.5                       | 404.4    | 926.1                       | 831.0    | 11%                  | 24.1                      | 22.1    |
| Total deferred outflows<br>of resources | 13.2                       | 2.5      | 2.9                         | 1.8      | 16.1                        | 4.3      | 0%                   | 9.4                       | -       |
| Long-term liabilities                   | 299.0                      | 130.9    | 196.6                       | 183.4    | 495.6                       | 314.3    | 58%                  | 89.7                      | 3.9     |
| Other liabilities                       | 20.9                       | 19.9     | 4.2                         | 4.9      | 25.1                        | 24.8     | 1%                   | 15.0                      | 14.1    |
| Total liabilities                       | 319.9                      | 150.8    | 200.8                       | 188.3    | 520.7                       | 339.1    | 54%                  | 104.7                     | 18.0    |
| Total deferred inflows<br>of resources  | 21.9                       | 8.6      | 1.6                         | -        | 23.5                        | 8.6      | 0%                   | 13.4                      | -       |
| Net Position                            |                            |          |                             |          |                             |          |                      |                           |         |
| Net investment in capital assets        | 192.8                      | 184.0    | 205.2                       | 196.9    | 398.0                       | 380.9    | 4%                   | 6.5                       | 5.4     |
| Restricted for Capital projects         | 7.3                        | 13.0     | -                           | -        | 7.3                         | 13.0     | -44%                 | -                         | -       |
| Restricted for Grants and other         | 2.2                        | 2.9      | -                           | -        | 2.2                         | 2.9      | -24%                 | -                         | -       |
| Unrestricted                            | (20.3)                     | 69.8     | 10.8                        | 21.0     | (9.5)                       | 90.8     | -110%                | (91.1)                    | (1.3)   |
| Total net position                      | \$ 182.0                   | \$ 269.7 | \$ 216.0                    | \$ 217.9 | \$ 398.0                    | \$ 487.6 | -18%                 | \$ (84.6)                 | \$ 4.1  |

The City's total net position of \$398.0 million decreased 18.4%, or \$89.6 million, from FY 2014. The decrease in net position is directly related to the City's adopting of GASB Statement No. 68 which recorded the pension liability.

Net investment in capital assets of \$398.0 million was 100.0% of total net position and increased 4.5%, or \$17.1 million. Net position invested in capital assets was not available for future expenses because the assets are facilities, equipment, and infrastructure, etc. utilized to provide services. Please refer to Notes 8 and 9 of this report and the MD&A's capital assets and long-term debt sections.

The City has unrestricted net position of (\$9.5) million, which is comprised of (213.7%), or (\$20.3) million, for governmental activities, and 113.7%, or \$10.8 million, for business-type activities. Unrestricted net position available for providing services to the citizens decreased 110%, or \$100.3 million from FY 2014. Restricted net position of \$9.5 million is comprised of \$7.3 million of grant funds restricted for transportation projects and \$2.2 million of grant funds restricted mainly for public safety, and community development. The decrease in unrestricted net position is directly related to the City's adoption of GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

The Schools' component unit total net position of (\$84.6) million decreased \$88.7 million from FY 2014. Unrestricted net position of (\$91.1) million decreased \$92.4 million from FY 2014. The Schools' reduction in net position is directly related to the implementation of GASB Statement No. 68.

### **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, 2015/2014***  
***(in millions)***

|                                              | Governmental<br>Activities |         | Business-type<br>Activities |         | Total Primary<br>Government |         | Percentage<br>Change | Component Unit<br>Schools |        |
|----------------------------------------------|----------------------------|---------|-----------------------------|---------|-----------------------------|---------|----------------------|---------------------------|--------|
|                                              | 2015                       | 2014    | 2015                        | 2014    | 2015                        | 2014    | 2015-2014            | 2015                      | 2014   |
| Revenues:                                    |                            |         |                             |         |                             |         |                      |                           |        |
| Program Revenues:                            |                            |         |                             |         |                             |         |                      |                           |        |
| Charges for services                         | \$ 13.4                    | \$ 15.3 | \$ 40.4                     | \$ 38.6 | \$ 53.8                     | \$ 53.9 | 0%                   | \$ 1.8                    | \$ 2.7 |
| Operating grants/contributions               | 42.1                       | 40.0    | 0.4                         | 0.8     | 42.5                        | 40.8    | 4%                   | 60.8                      | 57.1   |
| Capital grants/contributions                 | 1.5                        | 2.4     | 6.6                         | 5.7     | 8.1                         | 8.1     | 0%                   | 1.0                       | 1.0    |
| General Revenues:                            |                            |         |                             |         |                             |         |                      |                           |        |
| Property taxes                               | 75.7                       | 75.0    | -                           | -       | 75.7                        | 75.0    | 1%                   | -                         | -      |
| Other taxes                                  | 51.7                       | 49.8    | -                           | -       | 51.7                        | 49.8    | 4%                   | -                         | -      |
| Unrestricted intergovernmental               | 6.2                        | 6.2     | -                           | -       | 6.2                         | 6.2     | 0%                   | -                         | -      |
| Interest                                     | 0.3                        | 0.3     | 0.1                         | 0.1     | 0.4                         | 0.4     | 0%                   | -                         | -      |
| IRS Subsidy Build America Bonds              | 0.3                        | 0.3     | 0.3                         | 0.3     | 0.6                         | 0.6     | 0%                   | -                         | -      |
| Miscellaneous                                | 2.2                        | 1.5     | -                           | -       | 2.2                         | 1.5     | 47%                  | 0.7                       | 0.9    |
| Gain on sale of assets                       | 0.3                        | 0.1     | -                           | -       | 0.3                         | 0.1     | 200%                 | -                         | -      |
| City appropriation                           | -                          | -       | -                           | -       | -                           | -       | -                    | 36.3                      | 35.6   |
| Total Revenues                               | 193.7                      | 190.9   | 47.8                        | 45.5    | 241.5                       | 236.4   | 2%                   | 100.6                     | 97.3   |
| Expenses:                                    |                            |         |                             |         |                             |         |                      |                           |        |
| General government                           | 13.7                       | 13.3    | -                           | -       | 13.7                        | 13.3    | 3%                   | -                         | -      |
| Judicial                                     | 6.3                        | 6.5     | -                           | -       | 6.3                         | 6.5     | -3%                  | -                         | -      |
| Public safety                                | 48.7                       | 48.8    | -                           | -       | 48.7                        | 48.8    | 0%                   | -                         | -      |
| Public works                                 | 24.8                       | 29.3    | -                           | -       | 24.8                        | 29.3    | -15%                 | -                         | -      |
| Health and human services                    | 27.3                       | 25.8    | -                           | -       | 27.3                        | 25.8    | 6%                   | -                         | -      |
| Cultural and recreational                    | 9.8                        | 9.0     | -                           | -       | 9.8                         | 9.0     | 9%                   | -                         | -      |
| Community development                        | 6.7                        | 6.7     | -                           | -       | 6.7                         | 6.7     | 0%                   | -                         | -      |
| Education                                    | 42.6                       | 42.6    | -                           | -       | 42.6                        | 42.6    | 0%                   | 98.9                      | 96.2   |
| Interest & other fiscal charges              | 7.2                        | 4.9     | -                           | -       | 7.2                         | 4.9     | 47%                  | -                         | -      |
| Stormwater                                   | -                          | -       | 2.0                         | 2.5     | 2.0                         | 2.5     | 0%                   | -                         | -      |
| Airport                                      | -                          | -       | 4.5                         | 4.4     | 4.5                         | 4.4     | 2%                   | -                         | -      |
| Water                                        | -                          | -       | 13.2                        | 12.8    | 13.2                        | 12.8    | 3%                   | -                         | -      |
| Sewer                                        | -                          | -       | 18.4                        | 17.3    | 18.4                        | 17.3    | 6%                   | -                         | -      |
| Total Expenses                               | 187.1                      | 186.9   | 38.1                        | 37.0    | 225.2                       | 223.9   | 1%                   | 98.9                      | 96.2   |
| Increase in net position<br>before transfers | 6.6                        | 4.0     | 9.7                         | 8.5     | 16.3                        | 12.5    | 30%                  | 1.7                       | 1.1    |
| Transfers                                    | (0.1)                      | (0.2)   | 0.1                         | 0.2     | -                           | -       | -                    | -                         | -      |
| Increase in net position                     | 6.5                        | 3.8     | 9.8                         | 8.7     | 16.3                        | 12.5    | 30%                  | 1.7                       | 1.1    |
| Net position beginning - restated            | 175.5                      | 265.9   | 206.2                       | 209.2   | 381.7                       | 475.1   | -20%                 | (86.3)                    | 3.0    |
| Net position ending                          | \$182.0                    | \$269.7 | \$216.0                     | \$217.9 | \$398.0                     | \$487.6 | -18%                 | \$(84.6)                  | \$ 4.1 |

**Governmental Activities**

The City's governmental activities are comprised of the general fund, fleet internal services fund, special revenue funds, and capital projects funds. Total net position of \$182.0 million decreased 32.5%, or \$87.7 million from FY 2014.

***Revenue highlights:***

Revenues from governmental activities of \$193.7 million increased 1.5%, or \$2.8 million from FY 2014.

Program revenues, specifically charges for services of \$13.4 million had an overall decrease of \$1.9 million primarily due to a \$1.7 million decrease in program income from FY 2014 as a result of the repayment by the developer of funds advanced from the Community Development Block Grant in payment of the Section 108 loan for the Bluffwalk Center project.

Operating grants and contributions increased \$2.1 million. The net increase of \$2.1 million is attributed to a net gain between the receipt of new grants and/or increase in recurring grants as well as the reduction in prior year grants. Increases in grants of

\$2.7 million are comprised of the following: Health and Human Services grants increased \$1.7 million, Governor's Agriculture and Forestry Industries Development grant increased \$0.3 million, and Street and Highway Maintenance funds increased \$0.7 million. Decreases in grants of \$0.6 million are comprised of the following: grants for the Commonwealth Attorney decreased \$0.1 million, Fire and Emergency Medical Services grants decreased \$0.1 million, House Bill 599 Law Enforcement Assistance grants decreased \$0.3 million, and Home Investment Trust funds decreased \$0.1 million.

Capital grants and contributions decreased \$0.9 million. The decrease is mainly attributed to the following: \$0.7 million increase in reimbursements from the Virginia Department of Transportation (VDOT) revenue sharing program; \$1.6 million decrease in reimbursements from VDOT federal reimbursement grants; \$0.1 million increase in Safe Routes to Schools grants; \$0.4 million increase in federal reimbursements for Riverside Park; \$0.1 million decrease in Federal Highway Safety Improvement Program funds for Memorial Avenue; and \$0.4 million decrease in contributions for the Library story time room.

General revenues, specifically property taxes of \$75.7 million, increased \$0.7 million. Property taxes are comprised mainly of real property and personal property taxes. Real property taxes increased \$0.5 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, 2013 and resulted in a nominal increase in assessed value of taxable real property.

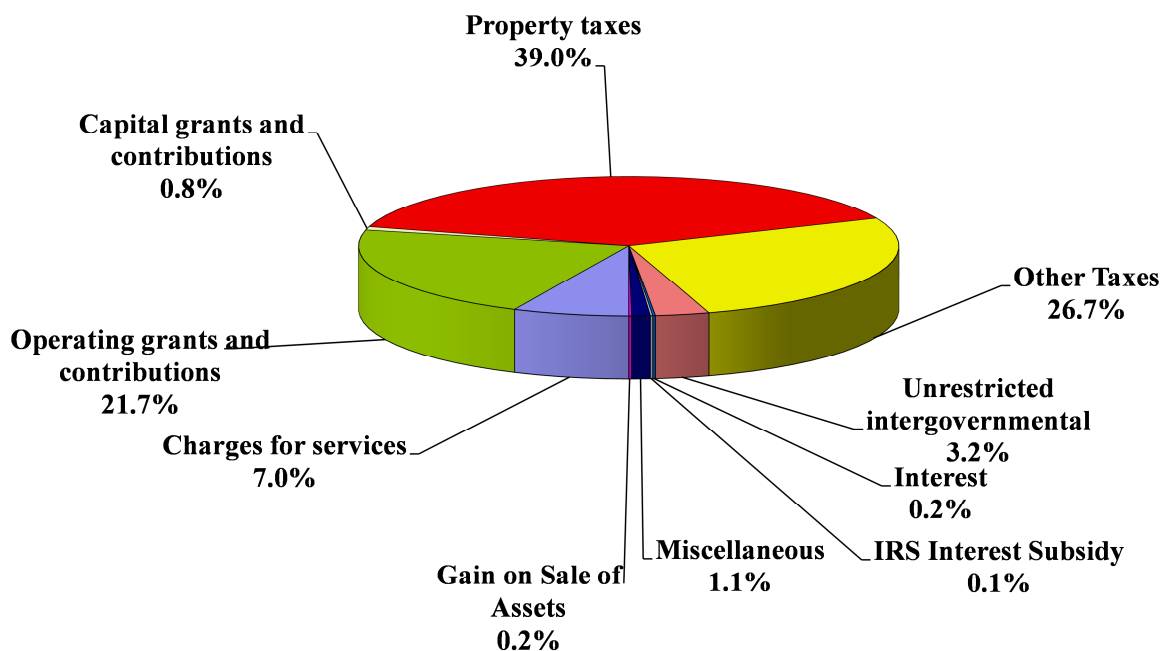
Other taxes revenue of \$51.7 million increased \$1.9 million. Other taxes are comprised mainly of revenue from local sales, meals, lodging, consumer utilities, business licenses, motor vehicle licenses, and communications sales and use taxes. The increase is mainly attributable to increases in local sales, meals, bank stock and recordation tax.

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

Miscellaneous income increased \$0.7 million primarily due to an increase in developer fees from the Miller Center Project.

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

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



### ***Expense highlights:***

Governmental activities expenses of \$187.1 million increased 0.1%, or \$0.2 million from FY 2014.

General government expenses increased \$0.4 million primarily due to the following: increase in health benefits for retirees of \$1.0 million, decrease in depreciation expense of \$0.1 million, decrease in other post-employment benefits of \$0.1 million, and \$0.4 million decrease in pension expense due to the City's adoption of GASB statement 68.

Judicial expenses decreased \$0.2 million primarily due to \$0.1 million decrease in other post - employment benefits, and \$0.1 million decrease in pension expense in accordance with the City's adoption of GASB statement 68.

Public safety expenses decreased \$0.1 million primarily due to a combination of increases and decreases in expenses. Increases included: health benefit expenses of \$0.4 million, supplies expenses of \$0.2 million, salaries and wages of \$0.5 million, payments to the Detention Home of \$0.2 million, fire hydrant expenses of \$0.5 million, contributions to the Blue Ridge Regional Jail Authority of \$0.4 million, and insurance expenses of \$0.1 million. Decreases included: gas and diesel expenses of \$0.1 million, certification pay of \$0.3 million, payments to the Region 2000 Radio Communications Board of \$0.1 million, depreciation expense of \$0.2 million, pension expense of \$1.2 million in accordance with the City's adoption of GASB statement 68, and other post-employment benefit (OPEB) expenses of \$0.5 million.

Public works expenses decreased \$4.5 million due to the following: \$1.9 million decrease in closure costs for the City's portion of the Lynchburg landfill, \$2.2 million decrease in improvements to streets, roads, bridges, and buildings, \$0.1 million decrease in other post-employment benefits (OPEB), and \$0.3 million decrease in pension expense in accordance with the City's adoption of GASB statement 68.

Health and human services expenses increased \$1.5 million primarily due to increases in adoption and foster care services and decreases in pension expense and other post-employment benefits (OPEB).

Cultural and recreational expenses increased \$0.8 million primarily due to a combination of increase and decreases. Increases included: contractual services for the Jefferson Park Landfill, rental expenses for the Miller Center, renovations for Armstrong school, and software purchases and equipment for the library. Decreases included reductions in other post-employment benefits (OPEB) and pension expense in accordance with the City's adoption of GASB Statement 68.

Interest and other fiscal charges increased \$2.3 million due to the issuance of new debt in July and the refunding of debt in March.

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

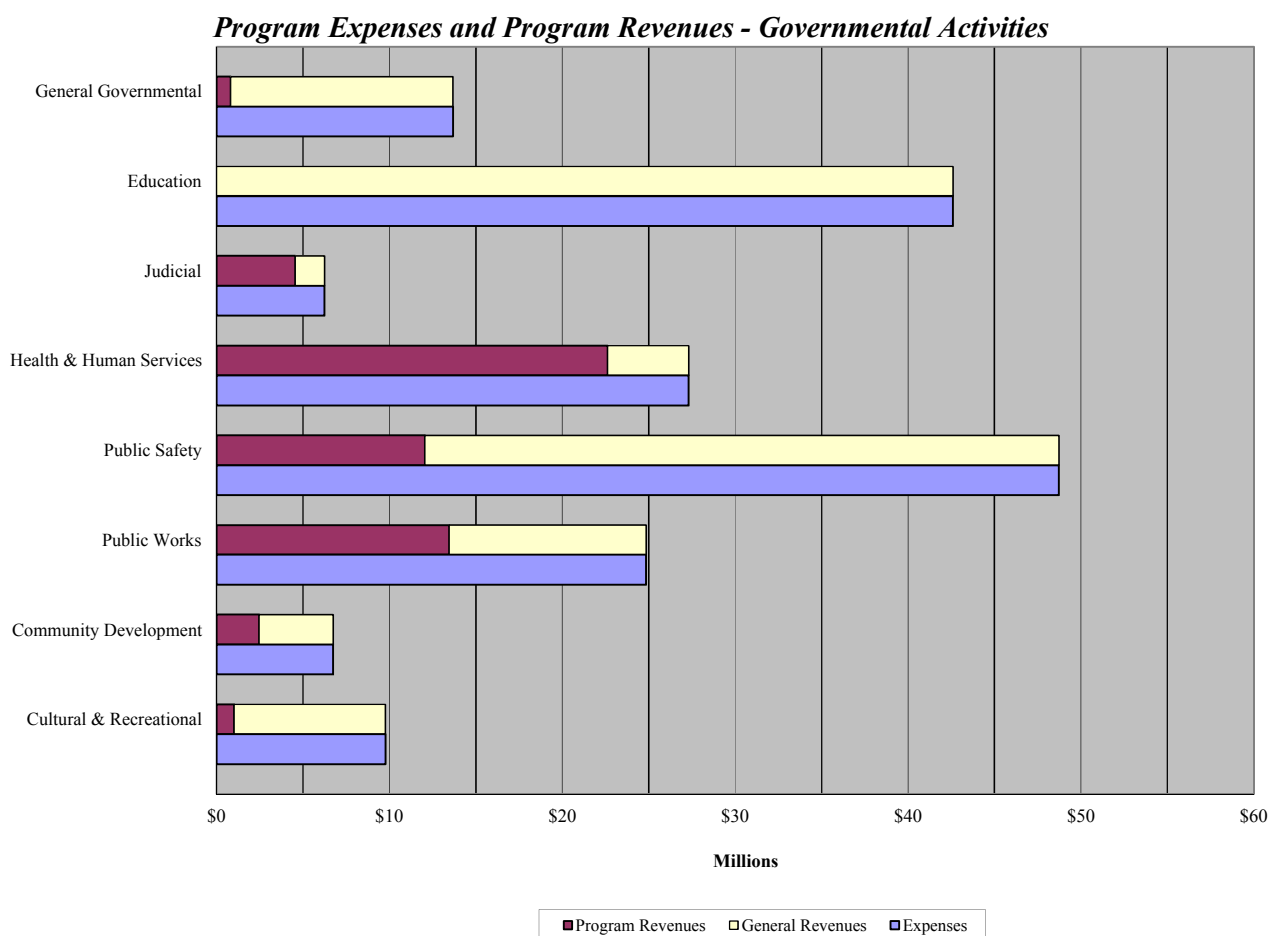
#### ***Net Cost of Governmental Activities For Fiscal Years Ended FY 2015/2014 (in millions)***

| Governmental Activity                    | Total Cost of Services |                 | Percentage          | Net Cost of Services |                 | Percentage          |
|------------------------------------------|------------------------|-----------------|---------------------|----------------------|-----------------|---------------------|
|                                          | 2015                   | 2014            | Change<br>2015-2014 | 2015                 | 2014            | Change<br>2015-2014 |
| General government                       | \$ 13.7                | \$ 13.3         | 3%                  | \$ 12.8              | \$ 12.5         | 2%                  |
| Judicial                                 | 6.3                    | 6.5             | -3%                 | 1.7                  | 1.8             | -6%                 |
| Public safety                            | 48.7                   | 48.8            | 0%                  | 36.7                 | 36.2            | 1%                  |
| Public works                             | 24.8                   | 29.3            | -15%                | 11.4                 | 15.5            | -26%                |
| Health and human services                | 27.3                   | 25.8            | 6%                  | 4.7                  | 4.8             | -2%                 |
| Cultural and recreational                | 9.8                    | 9.0             | 9%                  | 8.7                  | 7.7             | 13%                 |
| Community development                    | 6.7                    | 6.7             | 0%                  | 4.3                  | 3.2             | 34%                 |
| Education                                | 42.6                   | 42.6            | 0%                  | 42.6                 | 42.6            | 0%                  |
| Interest payments & other fiscal charges | 7.2                    | 4.9             | 47%                 | 7.2                  | 4.9             | 47%                 |
| Total Governmental Activities            | <u>\$ 187.1</u>        | <u>\$ 186.9</u> | <u>0.1%</u>         | <u>\$ 130.1</u>      | <u>\$ 129.2</u> | <u>1%</u>           |

The four largest funded programs were public safety at 26.0%, or \$48.7 million; local support for education at 22.8%, or \$42.6 million; public works at 13.2%, or \$24.8 million; and health and human services at 14.6%, or \$27.3 million. Education and public safety continued to be high priorities for the City.

The governmental activities total cost of services increased 0.1% from the prior year with a 1% increase in the net cost of services. The Statement of Activities shows that the \$187.1 million in governmental activities program expenses were financed by \$13.4 million from those receiving services, \$42.1 million from operating grants and contributions, \$1.5 million from capital grants and contributions and \$130.1 million from general revenues. Overall, general revenues and transfers of \$136.6 million were \$6.5 million more than the \$130.1 million of expenses net of program revenues.

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



### **Business-type Activities**

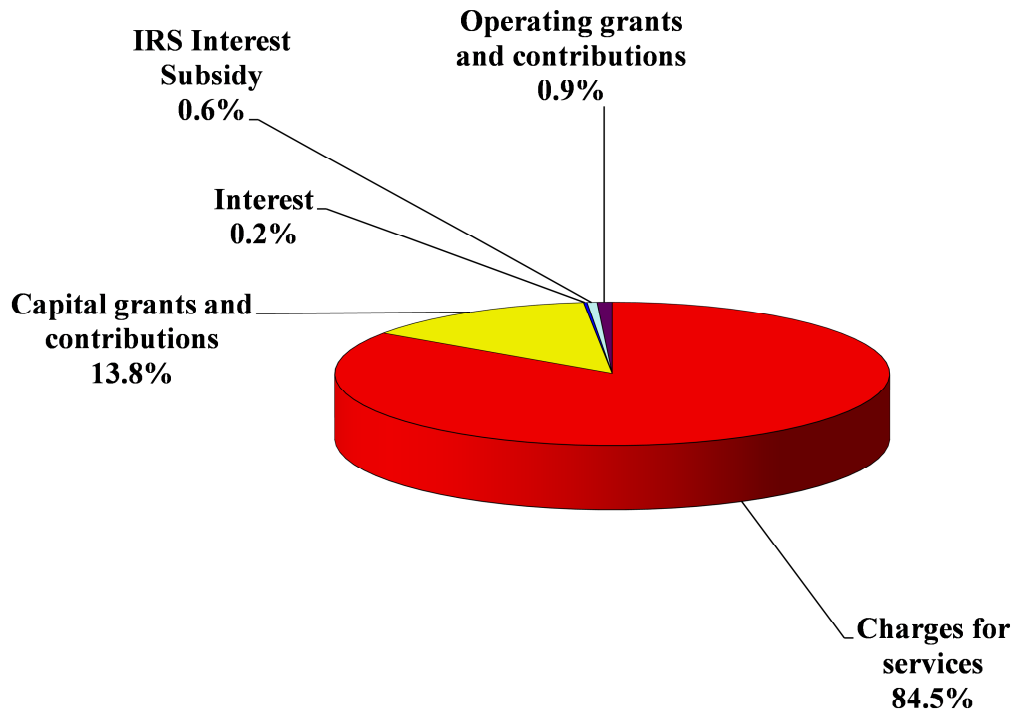
The business-type activities are comprised of enterprise funds for water, sewer, stormwater, and airport operations. Total net position of \$216.0 million decreased 0.9%, or \$1.9 million from FY 2014.

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

Business-type activities revenues of \$47.8 million increased \$2.3 million from the prior year. This was primarily due to an increase of \$1.8 million in charges for services resulting from a 5.32% rate increase in the water fund, an increase of \$0.5 million in hydrant charges, and an increase in capital grants in the airport fund and the sewer fund.

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 \$38.1 million increased 3.0%, or \$1.1 million, from the prior year. The increase was primarily due to the following: an increase in depreciation expense of \$0.9 million, an increase in administration charges of \$0.4 million, a decrease in other post-employment benefits (OPEB) of \$0.1 million, and a decrease in pension expense of \$0.3 million in accordance with the City's adoption of GASB statement 68.

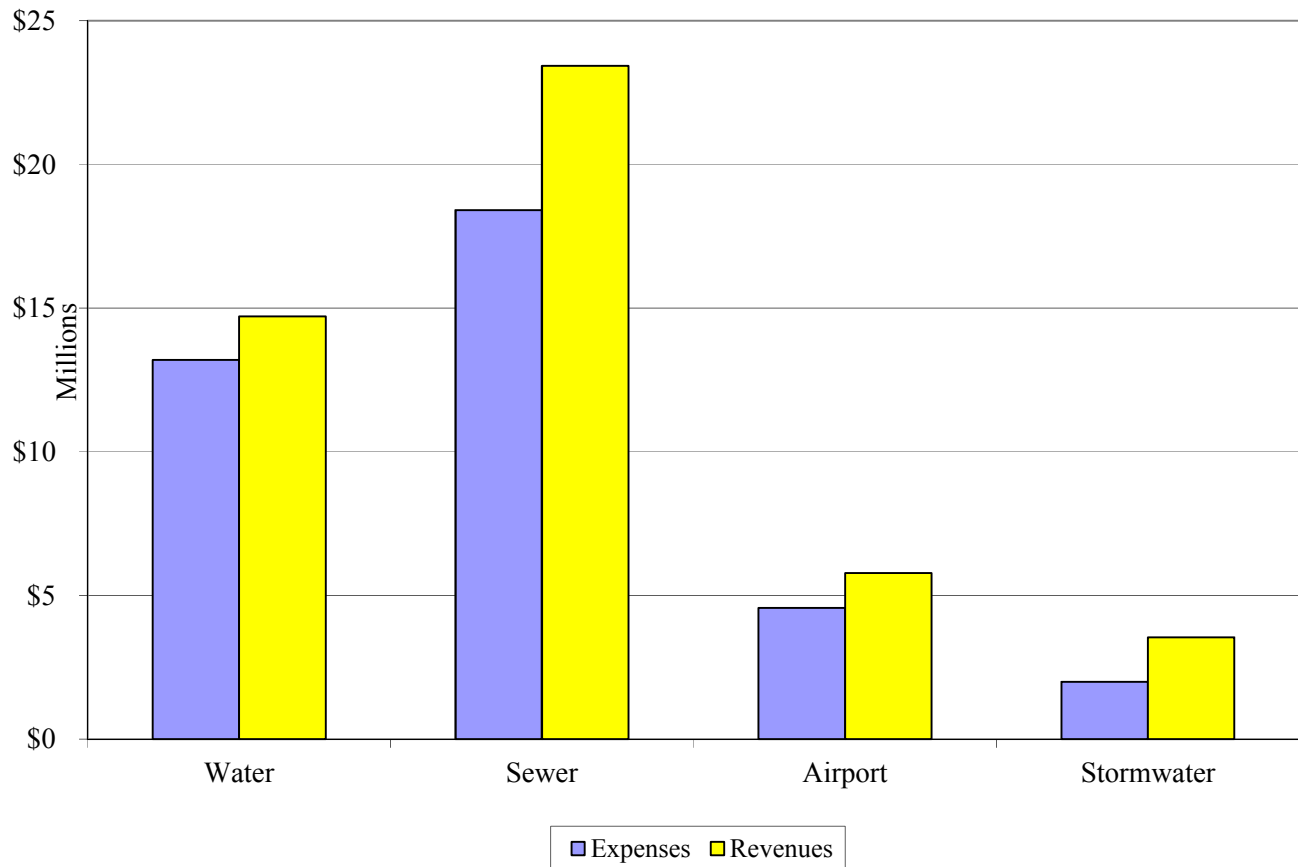
Overall, business-type activities revenues of \$47.8 million were \$9.7 million more than expenses of \$38.1 million.

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 (\$84.6) million decreased 88.7 million, from FY 2014. Unrestricted net position of \$(91.1) million decreased \$92.4 million from FY 2014. The decrease in net position is a result of the adoption of GASB Statement No. 68 which required the schools' to record the pension liability for staff and teachers.

***Revenue highlights:***

Total revenues of \$100.5 million increased 4.5%, or \$4.3 million in comparison with the prior year fund financial statements. For FY 2015, \$61.7 million or 61.4%, of total revenues were received from the Commonwealth of Virginia and the Federal Government as compared to \$57.0 million received in FY 2014, an increase of 8.2%. State sales tax receipts were \$10.0 million for FY 2015. The City government contributed \$36.3 million or 36.1%, to education. Federal revenues of \$11.6 million, included \$3.7 million from Title I funds to provide educational services to economically disadvantaged students. School Nutrition revenues of \$4.0 million included \$3.0 million from the federal government for the operation of the breakfast and lunch programs. Other revenue sources of \$2.5 million or 2.5% of total revenues included the following: school meals sales, tuition paid by participating school divisions to the Central Virginia Governor's School for Science and Technology, and other miscellaneous sources.

***Expense highlights:***

Total expenses of \$100.4 million increased 4.6% or \$4.4 million from the prior year fund financial statements. For FY 2015, \$71.3 million or 71.0% of total expenses related directly to providing instruction to 8,137 students and \$14.6 million or 14.5% supported maintenance and operations of school division facilities including the School Nutrition Program. Transportation costs for students were \$4.8 million or 4.8% of total expenses while administration for the schools and attendance and health services for students were \$4.9 million or 4.8%. Technology costs were \$3.5 million or 3.5% of total expenses. Capital outlays costs were \$1.3 million.

## FUND FINANCIAL ANALYSIS

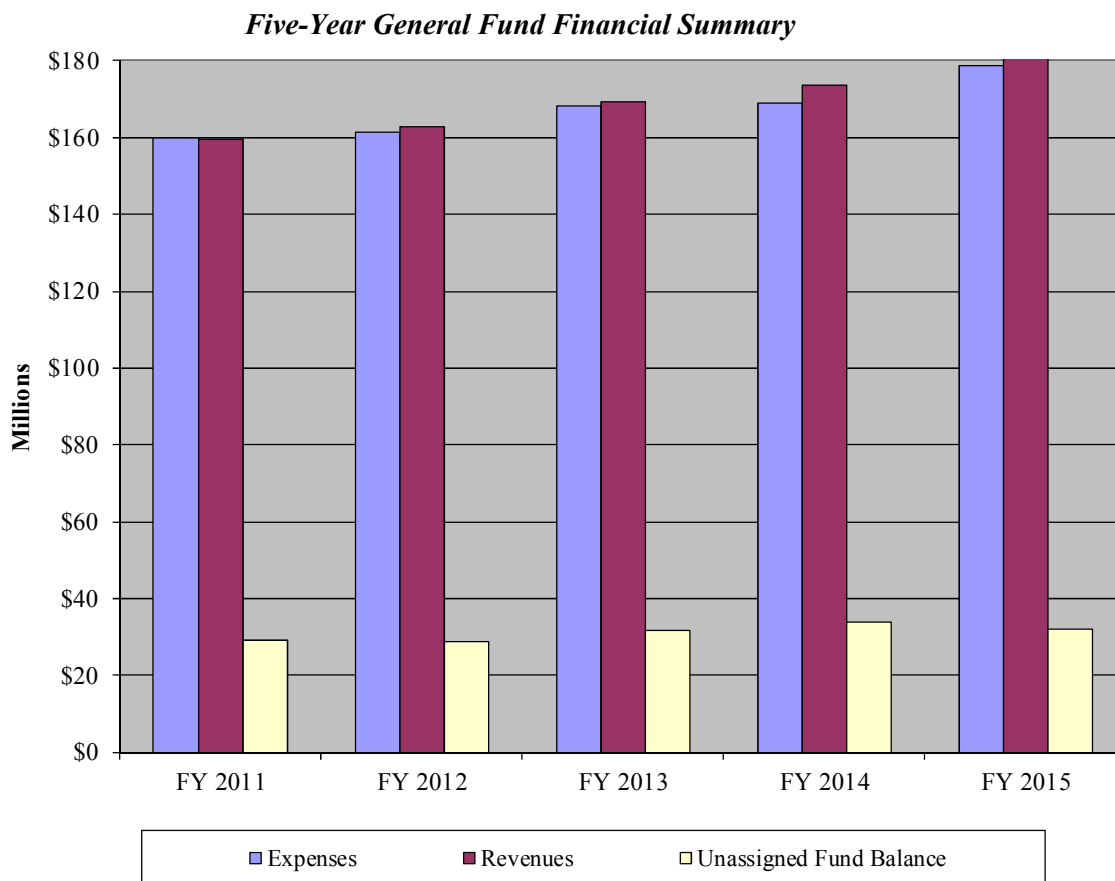
### Governmental Funds

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 2015, the City's governmental funds reported combined fund balances of \$131.5 million, an increase of \$47.1 million from FY 2014. Of that amount, \$0.4 million was nonspendable, \$9.5 million was restricted, \$83.4 million was committed, \$6.2 million was assigned, and \$32.0 million was unassigned. The general fund's decrease in fund balance was \$1.1 million. The city capital projects fund's increase in fund balance was \$14.2 million. The school capital projects fund's increase in fund balance was \$34.8 million. Special revenue funds decrease in fund balance was \$0.7 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 19.2% of total general fund expenditures, while total fund balance represents 31.7% 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 2015 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.



**General Fund Budgetary Highlights**  
**For Fiscal Year Ended June 30, 2015**  
*(in millions)*

| <u>Description</u>                             | <u>General Fund Budgetary Highlights</u> |                   |                 |                             |
|------------------------------------------------|------------------------------------------|-------------------|-----------------|-----------------------------|
|                                                | Original<br>Budget                       | Amended<br>Budget | Actual          | Amended<br>versus<br>Actual |
| <u>Revenues &amp; Other Financing Sources</u>  |                                          |                   |                 |                             |
| Taxes                                          | \$ 122.6                                 | \$ 122.5          | \$ 127.8        | \$ 5.3                      |
| Intergovernmental                              | 33.6                                     | 34.8              | 34.6            | (0.2)                       |
| Other                                          | 13.3                                     | 36.9              | 37.7            | 0.8                         |
| Total                                          | 169.5                                    | 194.2             | 200.1           | 5.9                         |
| <u>Expenditures &amp; Other Financing Uses</u> |                                          |                   |                 |                             |
| Expenditures                                   | 169.0                                    | 196.4             | 189.3           | 7.1                         |
| Transfers                                      | 8.3                                      | 13.2              | 12.0            | 1.2                         |
| Total                                          | 177.3                                    | 209.6             | 201.3           | 8.3                         |
| <u>Change in Fund Balance</u>                  | <u>\$ (7.8)</u>                          | <u>\$ (15.4)</u>  | <u>\$ (1.2)</u> | <u>\$ 14.2</u>              |

Actual expenditures and other financing uses of \$201.3 million was more than revenues and other financing sources of \$200.1 million by \$1.2 million, which resulted in a negative change in fund balance that was less than the amended budget projected decrease of \$15.4 million. The FY 2015 adopted and amended budgets included the use of \$7.8 million and \$15.4 million, respectively, of the FY 2014 general fund's unassigned fund balance primarily to resource a planned \$4.9 million transfer out for general government capital projects and a \$1.4 million transfer and \$1.0 million transfer out for school capital projects, and school buses, respectively. This was in accordance with City Council's adopted Fund Balance Policy (revised 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 \$5.9 million and actual expenditures were below the amended budget by \$8.3 million, resulting in a \$1.2 million decrease in fund balance for FY 2015.

Actual revenues were greater than estimated and within 3.0%, or \$5.9 million, of the amended budget. Real property, personal property, local sales, business license, meals, motor vehicle license, delinquent, consumer utility, bank stock, lodging, and other local taxes were above the amended budget for FY 2015. Intergovernmental revenue was on pace with the amended budget. The other revenue category was \$0.8 million more than the amended budget due in part to the issuance of refunding bonds, as well as increases in regulatory licenses, permits and privilege fees, charges for services, interest income, and miscellaneous revenue.

Actual expenditures and transfers were \$8.3 million less than the FY 2015 amended budget and mostly attributable to the following unexpended appropriations:

- \$1.4 million for general government
- \$0.2 million for judicial
- \$0.3 million for public safety
- \$0.6 million for health and human services
- \$3.5 million for education
- \$0.9 million for debt service
- \$1.1 million for transfers

Consistent with Council adopted Financial Policies; City Council appropriated \$1.2 million for a General Fund Reserve for Contingencies. City Council authorized 25.0%, or \$0.3 million in expenditures. The remaining 75.0%, or \$0.9 million, reverted to unassigned fund balance.

From the original budget of \$177.3 million, City Council approved budget amendments to increase the budget 18.2%, or \$32.3 million, resulting in an amended budget of \$209.6 million. The budget amendments were primarily for the following purposes:

- \$1.8 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 2015 amendment was comprised primarily of \$1.0 million for health and human services programs.
- \$22.6 million increase for the issuance of refunding bonds
- \$3.8 million increase to the budget comprised primarily of \$1.4 million for prior year unexpended items requested to be re-appropriated in the current year to continue programs and \$1.5 million for transfers to the City capital projects fund for capital projects.
- \$2.5 million increase for School capital transfer.

### **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 \$40.3 million increased 53.8%, or \$14.1 million, from FY 2014.

Revenues, issuance of bonds, and transfers of \$36.2 million increased 111.7%, or \$19.1 million. The increase is attributable to the following:

- \$0.4 million increase in federal funds for Riverside Park
- \$0.4 million decrease in contributions for the Library story time room
- \$0.7 million increase in Street and Highway maintenance funds
- \$0.7 million increase in reimbursements from the Virginia Department of Transportation (VDOT) revenue sharing program
- \$0.1 million increase in Federal Highway Improvement Safety program funds for Memorial Avenue
- \$1.6 million decrease in Virginia Department of Transportation funds for federal reimbursements
- \$0.1 million decrease from proceeds received from the sale of property
- \$2.2 million increase in transfers from the general fund
- \$16.1 million increase from bond proceeds
- \$1.1 million increase in Historical Tax credits for Miller Center Renovation
- \$0.1 million decrease in miscellaneous revenue

Expenditures, capital outlay, and capital contributions of \$22.1 million increased 8.8%, or \$1.8 million primarily due to the following:

- \$0.2 million increase for Miller Center Renovations
- \$0.8 million increase for Kemper Street Bridge
- \$0.6 million increase for Wards Road Pedestrian and Bicycle Improvements
- \$0.3 million increase for Timberlake Road at Logans Lane
- \$0.2 million increase for Midtown Connector
- \$0.7 million increase for Juvenile Services Group Home
- \$0.9 million increase for Greenview Drive Phase II Project
- \$1.8 million increase for Riverside Park, City Football Stadium Renovations, Blackwater Creek Athletic Area, and Fairview Fencing projects.
- \$0.2 million in increase transfers to the general fund
- \$0.1 million decrease for Kemper Street Slope Repairs
- \$1.2 million decrease for Street Overlay
- \$0.5 million decrease in contributions for Public Transportation
- \$1.0 million decrease for Lower Bluffwalk
- \$1.1 million decrease for Bridge Maintenance Projects

## **School Capital Projects Fund**

The school capital projects fund accounts for the major construction projects of the Lynchburg City Schools. Annually, the City adopts a five year capital project plan. Year one of the plan is appropriated for current year expenditures. The fund balance of \$35.8 million increased \$34.8 million, from FY 2014.

Revenues, issuance of bonds, and transfers of \$71.6 million increased \$65.7 million. The increase is attributable to the following:

- \$66.5 million increase in proceeds from bonds related to the construction of the new Heritage High School
- \$0.1 million increase in interest income
- \$0.9 million decrease in transfers from the General Fund

Expenditures, capital outlay, and capital contributions of \$36.8 million increased \$27.7 million primarily due to the following:

- \$26.0 million increase in expenditures for Heritage High School
- \$0.6 million increase in expenditures for roof repairs
- \$0.3 million increase in expenditures for E.C. Glass High School turf replacement
- \$0.3 million increase in expenditures for E.C. Glass auditorium stage upgrades
- \$0.3 million increase in expenditures for Bedford Hills Elementary School new classrooms
- \$0.2 million increase in expenditures for E.C. Glass tennis court renovations

## **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 \$33.2 million decreased 11.2%, or \$4.2 million, from FY 2014. Net investment in capital assets of \$28.6 million increased 2.1%, or \$0.6 million, and was 86.1% of total net position. Unrestricted net position available to fund future expenses decreased by 51.1% or \$4.8 million. This is primarily due to FY 2015 implementation of GASB 68 that recorded the fund's pension plan obligation. Unrestricted net position was 13.9%, or \$4.6 million, of total net position. Operating revenues totaled \$14.7 million, and increased 8.9%, or \$1.2 million, primarily due to a rate increase of 5.32%. Operating expenses totaled \$11.5 million and increased 2.7%. Investment earnings remained unchanged. For FY 2015 the fund balance ratio was 63.7%, which compared favorably to City Council's financial policy target of 40%. The debt coverage ratio was 1.45, which compared favorably to City Council's adopted financial policy target of 1.2.

### **Sewer Fund**

The sewer fund's total net position of \$146.0 million increased 1.0%, or \$1.5 million, from FY 2014. Net investment in capital assets of \$138.6 million increased 3.8%, or \$5.1 million, primarily due to a reduction of outstanding long-term debt that was used to finance capital projects. Net investment in capital assets was 94.9% of total net position. Unrestricted net position available to fund future expenses decreased by 32.7%, or \$3.6 million. This is primarily due to FY 2015 implementation of GASB 68 that recorded the fund's pension plan obligation. Unrestricted net position was 5.1%, or \$7.4 million, of total net position. Operating revenues totaled \$20.2 million and increased 2.0%, or \$0.4 million. Operating expenses totaled \$17.2 million and increased 6.2%, or \$1.0 million mostly due to increased depreciation related to capital projects completed in FY 2014. Investment earnings decreased \$0.04 million. For FY 2015 the fund balance ratio was 28.5% as compared to the financial policy target of 25%. The debt coverage ratio was 1.29, as compared to the financial policy target of 1.2 and was in compliance with the CSO Order requirements. Please refer to the Table 22 in Statistical Section of this report for details.

### **Stormwater Fund**

The stormwater fund's total net position of \$3.8 million increased 26.7%, or \$0.8 million, from FY 2014. Net investment in capital assets of \$2.0 million increased 150.0%, or \$1.2 million primarily due to capital projects that are on-going. Net investment in capital assets was 52.6% of total net position. Unrestricted net position available to fund future expenses decreased by 18.2%, or \$0.4 million. This is primarily due to FY 2015 implementation of GASB 68 that recorded the fund's pension plan obligation. Unrestricted net position was 47.4%, or \$1.8 million, of total net position. Operating revenues totaled \$3.5 million and decreased 7.9%, or \$0.3 million mostly due to decreased transfers from general fund. Operating expenses totaled \$2.0 million and decreased 23.1%, or \$0.6 million mostly attributable to decreased operational and maintenance costs charged by general fund. For FY 2015 the fund balance ratio was 42.3%.

### **Airport Fund**

The airport fund's total net position of \$37.1 million increased 0.5%, or \$0.2 million, from FY 2014. Net investment in capital assets, of \$36.0 million, increased 4.0%, or \$1.4 million. Net investment in capital assets was 97.0% of total net position. Net position, unrestricted, decreased 52.2%, or \$1.2 million, due to the implementation of GASB 68 during the year. Net position, unrestricted, was 3.0%, or \$1.1 million, of net position. Operating revenues totaled \$2.4 million. Operating expenses totaled \$4.6 million, which represents a 7.0% increase. Capital contributions totaled \$3.1 million, an increase of 24.0%, or \$0.6 million, which represents an increase of federal contributions towards airport capital projects.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's capital assets, net of depreciation, were \$706.3 million as reflected in the following schedule. The City of Lynchburg owns the land, buildings, and facilities used by Lynchburg City Schools. The Schools had \$6.6 million in capital assets exclusive of buildings and facilities, which were capitalized as the City's assets.

#### ***Capital Assets As of June 30, 2015/2014 (in millions)***

|                                        | Governmental<br>Activities |                 | Business-type<br>Activities |                 | Total Primary<br>Government |                 | Percentage<br>Change | Component Unit<br>Schools |               |
|----------------------------------------|----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|-----------------|----------------------|---------------------------|---------------|
|                                        | 2015                       | 2014            | 2015                        | 2014            | 2015                        | 2014            | 2015-2014            | 2015                      | 2014          |
| Capital assets, not being depreciated: |                            |                 |                             |                 |                             |                 |                      |                           |               |
| Land                                   | \$ 17.5                    | \$ 17.3         | \$ 5.1                      | \$ 5.1          | \$ 22.6                     | \$ 22.4         | 1%                   | \$ -                      | \$ -          |
| Construction in progress               | 62.7                       | 33.6            | 20.8                        | 16.5            | 83.5                        | 50.1            | 67%                  | -                         | -             |
| Capital assets, being depreciated:     |                            |                 |                             |                 |                             |                 |                      |                           |               |
| Land improvements                      | 39.6                       | 23.2            | 12.6                        | 12.4            | 52.2                        | 35.6            | 47%                  | -                         | -             |
| Buildings and improvements             | 239.3                      | 236.3           | 57.1                        | 56.9            | 296.4                       | 293.2           | 1%                   | -                         | -             |
| Infrastructure                         | 235.7                      | 231.9           | 435.1                       | 425.6           | 670.8                       | 657.5           | 2%                   | -                         | -             |
| Machinery and equipment                | 48.0                       | 43.8            | 22.0                        | 21.0            | 70.0                        | 64.8            | 8%                   | 14.0                      | 12.3          |
| Less: Accumulated depreciation         | (310.3)                    | (293.6)         | (178.9)                     | (166.3)         | (489.2)                     | (459.9)         | 6%                   | (7.4)                     | (6.8)         |
| Total Capital Assets                   | <u>\$ 332.5</u>            | <u>\$ 292.5</u> | <u>\$ 373.8</u>             | <u>\$ 371.2</u> | <u>\$ 706.3</u>             | <u>\$ 663.7</u> | <u>6%</u>            | <u>\$ 6.6</u>             | <u>\$ 5.5</u> |

During FY 2015, the City's net increase in capital assets was 6% or \$42.6 million. Major capital asset events included the following (in millions):

Construction-in-progress converted to capital assets:

|                                                                                                                                                                                    |                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Completion of Phase 1 of the Heritage High School Project (Athletic Complexes); financed by general obligation bonds.                                                              | \$8.6                |
| Completion of Lower Bluff Walk, financed by pay-as-you-go capital monies                                                                                                           | 5.4                  |
| Completion of Airport Terminal Apron and Taxiways rehabilitation; financed by 90% Federal grants and 10% State grants.                                                             | 4.8                  |
| Completion of Pedestrian / Bicycle Improvements Wards Road Corridor; financed by local pay-as-you-go capital monies.                                                               | 2.9                  |
| Completion of several Sewer Infrastructure Projects; financed by a combination of Virginia Revolving Loan Program Funds, State and Federal CSO grants and general obligation bonds | 2.6                  |
| Completion of several Water Infrastructure Projects; financed by a combination of Virginia Revolving Loan Program Funds, State and Federal CSO grants and general obligation bonds | 1.7                  |
| Completion of City Stadium Artificial Turf on the Football / Soccer Field; financed by local pay-as-you-go capital monies.                                                         | 1.5                  |
| Completion of several School Roof Replacement Projects; financed by local pay-as-you-go capital monies.                                                                            | 0.9                  |
| Completion of several School HVAC Projects; financed by local pay-as-you-go monies                                                                                                 | 0.8                  |
| Total construction-in-progress converted to capital assets                                                                                                                         | <u>29.2</u>          |
| On-going replacement of the vehicle fleet, financed through local operating monies.                                                                                                | <u>5.4</u>           |
| Total major asset events                                                                                                                                                           | <u><u>\$34.6</u></u> |

Construction-in-progress at the end of FY 2015 includes additional CSO abatement projects, Heritage High School Construction, Kemper Street Bridge, City Football Stadium Restorations, Juvenile Detention Home and Water & Sewer projects and the Midtown Connector project. Additional information on the City's capital assets can be found in Note 8 of this report.

## **Long-term Debt**

Total outstanding debt was \$369.7 million with \$181.6 million of business-type activities debt supported by the individual funds, resulting in net bonded debt for governmental activities of \$188.1 million. Liabilities for compensated absences and workers' compensation of \$7.3 million and other post-employment benefits liability of \$5.6 million were excluded.

### ***Long-term Debt Obligations As of June 30, 2015/2014 (in millions)***

|                          | Governmental<br>Activities |                 | Business-type<br>Activities |                 | Total Primary<br>Government |                 | Percentage<br>Change |
|--------------------------|----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|-----------------|----------------------|
|                          | 2015                       | 2014            | 2015                        | 2014            | 2015                        | 2014            | 2015-2014            |
| General Obligation Bonds | \$ 186.5                   | \$ 114.5        | \$ 70.4                     | \$ 56.1         | \$ 256.9                    | \$ 170.6        | 51%                  |
| Revenue Bonds            | -                          | -               | 111.2                       | 117.3           | 111.2                       | 117.3           | -5%                  |
| General Obligation Notes | -                          | -               | -                           | 7.2             | -                           | 7.2             | -100%                |
| Note Payable             | 1.6                        | 1.7             | -                           | -               | 1.6                         | 1.7             | -6%                  |
| Total                    | <u>\$ 188.1</u>            | <u>\$ 116.2</u> | <u>\$ 181.6</u>             | <u>\$ 180.6</u> | <u>\$ 369.7</u>             | <u>\$ 296.8</u> | <u>25%</u>           |

Total new debt of \$128.6 million was issued, of which \$105.4 million was for governmental activities; and \$23.2 million was for business-type activities and include:

- \$95.1 million of general obligation public improvement bonds to fund new construction projects including a new Heritage High School and Group Home; as well as other transportation, water, and sewer projects, of which \$83.2 million was for governmental activities and \$11.9 million was for business-type activities.
- \$6.6 million of general obligation public improvement bonds for water projects to current refund and permanently finance the line of credit bond anticipation note, all of which was for business-type activities.
- \$13.5 million of general obligation public improvement advance refunding bonds, of which \$13.1 million was for governmental activities and \$0.4 million was for business-type activities.
- \$13.4 million of general obligation public improvement current refunding bonds, of which \$9.1 million was for governmental activities and \$4.3 million was for business-type activities.

The City retired \$55.7 million of outstanding principal. The governmental activities principal retirements were \$33.6 million and the business-type activities principal retirements were \$22.1 million and include:

- \$20.9 million in planned principal retirements, of which \$10.6 million was for governmental activities and \$10.3 million was for business-type activities.
- \$7.2 million on a bond anticipation note was refunded and permanently, all of which was for business-type activities
- \$27.6 million of refunded principal payments, of which \$23.0 million was for governmental activities and \$4.6 million was for business-type activities.

The City's general obligation bonds continued to maintain an Aa2 rating from Moody's Investors Service dated May 27, 2014; an AA+ rating from Fitch Ratings dated June 9, 2014; and, an AA+ from Standard & Poor's Ratings Services dated May 30, 2014. These credit ratings were related to the City's issuance of the July 10, 2014, General Obligation Public Improvement and Refunding Bonds, Series 2014 of \$115,190,000 with final maturity on June 1, 2044. Factors contributing to these ratings include Lynchburg's:

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

On July 10, 2014, the City issued \$115,190,000 of General Obligation Public Improvement and Refunding Bonds, Series 2014 dated July 10, 2014 from its competitive bond sale on June 10, 2014. New bond proceeds totaled \$101.7 million of which \$83.2 million was for governmental activities and \$18.5 million was for business-type activities. The \$83.2 million of new proceeds will be used to fund governmental activities as follows: \$62.5 million for a new Heritage High School; \$7.1 million for City Stadium renovations; \$3.6 million for a new Group Home facility; \$6.4 million for transportation; and, \$3.6 million for other



general government projects. The \$18.5 million of new proceeds will be used to fund business-type activities as follows: \$5.3 million for sewer projects; \$6.6 million for water projects; and, \$6.6 million for water projects to current refund and permanently finance the line of credit bond anticipation note with Carter Bank & Trust dated November 8, 2011. Lastly, the City issued \$13.5 million to advance refund \$14.5 million of the May 9, 2006 General Obligation Public Improvement Bonds for maturities from FY 2017 to FY 2026. Of this \$13.5 million in refunding bonds, \$13.1 million was governmental activities and \$0.4 million was for business-type activities. The refunded bonds of \$14.5 million were \$14.1 million of governmental activities and \$0.4 million of business-type activities. Over the next twelve years, the advance refunding reduced total debt service payments by \$1.1 million and resulted in an economic gain of \$1.1 million.

On March 12, 2015, the City issued \$13,425,000 of General Obligation Public Improvement Refunding Bonds, Series 2015 Bonds R-1 and R-2 as a Direct Bank Loan with American National Bank and Trust Company. The proceeds were used to refund \$13 million of principal for the March 16, 2005 General Obligation Public Improvement Refunding Bond Issue, Series 2005A. The refunding was undertaken to reduce total debt service payments over the next 16 years by \$1.2 million and resulted in an economic gain of \$1.1 million.

The City Council adopted Debt Management Policy was amended in December 2006 and limited tax-supported debt not to exceed 4.5% of net assessed valuation of taxable property in the City. As of the end of FY 2015, outstanding tax-supported debt was 3.39% of net assessed valuation. In addition, the City Council adopted Budget Policy was amended in December 2006. It established that pay-as-you-go funding, as a percentage of the City's Five Year Capital Improvement Program, shall not be less than 10%, and it set a goal of 15%. Both policies were reaffirmed by City Council on November 23, 2010 with one Debt Management Policy revision to debt service payments for revenue supported debt from twenty to thirty years. Most recently, on February 26, 2013, City Council amended the Debt Management Policy to revise the 10-Year Principal Payout Ratio. The revision included the following provision for the Capital Improvement Program. "The 10-Year Principal Payout Ratio shall not be less than 60% at the end of each adopted five-year Capital Improvement Program for Tax-Supported General Obligation Indebtedness." The Principal Payout Ratio as of June 30, 2015 was 63.10%.

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 7.1% in June 2014 to 7.0% in June 2015, after a larger decrease from the June 2013 rate of 8.2%. This decrease of 0.1% reflects the continued slight growth in the economy. The City's unemployment rate typically trends above the State rate, which was 5.0% in June 2015. The City's unemployment rate also typically trends below the National rate, which was 5.5% for the same period. The City's unemployment rate was actually higher than the National rate for the second consecutive year due to the increasing student population in the City and the Lynchburg economy typically lags the nation in both recession and recovery.

Although still an important sector, manufacturing no longer dominates the Lynchburg economy as it did in the past. American Electric Power (AEP), the region's electric utility provider, remains the City's largest property taxpayer with a 2.4% increase in taxable assessed value over FY 2014. Columbia Gas of Virginia, Inc., the region's gas utility provider, saw a 54% increase in taxable assessed value over FY 2014. The ten principal property taxpayers, as a whole, realized an increase of 6.1% in taxable assessed value when compared to FY 2014. The City remains the retail hub for the region and has seen significant growth in the medical services and higher education sectors. Other important sectors of the Lynchburg economy include wireless technology, engineering, finance, retail, restaurants, and tourism.

## **REQUESTS FOR INFORMATION**

This report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Services, City of Lynchburg, 900 Church Street, Lynchburg, VA, 24504, or via telephone at 434-455-3968. This report, the FY 2015 Operating and Capital Budgets, and FY 2015-2019 Capital Improvement Program are on the City's web site at [www.lyncburgva.gov](http://www.lyncburgva.gov).

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## **BASIC FINANCIAL STATEMENTS**



Statement of Net Position  
June 30, 2015

|                                                                                             | Governmental<br>Activities | Business-<br>Type<br>Activities | Total<br>Primary<br>Government | Component Units           |                      | Total<br>Reporting<br>Unit |
|---------------------------------------------------------------------------------------------|----------------------------|---------------------------------|--------------------------------|---------------------------|----------------------|----------------------------|
|                                                                                             |                            |                                 |                                | Lynchburg City<br>Schools | Other                |                            |
| <b>Assets</b>                                                                               |                            |                                 |                                |                           |                      |                            |
| Cash and cash equivalents                                                                   | \$ 43,229,870              | \$ 17,599,261                   | \$ 60,829,131                  | \$ 11,154,323             | \$ 1,046,580         | \$ 73,030,034              |
| Investments                                                                                 | 37,729,159                 | 7,222,786                       | 44,951,945                     | -                         | -                    | 44,951,945                 |
| Receivables, net of allowance                                                               | 20,930,285                 | 4,799,825                       | 25,730,110                     | 745,512                   | 1,449,476            | 27,925,098                 |
| Internal balances                                                                           | 4,070,629                  | (4,070,629)                     | -                              | -                         | -                    | -                          |
| Due from other governments                                                                  | 6,490,137                  | 1,351,810                       | 7,841,947                      | 5,168,075                 | 503,508              | 13,513,530                 |
| Due from component units                                                                    | 4,156,257                  | -                               | 4,156,257                      | -                         | -                    | 4,156,257                  |
| Inventory                                                                                   | 59,096                     | 432,120                         | 491,216                        | 131,130                   | 171,223              | 793,569                    |
| Prepays and other assets                                                                    | 6,616,728                  | -                               | 6,616,728                      | 340,697                   | 98,708               | 7,056,133                  |
| Restricted assets:                                                                          |                            |                                 |                                |                           |                      |                            |
| Cash and cash equivalents                                                                   | 54,792,426                 | 9,729,767                       | 64,522,193                     | -                         | -                    | 64,522,193                 |
| Due from other governments                                                                  | -                          | 4,706,203                       | 4,706,203                      | -                         | -                    | 4,706,203                  |
| Capital assets, net of accumulated depreciation                                             | 332,524,603                | 373,749,667                     | 706,274,270                    | 6,556,730                 | 24,090,725           | 736,921,725                |
| <b>Total assets</b>                                                                         | <b>510,599,190</b>         | <b>415,520,810</b>              | <b>926,120,000</b>             | <b>24,096,467</b>         | <b>27,360,220</b>    | <b>977,576,687</b>         |
| <b>Deferred Outflows of Resources</b>                                                       |                            |                                 |                                |                           |                      |                            |
| Deferred charge on refunding                                                                | 3,624,613                  | 1,772,710                       | 5,397,323                      | -                         | -                    | 5,397,323                  |
| Pension contributions subsequent to measurement date                                        | 9,549,450                  | 1,179,052                       | 10,728,502                     | 7,788,494                 | -                    | 18,516,996                 |
| Change in proportion - teacher cost sharing pool                                            | -                          | -                               | -                              | 1,632,000                 | -                    | 1,632,000                  |
| <b>Total deferred outflows of resources</b>                                                 | <b>13,174,063</b>          | <b>2,951,762</b>                | <b>16,125,825</b>              | <b>9,420,494</b>          | <b>-</b>             | <b>25,546,319</b>          |
| <b>Liabilities</b>                                                                          |                            |                                 |                                |                           |                      |                            |
| Accounts payable and other liabilities                                                      | 12,126,634                 | 2,255,416                       | 14,382,050                     | 669,923                   | 1,013,077            | 16,065,050                 |
| Accrued payroll and related liabilities                                                     | 5,118,886                  | 321,156                         | 5,440,042                      | 10,358,550                | -                    | 15,798,592                 |
| Accrued interest payable                                                                    | 1,362,983                  | 876,280                         | 2,239,263                      | -                         | -                    | 2,239,263                  |
| Due to other governments                                                                    | 2,174,795                  | 111                             | 2,174,906                      | -                         | 1,331,060            | 3,505,966                  |
| Due to primary government                                                                   | -                          | -                               | -                              | 3,987,555                 | 168,702              | 4,156,257                  |
| Deposits payable from restricted assets                                                     | 92,066                     | 804,349                         | 896,415                        | -                         | -                    | 896,415                    |
| Noncurrent liabilities:                                                                     |                            |                                 |                                |                           |                      |                            |
| Net pension liability                                                                       | 88,108,375                 | 10,878,570                      | 98,986,945                     | 85,493,981                | -                    | 184,480,926                |
| Other noncurrent liabilities due within one year                                            | 11,245,937                 | 10,637,904                      | 21,883,841                     | 584,284                   | -                    | 22,468,125                 |
| Other noncurrent liabilities due in more than one year                                      | 199,618,734                | 175,059,254                     | 374,677,988                    | 3,602,366                 | 232,763              | 378,513,117                |
| <b>Total liabilities</b>                                                                    | <b>319,848,410</b>         | <b>200,833,040</b>              | <b>520,681,450</b>             | <b>104,696,659</b>        | <b>2,745,602</b>     | <b>628,123,711</b>         |
| <b>Deferred Inflows of Resources</b>                                                        |                            |                                 |                                |                           |                      |                            |
| Property taxes                                                                              | 8,829,446                  | -                               | 8,829,446                      | -                         | -                    | 8,829,446                  |
| Net difference between projected and actual investment earnings on pension plan investments | 13,050,350                 | 1,611,301                       | 14,661,651                     | 13,377,036                | -                    | 28,038,687                 |
| <b>Total deferred inflows of resources</b>                                                  | <b>21,879,796</b>          | <b>1,611,301</b>                | <b>23,491,097</b>              | <b>13,377,036</b>         | <b>-</b>             | <b>36,868,133</b>          |
| <b>Net Position</b>                                                                         |                            |                                 |                                |                           |                      |                            |
| Net investment in capital assets                                                            | 192,860,159                | 205,192,151                     | 398,052,310                    | 6,556,730                 | 24,090,725           | 428,699,765                |
| Restricted for:                                                                             |                            |                                 |                                |                           |                      |                            |
| Capital projects                                                                            | 7,292,892                  | -                               | 7,292,892                      | -                         | -                    | 7,292,892                  |
| Grants and other purposes                                                                   | 2,190,748                  | 7,231                           | 2,197,979                      | -                         | -                    | 2,197,979                  |
| Unrestricted                                                                                | (20,298,752)               | 10,828,849                      | (9,469,903)                    | (91,113,464)              | 523,893              | (100,059,474)              |
| <b>Total net position</b>                                                                   | <b>\$ 182,045,047</b>      | <b>\$ 216,028,231</b>           | <b>\$ 398,073,278</b>          | <b>\$ (84,556,734)</b>    | <b>\$ 24,614,618</b> | <b>\$ 338,131,162</b>      |

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

Statement of Activities  
For the Year Ended June 30, 2015

| Functions/Programs                                     | Program Revenues      |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |                          |                       |                        |                      |                       |
|--------------------------------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------------------|--------------------------|-----------------------|------------------------|----------------------|-----------------------|
|                                                        | Expenses              | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                              |                          |                       | Component Units        |                      | Total Reporting Unit  |
|                                                        |                       |                      |                                    |                                  | Governmental Activities                         | Business-type Activities | Total                 | Lynchburg City Schools | Other                |                       |
| <b>Primary government:</b>                             |                       |                      |                                    |                                  |                                                 |                          |                       |                        |                      |                       |
| Governmental activities:                               |                       |                      |                                    |                                  |                                                 |                          |                       |                        |                      |                       |
| General government                                     | \$ 13,675,189         | \$ 505,564           | \$ 317,004                         | \$ -                             | \$ (12,852,621)                                 | \$ -                     | \$ (12,852,621)       | \$ -                   | \$ -                 | \$ (12,852,621)       |
| Judicial                                               | 6,245,737             | 785,268              | 3,771,096                          | -                                | (1,689,373)                                     | -                        | (1,689,373)           | -                      | -                    | (1,689,373)           |
| Public safety                                          | 48,732,161            | 6,419,638            | 5,623,518                          | -                                | (36,689,005)                                    | -                        | (36,689,005)          | -                      | -                    | (36,689,005)          |
| Public works                                           | 24,846,090            | 1,304,063            | 10,641,511                         | 1,516,624                        | (11,383,892)                                    | -                        | (11,383,892)          | -                      | -                    | (11,383,892)          |
| Health and human services                              | 27,317,037            | 2,452,554            | 20,173,776                         | -                                | (4,690,707)                                     | -                        | (4,690,707)           | -                      | -                    | (4,690,707)           |
| Cultural and recreational                              | 9,771,210             | 776,379              | 234,266                            | -                                | (8,760,565)                                     | -                        | (8,760,565)           | -                      | -                    | (8,760,565)           |
| Community development                                  | 6,742,294             | 1,172,941            | 1,294,438                          | -                                | (4,274,915)                                     | -                        | (4,274,915)           | -                      | -                    | (4,274,915)           |
| Education                                              | 42,608,354            | -                    | -                                  | -                                | (42,608,354)                                    | -                        | (42,608,354)          | -                      | -                    | (42,608,354)          |
| Interest payments and other fiscal charges             | 6,317,148             | -                    | -                                  | -                                | (6,317,148)                                     | -                        | (6,317,148)           | -                      | -                    | (6,317,148)           |
| Issuance costs                                         | 875,409               | -                    | -                                  | -                                | (875,409)                                       | -                        | (875,409)             | -                      | -                    | (875,409)             |
| <b>Total governmental activities</b>                   | <b>187,130,629</b>    | <b>13,416,407</b>    | <b>42,055,609</b>                  | <b>1,516,624</b>                 | <b>(130,141,989)</b>                            | <b>-</b>                 | <b>(130,141,989)</b>  | <b>-</b>               | <b>-</b>             | <b>(130,141,989)</b>  |
| Business-type activities:                              |                       |                      |                                    |                                  |                                                 |                          |                       |                        |                      |                       |
| Stormwater                                             | 1,988,044             | 3,268,776            | 275,000                            | -                                | -                                               | 1,555,732                | 1,555,732             | -                      | -                    | 1,555,732             |
| Airport                                                | 4,572,562             | 2,254,531            | 142,601                            | 3,389,180                        | -                                               | 1,213,750                | 1,213,750             | -                      | -                    | 1,213,750             |
| Water                                                  | 13,192,403            | 14,703,923           | -                                  | 5,000                            | -                                               | 1,516,520                | 1,516,520             | -                      | -                    | 1,516,520             |
| Sewer                                                  | 18,408,180            | 20,216,758           | -                                  | 3,207,248                        | -                                               | 5,015,826                | 5,015,826             | -                      | -                    | 5,015,826             |
| <b>Total business-type activities</b>                  | <b>38,161,189</b>     | <b>40,443,988</b>    | <b>417,601</b>                     | <b>6,601,428</b>                 | <b>-</b>                                        | <b>9,301,828</b>         | <b>9,301,828</b>      | <b>-</b>               | <b>-</b>             | <b>9,301,828</b>      |
| <b>Total primary government</b>                        | <b>\$ 225,291,818</b> | <b>\$ 53,860,395</b> | <b>\$ 42,473,210</b>               | <b>\$ 8,118,052</b>              | <b>(130,141,989)</b>                            | <b>9,301,828</b>         | <b>(120,840,161)</b>  | <b>-</b>               | <b>-</b>             | <b>(120,840,161)</b>  |
| <b>Component units:</b>                                |                       |                      |                                    |                                  |                                                 |                          |                       |                        |                      |                       |
| Lynchburg City Schools                                 | \$ 98,985,698         | \$ 1,785,240         | \$ 60,833,445                      | \$ 1,031,882                     | -                                               | -                        | -                     | (35,335,131)           | -                    | (35,335,131)          |
| Greater Lynchburg Transit Company                      | 9,918,683             | 1,117,359            | 6,252,693                          | 1,151,378                        | -                                               | -                        | -                     | -                      | (1,397,253)          | (1,397,253)           |
| Business Development Centre                            | 234,029               | 251,833              | 9,250                              | -                                | -                                               | -                        | -                     | -                      | 27,054               | 27,054                |
| <b>Total component units</b>                           | <b>\$ 109,138,410</b> | <b>\$ 3,154,432</b>  | <b>\$ 67,095,388</b>               | <b>\$ 2,183,260</b>              | <b>-</b>                                        | <b>-</b>                 | <b>-</b>              | <b>(35,335,131)</b>    | <b>(1,370,199)</b>   | <b>(36,705,330)</b>   |
| General revenues:                                      |                       |                      |                                    |                                  |                                                 |                          |                       |                        |                      |                       |
| Property taxes                                         |                       |                      |                                    |                                  | 75,714,767                                      | -                        | 75,714,767            | -                      | -                    | 75,714,767            |
| Local sales and use taxes                              |                       |                      |                                    |                                  | 15,006,326                                      | -                        | 15,006,326            | -                      | -                    | 15,006,326            |
| Meals taxes                                            |                       |                      |                                    |                                  | 13,756,602                                      | -                        | 13,756,602            | -                      | -                    | 13,756,602            |
| Consumer utility taxes                                 |                       |                      |                                    |                                  | 4,575,492                                       | -                        | 4,575,492             | -                      | -                    | 4,575,492             |
| Business license taxes                                 |                       |                      |                                    |                                  | 8,219,996                                       | -                        | 8,219,996             | -                      | -                    | 8,219,996             |
| Communications sales and use taxes                     |                       |                      |                                    |                                  | 3,382,915                                       | -                        | 3,382,915             | -                      | -                    | 3,382,915             |
| Other taxes                                            |                       |                      |                                    |                                  | 6,785,275                                       | -                        | 6,785,275             | -                      | -                    | 6,785,275             |
| Unrestricted intergovernmental                         |                       |                      |                                    |                                  | 6,223,664                                       | -                        | 6,223,664             | -                      | -                    | 6,223,664             |
| Interest                                               |                       |                      |                                    |                                  | 312,688                                         | 96,910                   | 409,598               | 138                    | -                    | 409,736               |
| IRS interest subsidy- Build America Bonds              |                       |                      |                                    |                                  | 272,388                                         | 275,978                  | 548,366               | -                      | -                    | 548,366               |
| Miscellaneous                                          |                       |                      |                                    |                                  | 2,141,167                                       | 22,966                   | 2,164,133             | 753,801                | -                    | 2,917,934             |
| Gain on sale of assets                                 |                       |                      |                                    |                                  | 324,443                                         | 9,825                    | 334,268               | -                      | 14,956               | 349,224               |
| City appropriation                                     |                       |                      |                                    |                                  | -                                               | -                        | -                     | 36,319,745             | -                    | 36,319,745            |
| Transfers                                              |                       |                      |                                    |                                  | (60,658)                                        | 60,658                   | -                     | -                      | -                    | -                     |
| Total general revenues and transfers                   |                       |                      |                                    |                                  | 136,655,065                                     | 466,337                  | 137,121,402           | 37,073,684             | 14,956               | 174,210,042           |
| <b>Changes in net position</b>                         |                       |                      |                                    |                                  | 6,513,076                                       | 9,768,165                | 16,281,241            | 1,738,553              | (1,355,243)          | 16,664,551            |
| <b>Net position - beginning, as restated (Note 18)</b> |                       |                      |                                    |                                  | 175,531,971                                     | 206,260,066              | 381,792,037           | (86,295,287)           | 25,969,861           | 321,466,611           |
| <b>Net position - ending</b>                           |                       |                      |                                    |                                  | <b>\$ 182,045,047</b>                           | <b>\$ 216,028,231</b>    | <b>\$ 398,073,278</b> | <b>\$ (84,556,734)</b> | <b>\$ 24,614,618</b> | <b>\$ 338,131,162</b> |

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

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

|                                                                                | <b>General<br/>Fund</b> | <b>City Capital<br/>Projects</b> | <b>School Capital<br/>Projects</b> | <b>Other<br/>Governmental</b> | <b>Total<br/>Governmental</b> |
|--------------------------------------------------------------------------------|-------------------------|----------------------------------|------------------------------------|-------------------------------|-------------------------------|
| <b>Assets</b>                                                                  |                         |                                  |                                    |                               |                               |
| Cash and cash equivalents                                                      | \$ 24,181,646           | \$ 8,648,446                     | \$ 7,084,330                       | \$ 1,807,793                  | \$ 41,722,215                 |
| Investments                                                                    | 25,031,717              | 10,249,478                       | 1,198,286                          | -                             | 36,479,481                    |
| Receivables, net of allowance:                                                 |                         |                                  |                                    |                               |                               |
| Taxes excluding penalties                                                      | 13,220,772              | -                                | -                                  | -                             | 13,220,772                    |
| Accounts                                                                       | 4,685,807               | -                                | -                                  | -                             | 4,685,807                     |
| Other                                                                          | 1,012,969               | 350,000                          | -                                  | 167,821                       | 1,530,790                     |
| Due from other funds                                                           | 1,750,225               | -                                | -                                  | 375,983                       | 2,126,208                     |
| Due from other governments                                                     | 2,866,444               | 2,197,572                        | -                                  | 2,656,749                     | 7,720,765                     |
| Due from component units                                                       | 4,031,257               | -                                | -                                  | 125,000                       | 4,156,257                     |
| Other assets                                                                   | -                       | -                                | -                                  | 213                           | 213                           |
| Restricted assets:                                                             |                         |                                  |                                    |                               |                               |
| Cash and cash equivalents                                                      | 95,031                  | 21,229,998                       | 33,080,403                         | 386,994                       | 54,792,426                    |
| <b>Total assets</b>                                                            | <b>\$ 76,875,868</b>    | <b>\$ 42,675,494</b>             | <b>\$ 41,363,019</b>               | <b>\$ 5,520,553</b>           | <b>\$ 166,434,934</b>         |
| <b>Liabilities</b>                                                             |                         |                                  |                                    |                               |                               |
| Accounts payable and other liabilities                                         | \$ 2,635,959            | \$ 2,366,143                     | \$ 5,549,044                       | \$ 968,521                    | \$ 11,519,667                 |
| Accrued payroll and related liabilities                                        | 5,250,846               | 3,430                            | -                                  | 136,027                       | 5,390,303                     |
| Due to other funds                                                             | 359,570                 | -                                | -                                  | 1,795,292                     | 2,154,862                     |
| Due to other governments                                                       | 1,944,933               | -                                | -                                  | 50,386                        | 1,995,319                     |
| Deposits payable from restricted assets                                        | 92,066                  | -                                | -                                  | -                             | 92,066                        |
| <b>Total liabilities</b>                                                       | <b>10,283,374</b>       | <b>2,369,573</b>                 | <b>5,549,044</b>                   | <b>2,950,226</b>              | <b>21,152,217</b>             |
| <b>Deferred Inflows of Resources</b>                                           |                         |                                  |                                    |                               |                               |
| Unavailable/unearned revenue                                                   | 13,581,444              | -                                | -                                  | 204,249                       | 13,785,693                    |
| <b>Total deferred inflows of resources</b>                                     | <b>13,581,444</b>       | <b>-</b>                         | <b>-</b>                           | <b>204,249</b>                | <b>13,785,693</b>             |
| <b>Fund Balances</b>                                                           |                         |                                  |                                    |                               |                               |
| Nonspendable                                                                   | -                       | 350,000                          | -                                  | -                             | 350,000                       |
| Restricted                                                                     | -                       | 7,292,892                        | -                                  | 2,190,749                     | 9,483,641                     |
| Committed                                                                      | 14,803,075              | 32,663,029                       | 35,813,975                         | 125,384                       | 83,405,463                    |
| Assigned                                                                       | 6,118,051               | -                                | -                                  | 100,012                       | 6,218,063                     |
| Unassigned                                                                     | 32,089,924              | -                                | -                                  | (50,067)                      | 32,039,857                    |
| <b>Total fund balances</b>                                                     | <b>53,011,050</b>       | <b>40,305,921</b>                | <b>35,813,975</b>                  | <b>2,366,078</b>              | <b>131,497,024</b>            |
| <b>Total liabilities, deferred inflows of resources,<br/>and fund balances</b> | <b>\$ 76,875,868</b>    | <b>\$ 42,675,494</b>             | <b>\$ 41,363,019</b>               | <b>\$ 5,520,553</b>           | <b>\$ 166,434,934</b>         |

**Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2015**

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

|                                                                                                                                                                                                                                              |                     |                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------|
| Ending fund balance - governmental funds                                                                                                                                                                                                     |                     | \$ 131,497,024        |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                                                                                                                    |                     | 318,403,661           |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.                                                                                                                   |                     | 4,956,247             |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.                                                                                                               |                     | 1,580,000             |
| Deferred outflow of resources used to reflect deferred losses on debt refunding bonds are not reported in the governmental funds.                                                                                                            |                     | 3,486,449             |
| Certain receivables are not available to pay for current-period expenditures and, therefore, are not reported in the funds.                                                                                                                  |                     | 5,078,279             |
| Internal service fund activity that has been allocated to the user departments.                                                                                                                                                              |                     | 4,095,190             |
| Internal service fund is used by management to charge the costs of vehicle maintenance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position. |                     | 11,006,133            |
| Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.                                                                                                             |                     |                       |
| Deferred outflows of resources for employer contributions                                                                                                                                                                                    | 9,451,376           |                       |
| Deferred inflows of resources for the net difference between projected and actual investment earnings on pension plan investments                                                                                                            | (12,916,321)        |                       |
| Net pension liability                                                                                                                                                                                                                        | <u>(87,203,487)</u> | (90,668,432)          |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds. Long term liabilities at year end consist of:                                                    |                     |                       |
| Bonds payable                                                                                                                                                                                                                                | (193,167,087)       |                       |
| Accrued interest payable                                                                                                                                                                                                                     | (1,336,931)         |                       |
| Notes payable                                                                                                                                                                                                                                | (1,580,000)         |                       |
| Compensated absences                                                                                                                                                                                                                         | (4,107,392)         |                       |
| Workers' compensation                                                                                                                                                                                                                        | (2,163,807)         |                       |
| Other post-employment benefits obligation                                                                                                                                                                                                    | <u>(5,034,287)</u>  | (207,389,504)         |
| Net position of governmental activities                                                                                                                                                                                                      |                     | <u>\$ 182,045,047</u> |



**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

|                                                          | <u>General</u>       | <u>City Capital<br/>Projects</u> | <u>School Capital<br/>Projects</u> | <u>Other<br/>Governmental</u> | <u>Total<br/>Governmental</u> |
|----------------------------------------------------------|----------------------|----------------------------------|------------------------------------|-------------------------------|-------------------------------|
| <b>Revenues</b>                                          |                      |                                  |                                    |                               |                               |
| Taxes                                                    | \$ 127,770,651       | \$ -                             | \$ -                               | \$ -                          | \$ 127,770,651                |
| Regulatory licenses, permits, and privilege fees         | 1,000,222            | -                                | -                                  | -                             | 1,000,222                     |
| Intergovernmental                                        | 34,604,123           | 4,954,725                        | -                                  | 10,315,825                    | 49,874,673                    |
| Fines and forfeitures                                    | 637,417              | -                                | -                                  | -                             | 637,417                       |
| Revenue from use of money and property                   | 697,756              | 19,979                           | 73,681                             | 28,584                        | 820,000                       |
| Charges for services                                     | 10,750,591           | -                                | -                                  | 3,614,866                     | 14,365,457                    |
| Miscellaneous                                            | 1,154,870            | 1,224,081                        | -                                  | 428,366                       | 2,807,317                     |
| <b>Total revenues</b>                                    | <u>176,615,630</u>   | <u>6,198,785</u>                 | <u>73,681</u>                      | <u>14,387,641</u>             | <u>197,275,737</u>            |
| <b>Expenditures</b>                                      |                      |                                  |                                    |                               |                               |
| Current operating expenditures:                          |                      |                                  |                                    |                               |                               |
| General government                                       | 16,298,894           | -                                | -                                  | 3,956                         | 16,302,850                    |
| Judicial                                                 | 4,696,403            | -                                | -                                  | 1,020,677                     | 5,717,080                     |
| Public safety                                            | 44,421,121           | -                                | -                                  | 4,662,646                     | 49,083,767                    |
| Public works                                             | 14,600,543           | 3,626,389                        | -                                  | 41,751                        | 18,268,683                    |
| Health and human services                                | 19,825,954           | -                                | -                                  | 7,617,804                     | 27,443,758                    |
| Cultural and recreational                                | 8,558,412            | 141,089                          | -                                  | -                             | 8,699,501                     |
| Community development                                    | 4,819,261            | 365,535                          | -                                  | 1,496,640                     | 6,681,436                     |
| Education                                                | 36,389,604           | -                                | 1,137,354                          | -                             | 37,526,958                    |
| Capital outlay:                                          |                      |                                  |                                    |                               |                               |
| Capital general government                               | -                    | 17,623,819                       | 35,304,874                         | 50,216                        | 52,978,909                    |
| Debt service:                                            |                      |                                  |                                    |                               |                               |
| Principal retirements                                    | 9,959,146            | -                                | -                                  | 337,726                       | 10,296,872                    |
| Interest payments and other fiscal charges               | 7,276,813            | -                                | -                                  | 158,997                       | 7,435,810                     |
| Issuance costs                                           | 443,933              | 104,778                          | 315,268                            | 11,430                        | 875,409                       |
| <b>Total expenditures</b>                                | <u>167,290,084</u>   | <u>21,861,610</u>                | <u>36,757,496</u>                  | <u>15,401,843</u>             | <u>241,311,033</u>            |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>9,325,546</u>     | <u>(15,662,825)</u>              | <u>(36,683,815)</u>                | <u>(1,014,202)</u>            | <u>(44,035,296)</u>           |
| <b>Other financing sources (uses)</b>                    |                      |                                  |                                    |                               |                               |
| Issuance of bonds                                        | 412,470              | 20,662,051                       | 62,150,479                         | -                             | 83,225,000                    |
| Premium on debt proceeds                                 | -                    | 2,468,942                        | 5,323,504                          | -                             | 7,792,446                     |
| Issuance of refunding bonds                              | 22,823,100           | -                                | -                                  | 469,875                       | 23,292,975                    |
| Payments to escrow agent                                 | (22,647,772)         | -                                | -                                  | (467,064)                     | (23,114,836)                  |
| Transfers in                                             | 325,036              | 6,930,260                        | 4,088,287                          | 262,807                       | 11,606,390                    |
| Transfers out                                            | (11,373,362)         | (249,861)                        | (75,000)                           | (4,767)                       | (11,702,990)                  |
| <b>Total other financing sources (uses)</b>              | <u>(10,460,528)</u>  | <u>29,811,392</u>                | <u>71,487,270</u>                  | <u>260,851</u>                | <u>91,098,985</u>             |
| <b>Net changes in fund balances</b>                      | <u>(1,134,982)</u>   | <u>14,148,567</u>                | <u>34,803,455</u>                  | <u>(753,351)</u>              | <u>47,063,689</u>             |
| <b>Fund balances - beginning</b>                         | <u>54,146,032</u>    | <u>26,157,354</u>                | <u>1,010,520</u>                   | <u>3,119,429</u>              | <u>84,433,335</u>             |
| <b>Fund balances - ending</b>                            | <u>\$ 53,011,050</u> | <u>\$ 40,305,921</u>             | <u>\$ 35,813,975</u>               | <u>\$ 2,366,078</u>           | <u>\$ 131,497,024</u>         |

**Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balance to the Statement of Activities  
For the Year Ended June 30, 2015**

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

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                    |                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------|
| Net change in fund balances - total governmental funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                    | \$ 47,063,689              |
| 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                    | 53,408,143                 |
| Depreciation expense                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                    | (16,328,808)               |
| The net effect of various transactions involving capital assets (donations and loss on disposition of assets) do not provide or use current financial resources and are not reported as revenues or expenditures in the governmental funds.                                                                                                                                                                                                                                                                                                                                                                      |                    |                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                    | (4,583)                    |
| 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.                                                                                                                                                                                                                                                                                                                                                                                        |                    |                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                    | 195,208                    |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                    |                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                    | (626,593)                  |
| Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.                                                                                                                                                                                                                                                                                                                                                                                              |                    |                            |
| Employer pension contributions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 9,451,376          |                            |
| Pension expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <u>(6,924,246)</u> |                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                    | 2,527,130                  |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts. |                    |                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                    | (79,886,203)               |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                              |                    |                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                    | (101,219)                  |
| To eliminate transfers to the internal service fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                    |                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                    | 35,942                     |
| The net loss of certain activities of the internal service fund is reported with governmental activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                    |                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                    | <u>230,370</u>             |
| Change in net position of governmental activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                    | <u><u>\$ 6,513,076</u></u> |

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2015**

|                                                          | Budgeted Amounts     |                      | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------------------|----------------------|----------------------|----------------------|---------------------------------------------------------|
|                                                          | Original             | Final                |                      |                                                         |
| <b>Revenues</b>                                          |                      |                      |                      |                                                         |
| Taxes                                                    | \$ 122,545,506       | \$ 122,471,794       | \$ 127,770,651       | \$ 5,298,857                                            |
| Regulatory licenses, permits, and privilege fees         | 931,150              | 931,150              | 1,000,222            | 69,072                                                  |
| Intergovernmental                                        | 33,643,560           | 34,798,052           | 34,604,123           | (193,929)                                               |
| Fines and forfeitures                                    | 586,000              | 586,000              | 637,417              | 51,417                                                  |
| Revenue from use of money and property                   | 550,864              | 616,681              | 692,710              | 76,029                                                  |
| Charges for services                                     | 10,784,505           | 10,788,505           | 10,750,591           | (37,914)                                                |
| Miscellaneous                                            | 453,700              | 446,450              | 1,137,926            | 691,476                                                 |
| <b>Total revenues</b>                                    | <u>169,495,285</u>   | <u>170,638,632</u>   | <u>176,593,640</u>   | <u>5,955,008</u>                                        |
| <b>Expenditures</b>                                      |                      |                      |                      |                                                         |
| Current operating expenditures:                          |                      |                      |                      |                                                         |
| General government                                       | 19,417,881           | 17,134,878           | 15,744,530           | 1,390,348                                               |
| Judicial                                                 | 4,778,402            | 4,893,419            | 4,696,403            | 197,016                                                 |
| Public safety                                            | 42,744,629           | 44,790,400           | 44,421,121           | 369,279                                                 |
| Public works                                             | 13,562,269           | 14,615,965           | 14,600,543           | 15,422                                                  |
| Health and human services                                | 18,977,903           | 20,427,690           | 19,825,954           | 601,736                                                 |
| Cultural and recreational                                | 7,916,294            | 8,609,812            | 8,558,412            | 51,400                                                  |
| Community development                                    | 4,449,458            | 4,716,902            | 4,819,261            | (102,359)                                               |
| Education                                                | 38,994,016           | 39,976,016           | 36,389,604           | 3,586,412                                               |
| Debt service:                                            |                      |                      |                      |                                                         |
| Principal retirements                                    | 10,387,997           | 10,714,468           | 9,959,146            | 755,322                                                 |
| Interest payments and other fiscal charges               | 7,771,293            | 7,443,722            | 7,276,813            | 166,909                                                 |
| Issuance costs                                           | -                    | 471,638              | 443,933              | 27,705                                                  |
| <b>Total expenditures</b>                                | <u>169,000,142</u>   | <u>173,794,910</u>   | <u>166,735,720</u>   | <u>7,059,190</u>                                        |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>495,143</u>       | <u>(3,156,278)</u>   | <u>9,857,920</u>     | <u>13,014,198</u>                                       |
| <b>Other financing sources (uses)</b>                    |                      |                      |                      |                                                         |
| Issuance of bonds                                        | -                    | 412,470              | 412,470              | -                                                       |
| Issuance of refunding bonds                              | -                    | 22,823,100           | 22,823,100           | -                                                       |
| Payments to escrow agent                                 | -                    | (22,647,772)         | (22,647,772)         | -                                                       |
| Transfers in                                             | -                    | 324,861              | 325,036              | 175                                                     |
| Transfers out                                            | (8,292,510)          | (13,199,917)         | (12,043,701)         | 1,156,216                                               |
| <b>Total other financing sources (uses)</b>              | <u>(8,292,510)</u>   | <u>(12,287,258)</u>  | <u>(11,130,867)</u>  | <u>1,156,391</u>                                        |
| <b>Net changes in fund balances</b>                      | <u>(7,797,367)</u>   | <u>(15,443,536)</u>  | <u>(1,272,947)</u>   | <u>14,170,589</u>                                       |
| <b>Fund balances - beginning</b>                         | <u>51,292,745</u>    | <u>51,292,745</u>    | <u>51,292,745</u>    | <u>-</u>                                                |
| <b>Fund balances - ending</b>                            | <u>\$ 43,495,378</u> | <u>\$ 35,849,209</u> | <u>\$ 50,019,798</u> | <u>\$ 14,170,589</u>                                    |

**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

|                                                                                                                                    | Enterprise Funds |                |              |               |                | Internal Service |
|------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|--------------|---------------|----------------|------------------|
|                                                                                                                                    | Water            | Sewer          | Stormwater   | Airport       | Total          |                  |
| <b>Assets</b>                                                                                                                      |                  |                |              |               |                |                  |
| Current assets:                                                                                                                    |                  |                |              |               |                |                  |
| Cash and cash equivalents                                                                                                          | \$ 5,934,419     | \$ 7,769,595   | \$ 1,958,921 | \$ 1,936,326  | \$ 17,599,261  | \$ 1,507,655     |
| Investments                                                                                                                        | 4,948,577        | 2,274,209      | -            | -             | 7,222,786      | 1,249,678        |
| Receivables, net of allowance:                                                                                                     | 1,476,759        | 2,790,506      | 439,813      | 92,747        | 4,799,825      | 41,050           |
| Due from other funds                                                                                                               | 16,374           | 8,187          | -            | -             | 24,561         | 4,093            |
| Due from other governments                                                                                                         | 7,679            | 93,447         | -            | 683,408       | 784,534        | -                |
| Inventory                                                                                                                          | 432,120          | -              | -            | -             | 432,120        | 59,096           |
| Restricted assets:                                                                                                                 |                  |                |              |               |                |                  |
| Due from members - Regional Sewage Treatment Plant                                                                                 | -                | 475,878        | -            | -             | 475,878        | -                |
| Total current assets                                                                                                               | 12,815,928       | 13,411,822     | 2,398,734    | 2,712,481     | 31,338,965     | 2,861,572        |
| Noncurrent assets:                                                                                                                 |                  |                |              |               |                |                  |
| Due from other governments                                                                                                         | -                | 567,276        | -            | -             | 567,276        | -                |
| Restricted assets:                                                                                                                 |                  |                |              |               |                |                  |
| Due from members - Regional Sewage Treatment Plant                                                                                 | -                | 4,230,325      | -            | -             | 4,230,325      | -                |
| Cash and cash equivalents                                                                                                          | 4,362,704        | 5,359,832      | -            | 7,231         | 9,729,767      | -                |
| Capital assets, net of accumulated depreciation:                                                                                   | 70,813,140       | 264,305,660    | 2,002,495    | 36,628,372    | 373,749,667    | 14,120,942       |
| Total noncurrent assets                                                                                                            | 75,175,844       | 274,463,093    | 2,002,495    | 36,635,603    | 388,277,035    | 14,120,942       |
| <b>Total assets</b>                                                                                                                | 87,991,772       | 287,874,915    | 4,401,229    | 39,348,084    | 419,616,000    | 16,982,514       |
| <b>Deferred Outflows of Resources</b>                                                                                              |                  |                |              |               |                |                  |
| Deferred charge on refunding                                                                                                       | 814,159          | 907,656        | -            | 50,895        | 1,772,710      | 138,164          |
| Pension contributions subsequent to measurement date                                                                               | 609,779          | 394,350        | 53,410       | 121,513       | 1,179,052      | 98,074           |
| <b>Total deferred outflows of resources</b>                                                                                        | 1,423,938        | 1,302,006      | 53,410       | 172,408       | 2,951,762      | 236,238          |
| <b>Liabilities</b>                                                                                                                 |                  |                |              |               |                |                  |
| Current liabilities:                                                                                                               |                  |                |              |               |                |                  |
| Accounts payable and other liabilities                                                                                             | 886,854          | 1,026,493      | 101,150      | 240,919       | 2,255,416      | 606,967          |
| Accrued payroll and related liabilities                                                                                            | 214,972          | 124,768        | 14,077       | 48,289        | 402,106        | 28,300           |
| Accrued interest payable                                                                                                           | 605,534          | 266,017        | -            | 4,729         | 876,280        | 26,052           |
| Due to other governments                                                                                                           | 111              | -              | -            | -             | 111            | -                |
| Current portion of general obligation bonds                                                                                        | 2,219,134        | 1,990,110      | -            | 109,652       | 4,318,896      | 318,507          |
| Current portion of public utility revenue bonds                                                                                    | -                | 6,238,058      | -            | -             | 6,238,058      | -                |
| Total current liabilities                                                                                                          | 3,926,605        | 9,645,446      | 115,227      | 403,589       | 14,090,867     | 979,826          |
| Noncurrent liabilities:                                                                                                            |                  |                |              |               |                |                  |
| Deposits payable from restricted assets                                                                                            | 804,349          | -              | -            | -             | 804,349        | -                |
| Self insurance claims                                                                                                              | 123,081          | -              | -            | 1,187         | 124,268        | -                |
| Compensated absences                                                                                                               | 270,730          | 142,843        | 6,137        | 49,655        | 469,365        | 34,116           |
| Other post-employment benefits obligation                                                                                          | 243,238          | 148,610        | 3,429        | 105,406       | 500,683        | 42,931           |
| Net pension liability                                                                                                              | 5,626,147        | 3,638,490      | 492,791      | 1,121,142     | 10,878,570     | 904,888          |
| General obligation bonds                                                                                                           | 44,346,213       | 24,024,992     | -            | 595,685       | 68,966,890     | 4,116,829        |
| Public utility revenue bonds                                                                                                       | -                | 104,998,048    | -            | -             | 104,998,048    | -                |
| Total noncurrent liabilities                                                                                                       | 51,413,758       | 132,952,983    | 502,357      | 1,873,075     | 186,742,173    | 5,098,764        |
| <b>Total liabilities</b>                                                                                                           | 55,340,363       | 142,598,429    | 617,584      | 2,276,664     | 200,833,040    | 6,078,590        |
| <b>Deferred Inflows of Resources</b>                                                                                               |                  |                |              |               |                |                  |
| Net difference between projected and actual investment earnings on pension plan investments (Note 11)                              | 833,328          | 538,922        | 72,991       | 166,060       | 1,611,301      | 134,029          |
| <b>Total deferred outflows of resources</b>                                                                                        | 833,328          | 538,922        | 72,991       | 166,060       | 1,611,301      | 134,029          |
| <b>Net Position</b>                                                                                                                |                  |                |              |               |                |                  |
| Net investment in capital assets                                                                                                   | 28,620,307       | 138,595,419    | 2,002,495    | 35,973,930    | 205,192,151    | 9,823,770        |
| Restricted for:                                                                                                                    |                  |                |              |               |                |                  |
| Grants and other purposes                                                                                                          | -                | -              | -            | 7,231         | 7,231          | -                |
| Unrestricted                                                                                                                       | 4,621,712        | 7,444,151      | 1,761,569    | 1,096,607     | 14,924,039     | 1,182,363        |
| <b>Total net position</b>                                                                                                          | \$ 33,242,019    | \$ 146,039,570 | \$ 3,764,064 | \$ 37,077,768 | 220,123,421    | \$ 11,006,133    |
| <b>Reconciliation with business-type activities in the Statement of Net Position:</b>                                              |                  |                |              |               |                |                  |
| Internal service fund activity is eliminated for the Statement of Activities, with residual activity allocated to user departments |                  |                |              |               | (4,095,190)    |                  |
| <b>Total net position of business-type activities</b>                                                                              |                  |                |              |               | \$ 216,028,231 |                  |

**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

|                                                                                                                                    | <b>Enterprise Funds</b> |                       |                     |                      |                       |                         |
|------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------|---------------------|----------------------|-----------------------|-------------------------|
|                                                                                                                                    | <b>Water</b>            | <b>Sewer</b>          | <b>Stormwater</b>   | <b>Airport</b>       | <b>Total</b>          | <b>Internal Service</b> |
| <b>Operating revenues</b>                                                                                                          |                         |                       |                     |                      |                       |                         |
| Charges for services and other operating revenues                                                                                  | \$ 14,703,923           | \$ 20,216,758         | \$ 3,268,776        | \$ 2,254,531         | \$ 40,443,988         | \$ 5,143,160            |
| Intergovernmental                                                                                                                  | -                       | -                     | 275,000             | 142,601              | 417,601               | -                       |
| <b>Total operating revenues</b>                                                                                                    | <u>14,703,923</u>       | <u>20,216,758</u>     | <u>3,543,776</u>    | <u>2,397,132</u>     | <u>40,861,589</u>     | <u>5,143,160</u>        |
| <b>Operating expenses</b>                                                                                                          |                         |                       |                     |                      |                       |                         |
| Personal services and benefits                                                                                                     | 4,350,457               | 2,944,024             | 362,502             | 1,006,709            | 8,663,692             | 700,516                 |
| Operation and maintenance                                                                                                          | 1,550,252               | 2,697,307             | 306,678             | 1,166,823            | 5,721,060             | 2,008,192               |
| Supplies and materials                                                                                                             | 1,210,601               | 1,336,709             | 104,029             | 12,803               | 2,664,142             | 95,465                  |
| Administration                                                                                                                     | 1,462,335               | 2,573,784             | 1,227,229           | 239,614              | 5,502,962             | 3,092                   |
| Other charges                                                                                                                      | 77,950                  | 66,946                | 11,916              | 24,384               | 181,196               | 21,515                  |
| Depreciation                                                                                                                       | 2,852,246               | 7,584,388             | 33,662              | 2,115,435            | 12,585,731            | 2,378,928               |
| <b>Total operating expenses</b>                                                                                                    | <u>11,503,841</u>       | <u>17,203,158</u>     | <u>2,046,016</u>    | <u>4,565,768</u>     | <u>35,318,783</u>     | <u>5,207,708</u>        |
| <b>Operating income (loss)</b>                                                                                                     | <u>3,200,082</u>        | <u>3,013,600</u>      | <u>1,497,760</u>    | <u>(2,168,636)</u>   | <u>5,542,806</u>      | <u>(64,548)</u>         |
| <b>Nonoperating revenues (expenses)</b>                                                                                            |                         |                       |                     |                      |                       |                         |
| Interest income                                                                                                                    | 21,514                  | 73,142                | -                   | 2,254                | 96,910                | 2,431                   |
| Miscellaneous                                                                                                                      | 2,781                   | 10,400                | 61                  | 9,724                | 22,966                | 20,843                  |
| Gain on disposition of assets                                                                                                      | 9,219                   | 606                   | -                   | -                    | 9,825                 | 318,485                 |
| Interest on long-term debt                                                                                                         | (1,678,042)             | (1,086,336)           | -                   | (8,061)              | (2,772,439)           | (116,808)               |
| IRS interest subsidy - Build America Bonds                                                                                         | 233,357                 | 42,621                | -                   | -                    | 275,978               | -                       |
| <b>Total nonoperating revenues (expenses)</b>                                                                                      | <u>(1,411,171)</u>      | <u>(959,567)</u>      | <u>61</u>           | <u>3,917</u>         | <u>(2,366,760)</u>    | <u>224,951</u>          |
| <b>Income (loss) before contributions and transfers</b>                                                                            | <u>1,788,911</u>        | <u>2,054,033</u>      | <u>1,497,821</u>    | <u>(2,164,719)</u>   | <u>3,176,046</u>      | <u>160,403</u>          |
| Capital contributions                                                                                                              | 5,000                   | 3,207,248             | -                   | 3,065,217            | 6,277,465             | -                       |
| Passenger facility charges                                                                                                         | -                       | -                     | -                   | 323,963              | 323,963               | -                       |
| Transfers in                                                                                                                       | -                       | 126,734               | -                   | 96,600               | 223,334               | 35,942                  |
| Transfers out                                                                                                                      | -                       | -                     | (162,676)           | -                    | (162,676)             | -                       |
| <b>Change in net position</b>                                                                                                      | <u>1,793,911</u>        | <u>5,388,015</u>      | <u>1,335,145</u>    | <u>1,321,061</u>     | <u>9,838,132</u>      | <u>196,345</u>          |
| <b>Total net position - beginning, as restated (Note 18)</b>                                                                       | <u>31,448,108</u>       | <u>140,651,555</u>    | <u>2,428,919</u>    | <u>35,756,707</u>    | <u>210,285,289</u>    | <u>10,809,788</u>       |
| <b>Total net position - ending</b>                                                                                                 | <u>\$ 33,242,019</u>    | <u>\$ 146,039,570</u> | <u>\$ 3,764,064</u> | <u>\$ 37,077,768</u> | <u>\$ 220,123,421</u> | <u>\$ 11,006,133</u>    |
| <b>Reconciliation with business-type activities in the Statement of Activities:</b>                                                |                         |                       |                     |                      |                       |                         |
| Change in net position - enterprise funds reported in this statement                                                               |                         |                       |                     |                      | 9,838,132             |                         |
| Internal service fund activity is eliminated for the Statement of Activities, with residual activity allocated to user departments |                         |                       |                     |                      | <u>(69,967)</u>       |                         |
| <b>Change in net assets of business-type activities:</b>                                                                           |                         |                       |                     |                      | <u>\$ 9,768,165</u>   |                         |

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015

|                                                                       | Enterprise Funds   |                    |                    |                  |                    | Internal<br>Service |
|-----------------------------------------------------------------------|--------------------|--------------------|--------------------|------------------|--------------------|---------------------|
|                                                                       | Water              | Sewer              | Stormwater         | Airport          | Total              |                     |
| <b>Operating activities</b>                                           |                    |                    |                    |                  |                    |                     |
| Cash received from operations                                         | \$ 14,899,146      | \$ 20,411,711      | \$ 3,550,975       | \$ 2,386,015     | \$ 41,247,847      | \$ 5,143,160        |
| Cash paid to employees                                                | (4,370,195)        | (3,020,948)        | (379,491)          | (1,018,884)      | (8,789,518)        | (714,929)           |
| Cash paid to suppliers                                                | (4,402,964)        | (6,676,930)        | (1,628,124)        | (1,413,120)      | (14,121,138)       | (2,102,840)         |
| <b>Net cash provided by (used in) operating activities</b>            | <b>6,125,987</b>   | <b>10,713,833</b>  | <b>1,543,360</b>   | <b>(45,989)</b>  | <b>18,337,191</b>  | <b>2,325,391</b>    |
| <b>Noncapital financing activities</b>                                |                    |                    |                    |                  |                    |                     |
| Transfers in                                                          | -                  | 126,734            | -                  | 96,600           | 223,334            | 35,942              |
| Transfers out                                                         | -                  | -                  | (162,676)          | -                | (162,676)          | -                   |
| <b>Net cash provided by (used in) noncapital financing activities</b> | <b>-</b>           | <b>126,734</b>     | <b>(162,676)</b>   | <b>96,600</b>    | <b>60,658</b>      | <b>35,942</b>       |
| <b>Capital and related financing activities</b>                       |                    |                    |                    |                  |                    |                     |
| Proceeds from issuance of long-term debt:                             |                    |                    |                    |                  |                    |                     |
| General obligation bonds                                              | 14,337,709         | 5,801,506          | -                  | -                | 20,139,215         | -                   |
| Proceeds from bond refunding                                          | 1,946,625          | 2,268,825          | -                  | 545,513          | 4,760,963          | 1,321,839           |
| Escrow payments to refunding trust                                    | (1,934,978)        | (2,255,250)        | -                  | (542,979)        | (4,733,207)        | (1,316,187)         |
| Payment of long-term debt:                                            |                    |                    |                    |                  |                    |                     |
| General obligation bonds                                              | (2,148,818)        | (1,962,544)        | -                  | (156,948)        | (4,268,310)        | (317,356)           |
| Revenue bonds                                                         | -                  | (6,034,143)        | -                  | -                | (6,034,143)        | -                   |
| Bond anticipation notes                                               | (7,158,894)        | -                  | -                  | -                | (7,158,894)        | -                   |
| Drawdowns of public utility revenue bonds - revolving loan funds      | -                  | 327,075            | -                  | -                | 327,075            | -                   |
| Payment of interest on long-term debt                                 | (2,249,430)        | (1,268,650)        | -                  | (34,337)         | (3,552,417)        | (167,387)           |
| Capital contributions received                                        | -                  | 2,780,310          | -                  | 3,421,025        | 6,201,335          | -                   |
| Passenger facility charges collected                                  | -                  | -                  | -                  | 323,963          | 323,963            | -                   |
| Proceeds from sale of capital assets                                  | 9,219              | 606                | -                  | -                | 9,825              | 318,485             |
| Additions to capital assets                                           | (3,984,107)        | (5,831,380)        | (1,434,667)        | (4,250,779)      | (15,500,933)       | (2,940,802)         |
| Proceeds from other governments                                       | 5,000              | 1,015,339          | -                  | 9,724            | 1,030,063          | 38,543              |
| Payments from (to) other organizations                                | (2,528)            | (29,286)           | 61                 | -                | (31,753)           | -                   |
| <b>Net cash used in capital and related financing activities</b>      | <b>(1,180,202)</b> | <b>(5,187,592)</b> | <b>(1,434,606)</b> | <b>(684,818)</b> | <b>(8,487,218)</b> | <b>(3,062,865)</b>  |
| <b>Investing activities</b>                                           |                    |                    |                    |                  |                    |                     |
| Net sales (purchase) of investments                                   | (156,992)          | (590,754)          | -                  | -                | (747,746)          | 809,819             |
| Interest income received                                              | 254,871            | 115,763            | -                  | 2,254            | 372,888            | 2,431               |
| <b>Net cash provided by (used in) investing activities</b>            | <b>97,879</b>      | <b>(474,991)</b>   | <b>-</b>           | <b>2,254</b>     | <b>(374,858)</b>   | <b>812,250</b>      |
| <b>Net increase (decrease) in cash and cash equivalents</b>           | <b>5,043,664</b>   | <b>5,177,984</b>   | <b>(53,922)</b>    | <b>(631,953)</b> | <b>9,535,773</b>   | <b>110,718</b>      |
| <b>Cash and cash equivalents</b>                                      |                    |                    |                    |                  |                    |                     |
| Beginning                                                             | 5,253,459          | 7,951,443          | 2,012,843          | 2,575,510        | 17,793,255         | 1,396,937           |
| Ending                                                                | \$ 10,297,123      | \$ 13,129,427      | \$ 1,958,921       | \$ 1,943,557     | \$ 27,329,028      | \$ 1,507,655        |
| <b>Reconciliation to Statement of Net Position</b>                    |                    |                    |                    |                  |                    |                     |
| Current Assets                                                        | \$ 5,934,419       | \$ 7,769,595       | \$ 1,958,921       | \$ 1,936,326     | \$ 17,599,261      | \$ 1,507,655        |
| Restricted Assets                                                     | 4,362,704          | 5,359,832          | -                  | 7,231            | 9,729,767          | -                   |
|                                                                       | \$ 10,297,123      | \$ 13,129,427      | \$ 1,958,921       | \$ 1,943,557     | \$ 27,329,028      | \$ 1,507,655        |

(Continued)

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015

|                                                                                                          | Enterprise Funds    |                      |                     |                    |                      | Internal<br>Service |
|----------------------------------------------------------------------------------------------------------|---------------------|----------------------|---------------------|--------------------|----------------------|---------------------|
|                                                                                                          | Water               | Sewer                | Stormwater          | Airport            | Total                |                     |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>  |                     |                      |                     |                    |                      |                     |
| Operating income (loss)                                                                                  | \$ 3,200,082        | \$ 3,013,600         | \$ 1,497,760        | \$ (2,168,636)     | \$ 5,542,806         | \$ (64,548)         |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                     |                      |                     |                    |                      |                     |
| Depreciation                                                                                             | 2,852,246           | 7,584,388            | 33,662              | 2,115,435          | 12,585,731           | 2,378,928           |
| Pension expense net of employer contributions                                                            | (163,045)           | (105,442)            | (14,282)            | (32,493)           | (315,262)            | (26,222)            |
| Changes in assets and liabilities:                                                                       |                     |                      |                     |                    |                      |                     |
| Decrease (increase) in accounts receivable                                                               | 163,335             | 194,953              | 7,199               | (11,117)           | 354,370              | -                   |
| Decrease in due from other funds                                                                         | -                   | 58,171               | 6,514               | 12,925             | 77,610               | 16,681              |
| Decrease (increase) in inventory                                                                         | (50,979)            | -                    | -                   | -                  | (50,979)             | 18,424              |
| Increase (decrease) in accounts payable                                                                  | (50,847)            | (2,184)              | 21,729              | 30,506             | (796)                | 6,999               |
| Increase (decrease) in accrued expenses                                                                  | 61,037              | (29,653)             | (9,222)             | 7,391              | 29,553               | (4,871)             |
| Increase in due to other funds                                                                           | 82,270              | -                    | -                   | -                  | 82,270               | -                   |
| Increase in deposits payable                                                                             | 31,888              | -                    | -                   | -                  | 31,888               | -                   |
| <b>Net cash provided by (used in) operating activities</b>                                               | <u>\$ 6,125,987</u> | <u>\$ 10,713,833</u> | <u>\$ 1,543,360</u> | <u>\$ (45,989)</u> | <u>\$ 18,337,191</u> | <u>\$ 2,325,391</u> |
| <b>Supplemental cash flow information</b>                                                                |                     |                      |                     |                    |                      |                     |
| <b>Non-cash transactions</b>                                                                             |                     |                      |                     |                    |                      |                     |
| Capitalized interest                                                                                     | \$ 374,658          | \$ 5,913             | \$ -                | \$ -               | \$ 380,571           | \$ -                |
| Capital asset additions financed by retainage payable                                                    | \$ 119,457          | \$ 213,281           | \$ -                | \$ 70,000          | \$ 402,738           | \$ -                |
| Capital asset additions financed by accounts payable                                                     | \$ 576,624          | \$ 474,962           | \$ 64,668           | \$ 92,851          | \$ 1,209,105         | \$ 499,589          |
| Undrawn public utility revenue bond proceeds                                                             | \$ -                | \$ 567,276           | \$ -                | \$ -               | \$ 567,276           | \$ -                |
| Amortization of debt related items                                                                       | \$ 203,245          | \$ 178,991           | \$ -                | \$ 18,394          | \$ 400,630           | \$ 27,043           |

**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**June 30, 2015**

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|                           | <u>Special<br/>Welfare</u> |
|---------------------------|----------------------------|
| <b>Assets</b>             |                            |
| Cash and cash equivalents | <u>\$ 123,281</u>          |
| <b>Total assets</b>       | <u><u>\$ 123,281</u></u>   |
| <b>Liabilities</b>        |                            |
| Accounts payable          | \$ 753                     |
| Amounts held for others   | <u>122,528</u>             |
| <b>Total liabilities</b>  | <u><u>\$ 123,281</u></u>   |



## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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

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

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

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

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

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

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

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

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

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

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

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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

##### Blue Ridge Regional Jail Authority: (Continued)

The City sold its existing jail facilities to the Authority during FY1997. A new central jail facility was constructed in Lynchburg and opened in FY2000. It is owned and operated by the Authority. Each Member Jurisdiction pays a per diem charge for each day that one of its prisoners is at any Regional Jail Facility. In accordance with the Service Agreement, the Authority has divided the per diem charge into an operating component and a debt service component. The per diem charge is based on an agreed upon number of prisoner days, and is subject to an adjustment at the end of each fiscal year. During FY2015, the City paid \$5,708,670 to the Authority.

Horizon Behavioral Health (formerly Central Virginia Community Services Board): The City, in conjunction with the counties of Amherst, Appomattox, Bedford, and Campbell participate in Horizon Behavioral Health, the governing Board of which is composed of two members from each of the participating localities. The City appropriated \$457,323 for an operating contribution in FY2015.

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 FY2015, the Regional Commission 2000 received \$1,492,632 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 FY2015, the City paid \$776,277 to the Authority.

Region 2000 Radio Communications Board: During 2012, the Central Virginia Regional Radio Communications Board was dissolved and replaced by the Region 2000 Radio Communications Board (the "Board"). Since the current regional radio system was in need of significant upgrade and replacement before July 1, 2014, the Board was formed in order to manage the project operations and maintenance, including the issuance of debt to finance the upgrades and replacements in an efficient and cost effective manner. The Board consists of representatives from Amherst County, Bedford County, the Town of Bedford, the City of Lynchburg, collectively the "Member Jurisdictions", and Virginia's Region 2000 Local Government Council ("Council"). The Member Jurisdictions and the Council entered into a Cooperative Agreement which requires each Member Jurisdiction to contribute their pro rata share for annual capital costs, operational costs, and any annual deficit. The City's pro rata share is 33.1% effective through July 1, 2013. In accordance with the Cooperative Agreement, the City transferred the title to all 1996 assets to the Council. The Council issued debt of \$13,100,000 in May 2012 to finance the upgrade and replacement of the existing radio system. Each Member Jurisdiction contributes toward the debt service payments made by the Council through their pro rata share of capital costs. The City's pro rata share of capital costs is 30.1%. Should the Council fail to make debt service payments, the Member Jurisdictions have a moral non-binding obligation to pay the debt service. During FY2015, the City paid \$688,369 to the Board. The City's scheduled capital cost payment for FY16 is \$692,034.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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

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

Lynchburg Redevelopment and Housing Authority: Under the *Code of Virginia* (“Code”), the Commonwealth of Virginia (“Commonwealth”) created in each city and county a redevelopment and housing authority which is a separate political subdivision of the Commonwealth. In April 1956, City Council activated the Lynchburg Redevelopment and Housing Authority (the “LRHA”) which owns and operates federal and state-assisted housing projects for low-income families and administers urban development projects. Commissioners of the LRHA are appointed by City Council; however, City Council is not financially accountable for LRHA. During FY2015, the City appropriated \$428,889 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 FY2015, 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.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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

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

##### Governmental Fund Types:

The City reports the following major governmental funds:

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

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

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

The City reports the following non-major governmental funds:

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

##### Proprietary Fund Types:

The City reports the following major proprietary funds:

Enterprise Funds: Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. These funds consist of the Water, Sewer, Stormwater, and Airport Funds.

The Water Fund operates the water distribution system for the City and supplies water to three surrounding counties. The Sewer Fund operates a regional wastewater treatment plant and a combined sewer system. The Sewer Fund also performs cleaning, monitoring, and repairs to the wastewater collection system for the City and provides conveyance and treatment services for three surrounding counties. The Stormwater Fund performs the operations and maintenance of the storm sewer collection system and manages the City's Small Municipal Separate Storm Sewer System [MS4] General Permit requirements that incorporates water quality compliance goals established by Total Maximum Daily Loads [TMDLs] which include the Chesapeake Bay and the James River Basin TMDLs. The Airport Fund accounts for the administration of the Lynchburg Regional Airport.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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

##### Proprietary Fund Types: (Continued)

##### Enterprise Funds: (Continued)

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

Additionally, the City reports the following fund types:

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

##### Fiduciary Fund Types:

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

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

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

#### **C. Measurement Focus and Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both “measurable” and “available.” Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 45 days of the end of the current fiscal period for most non-grant revenues. Reimbursement basis grants are recognized as revenue when all eligibility requirements are met and are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Proprietary fund types utilize the accrual basis of accounting. Revenues are recognized when earned, including unbilled utility receivables, and expenses are recognized when incurred. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds and of the City’s internal service fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

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

- Typically, in early March the City Manager submits to City Council a proposed operating budget for the fiscal year commencing July 1 and ending June 30 of the following year. The operating budget includes proposed expenditures and the means of financing them.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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#### **D. Budgets and Budgetary Accounting (Continued)**

- Council studies the proposed budget at work sessions throughout the months of March and April and holds a public hearing to receive citizens' comments.
- The Council makes final budget decisions and adopts the budget through passage of an appropriations resolution during the month of May. By July 1 the City Manager prepares and distributes the adopted budget.
- The City prepares a five-year Capital Improvement Program (CIP) for the City Capital Projects, School Capital Projects, Water, Sewer, Stormwater, and Airport. The CIP specifies capital improvement or construction projects, which are tentatively identified for funding during the next five years, with the first year of the plan serving as the capital budget. Project budgets are utilized in the capital projects funds. Appropriations for the capital projects funds are continued until completion of applicable projects, even when projects extend for more than one fiscal year, or until repealed.
- Budgets for the General, Water, Sewer, Stormwater, Airport, Capital Projects, and all Special Revenue Funds are prepared in accordance with the City Charter on the modified accrual basis of accounting. Encumbrances are treated as committed and/or assigned fund balance and reappropriated in the next fiscal year. Revenues, expenditures, and transfers related to internal service type functions are included for budget purposes. The budget for the Lynchburg City Schools (School Operating Fund) is prepared on the modified accrual basis of accounting.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total budget amounts and/or appropriations of any fund require an amendment to the budget. The Code of Virginia requires that City Council approve any amendment. If the total of the proposed amendment exceeds one percent of the total budgeted revenue, the proposed amendment must be advertised and a public hearing must be held before City Council can act. After the public hearing, City Council can act on the proposed amendment. The Superintendent of the Schools is authorized to transfer budget amounts within departments; however, any revisions that alter total budget amounts of any department must be approved by the School Board.
- All operating budget appropriations lapse at the end of the fiscal year to the extent that they are not expended or encumbered, with the exception of year-end carry-forward items approved by City Council.
- Prior to the implementation of GASB 54, the City's special revenue funds included the Technology Fund which has a separate legally adopted budget. With the implementation of GASB 54, the Technology Fund is utilized for internal reporting purposes only. For financial statement reporting (GAAP-basis), the Technology Fund is collapsed into the General Fund. For budgetary basis reporting, the Technology Fund is not included with the General Fund.

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

|                                                       | <u>General Fund</u>  |
|-------------------------------------------------------|----------------------|
| Net change in fund balance (non-GAAP budgetary basis) | (\$1,272,947)        |
| Add: Net change in fund balance for Technology Fund   | <u>137,965</u>       |
| Net change in fund balance (GAAP basis)               | <u>(\$1,134,982)</u> |

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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

- **Cash and Cash Equivalents**

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

- **Investments**

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

- **Receivables**

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

|                                                     |    |           |
|-----------------------------------------------------|----|-----------|
| General Fund, property taxes, and other receivables | \$ | 2,207,578 |
| General Fund, ambulance receivables                 | \$ | 2,246,388 |
| Enterprise Funds                                    | \$ | 277,054   |

- **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.



## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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

- **Capital Assets (Continued)**

**Proprietary Funds:** Capital outlays of the proprietary funds are recorded as capital assets on both the fund basis and the government-wide basis. Capital assets are stated at cost or estimated original cost based on independent consultant studies, net of accumulated depreciation. Donated capital assets are recorded at their fair value at the date of receipt.

Repairs and maintenance are charged to expense when incurred. When capital assets are sold or retired, the cost of the assets and the related accumulated depreciation are eliminated and a gain or loss is recognized. The City follows the policy of capitalizing, during the period of construction, the net interest costs on funds borrowed to finance the construction of enterprise funds' capital assets. During FY2015, the enterprise funds incurred interest costs of \$3,153,010 of which \$380,571 was capitalized.

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

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

- **Deferred Outflows / Inflows of Resources**

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

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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

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

In addition to liabilities, the statement of net position and certain governmental funds balance sheets report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has three types of items. One item occurs only under a modified accrual basis of accounting. The item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and other receivables not collected within 45 days of year-end and property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At the government-wide level, the City reports deferred inflows for unearned property taxes which are billed and /or collected but are intended to fund future years. The third is the net difference between projected and actual earnings on pension plan investments. This difference will be recognized in pension expense over a closed five year period.

- **Compensated Absences**

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

- **Arbitrage Rebate Liability**

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

- **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City's and Schools' Retirement Plan and the additions to/deductions from the City's and Schools' Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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

- **Net Position/Fund Equity**

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

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. These committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned fund balance includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Fund Balance may be assigned either through the encumbrance process as a result of normal purchasing activity (which includes the issuance of a purchase order), or by the City Manager or his designee, the Director of Finance, in accordance with the Council adopted fund balance policy.
- Unassigned fund balance is the positive fund balance within the General fund which has not been classified as Restricted, Committed, or Assigned and negative fund balances in other governmental funds.

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

#### **F. Estimates**

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

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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#### Deposits:

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

#### Investments:

##### Investment Policy:

In accordance with the *Code* and other applicable law, including regulations, the City’s Investment Policy (Policy) permits investments in Treasury Securities, agency securities, prime quality commercial paper, certificates of deposit maturing within one year and issued by domestic banks, banker’s acceptances, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements, open-end investments, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer’s Local Government Investment Pool (the Virginia LGIP, a 2a-7 like pool). Pursuant to Sec. 2.1-234.7 of the *Code*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share). The Investment Policy specifies that no investment may have a maturity greater than one year from the date of purchase, unless matched to a specific cash flow.

##### Credit Risk:

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

As of June 30, 31% of the portfolio was invested in “Aaa” rated obligations; 3% was invested in “Aa1” Municipal Obligations; 4% was invested in “Aa2” Municipal Obligations; 6% was invested in “A1” rated Commercial Paper; 1% was invested in “A2” rated Commercial Paper; 2% was invested in “Aa3” rated Commercial Paper; and 53% was invested in an “AAAm” rated LGIP fund. The “Aaa” rated portion of the total portfolio included 2% of obligations guaranteed by the U. S. Government; 23% of Federal Agencies; and 12% 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 31% of the City’s portfolio previously noted as “Aaa” by Moody’s Investors Service. All credit ratings presented in this paragraph are Moody’s or Standard & Poor’s as necessary.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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#### Investments: (Continued)

##### Concentration of Credit Risk:

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

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

| <u>Investment Type</u>   | <u>% of Portfolio</u> |
|--------------------------|-----------------------|
| Municipal Bonds          | 13%                   |
| Federal Home Loan Bank   | 11%                   |
| Federal Farm Credit Bank | 6%                    |
| Commercial Paper         | 9%                    |

##### Interest Rate Risk:

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

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

| <u>Investment Type</u>                 | <u>Fair Value</u>    | <u>Weighted<br/>Average<br/>Maturity*</u> |
|----------------------------------------|----------------------|-------------------------------------------|
| Money Market Funds – LGIP              | \$ 50,458,343        | -                                         |
| U.S. Treasury Bills                    | 499,860              | 170                                       |
| U.S. Treasury Notes                    | 1,854,440            | 306                                       |
| Federal Home Loan Mortgage Corporation | 3,999,690            | 145                                       |
| Federal National Mortgage Association  | 2,214,908            | 162                                       |
| Federal Farm Credit Bank               | 5,304,707            | 167                                       |
| Federal Home Loan Bank                 | 10,621,337           | 205                                       |
| Commercial Paper                       | 8,499,684            | 90                                        |
| Municipal Bonds                        | 11,957,317           | 665                                       |
| Total investments                      | <u>\$ 95,410,286</u> |                                           |
| Portfolio weighted average maturity    |                      | 140                                       |

\* Weighted average maturity in days.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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#### 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<br>Government | School Board<br>Component Unit |
|------------------------------------------|-----------------------|--------------------------------|
| Deposits and investments:                |                       |                                |
| Cash on hand                             | \$ 16,950             | \$ 800                         |
| Deposits                                 | 85,923,461            | 229,376                        |
| Funds held in trust by others            | -                     | 703,175                        |
| Investments                              | 84,486,139            | 10,924,147                     |
|                                          | <u>\$ 170,426,550</u> | <u>\$ 11,857,498</u>           |
| Statement of net position:               |                       |                                |
| Cash and cash equivalents                | \$ 60,829,131         | \$ 11,154,323                  |
| Investments                              | 44,951,945            | -                              |
| Restricted cash and cash equivalents     | 64,522,193            | -                              |
| Fiduciary fund cash and cash equivalents | 123,281               | 703,175                        |
|                                          | <u>\$ 170,426,550</u> | <u>\$ 11,857,498</u>           |

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

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

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

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

Interfund balances at June 30, 2015 were as follows:

|                                              | Interfund<br>Receivables | Interfund<br>Payables |
|----------------------------------------------|--------------------------|-----------------------|
| Major Fund:                                  |                          |                       |
| General                                      | \$ 1,750,225             | \$ 359,570            |
| Non-major Special Revenue Funds:             |                          |                       |
| City Federal/State Aid                       | 263,378                  | 592,331               |
| Community Development Block Grant            | 45,067                   | -                     |
| Comprehensive Services Act                   | 90                       | 968,477               |
| Lynchburg Regional Juvenile Detention Center | 67,448                   | 234,484               |
| Major Proprietary Funds:                     |                          |                       |
| Sewer                                        | 8,187                    | -                     |
| Water                                        | 16,374                   | -                     |
| Internal Service                             | 4,093                    | -                     |
|                                              | <u>\$ 2,154,862</u>      | <u>\$ 2,154,862</u>   |

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

Interfund transfers were as follows:

|                                              | To                   | From                 |
|----------------------------------------------|----------------------|----------------------|
| Major Fund:                                  |                      |                      |
| General                                      | \$ 325,036           | \$ 11,373,362        |
| Non-major Special Revenue Funds:             |                      |                      |
| City Federal/State Aid                       | 262,730              | 175                  |
| Forfeited Assets                             | -                    | 4,592                |
| Lynchburg Regional Juvenile Detention Center | 77                   | -                    |
| Major Fund – Capital Projects                |                      |                      |
| City Capital Projects                        | 6,930,260            | 249,861              |
| School Capital Projects                      | 4,088,287            | 75,000               |
| Major Proprietary Funds:                     |                      |                      |
| Sewer                                        | 126,734              | -                    |
| Stormwater                                   | -                    | 162,676              |
| Airport                                      | 96,600               | -                    |
| Internal Services                            | 35,942               | -                    |
|                                              | <u>\$ 11,865,666</u> | <u>\$ 11,865,666</u> |

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

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## **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<br>Component<br>Units | Due To<br>Primary<br>Government |
|--------------------------------------------|--------------------------------|---------------------------------|
| Primary Government:                        |                                |                                 |
| Major Fund:                                |                                |                                 |
| General Fund                               | \$ 4,031,257                   | \$ -                            |
| Non-major Special Revenue Fund:            |                                |                                 |
| Lynchburg Business Development Centre Fund | 125,000                        | -                               |
|                                            | <u>\$ 4,156,257</u>            | <u>\$ -</u>                     |
| Component Units:                           |                                |                                 |
| Lynchburg City Schools                     | \$ -                           | \$ 3,987,555                    |
| Business Development Centre, Inc.          | -                              | 125,000                         |
| Greater Lynchburg Transit Company          | -                              | 43,702                          |
|                                            | <u>\$ -</u>                    | <u>\$ 4,156,257</u>             |

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

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

|                                            | Primary Government         |                             | Component Units     |                   |
|--------------------------------------------|----------------------------|-----------------------------|---------------------|-------------------|
|                                            | Governmental<br>Activities | Business-type<br>Activities | Schools             | Others            |
| Various federal and state grants           | \$ 6,490,137               | \$ 784,534                  | \$ 5,168,075        | \$ 503,508        |
| Virginia Revolving Loan                    | -                          | 567,276                     | -                   | -                 |
| Members of Regional Sewage Treatment Plant | -                          | 4,706,203                   | -                   | -                 |
|                                            | <u>\$ 6,490,137</u>        | <u>\$ 6,058,013</u>         | <u>\$ 5,168,075</u> | <u>\$ 503,508</u> |

### Due from members of the Regional Sewage Treatment Plant:

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

|                                  |                     |
|----------------------------------|---------------------|
| Amount receivable within 1 year  | \$ 475,878          |
| Amount receivable 2 to 5 years   | 1,740,531           |
| Amount receivable beyond 5 years | 2,489,794           |
|                                  | <u>\$ 4,706,203</u> |

(Continued)



**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements

As of June 30, 2015

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***Note 7. Receivables***

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

|                                 | <u>Taxes</u>         | <u>Accounts</u>     | <u>Other</u>        | <u>Total</u>         |
|---------------------------------|----------------------|---------------------|---------------------|----------------------|
| Major funds:                    |                      |                     |                     |                      |
| General                         | \$ 13,220,772        | \$ 4,685,807        | \$ 1,012,969        | \$ 18,919,548        |
| City Capital Projects           | -                    | -                   | 350,000             | 350,000              |
| Water                           | -                    | 1,476,759           | -                   | 1,476,759            |
| Sewer                           | -                    | 2,790,506           | -                   | 2,790,506            |
| Stormwater                      | -                    | 439,813             | -                   | 439,813              |
| Airport                         | -                    | 92,747              | -                   | 92,747               |
| Internal Service                | -                    | -                   | 41,050              | 41,050               |
| Non-major Governmental<br>Funds | -                    | -                   | 167,821             | 167,821              |
|                                 | <u>\$ 13,220,772</u> | <u>\$ 9,485,632</u> | <u>\$ 1,571,840</u> | <u>\$ 24,278,244</u> |

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## **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<br>Balances | Transfers and<br>Additions | Transfers and<br>Retirements | Ending<br>Balances |
|------------------------------------------------------|-----------------------|----------------------------|------------------------------|--------------------|
| <b><u>Capital assets, not being depreciated:</u></b> |                       |                            |                              |                    |
| Land                                                 | \$ 17,254,874         | \$ 202,818                 | \$ -                         | \$ 17,457,692      |
| Construction in progress                             | 33,553,717            | 53,027,593                 | (23,832,702)                 | 62,748,608         |
| Total capital assets, not being<br>depreciated       | 50,808,591            | 53,230,411                 | (23,832,702)                 | 80,206,300         |
| <b><u>Capital assets, being depreciated:</u></b>     |                       |                            |                              |                    |
| Land improvements                                    | 23,232,697            | 16,447,624                 | (58,800)                     | 39,621,521         |
| Accumulated depreciation                             | (10,197,027)          | (1,355,376)                | 55,300                       | (11,497,103)       |
| Net land improvements                                | 13,035,670            | 15,092,248                 | (3,500)                      | 28,124,418         |
| Buildings and improvements                           | 236,291,153           | 3,043,973                  | (34,234)                     | 239,300,892        |
| Accumulated depreciation                             | (123,831,139)         | (6,998,075)                | 33,151                       | (130,796,063)      |
| Net buildings and improvements                       | 112,460,014           | (3,954,102)                | (1,083)                      | 108,504,829        |
| Infrastructure                                       | 231,888,739           | 3,785,457                  | -                            | 235,674,196        |
| Accumulated depreciation                             | (130,345,981)         | (6,726,932)                | -                            | (137,072,913)      |
| Net infrastructure                                   | 101,542,758           | (2,941,475)                | -                            | 98,601,283         |
| Machinery and equipment                              | 43,847,112            | 6,156,505                  | (2,031,152)                  | 47,972,465         |
| Accumulated depreciation                             | (29,237,692)          | (3,627,352)                | 1,980,352                    | (30,884,692)       |
| Net machinery and equipment                          | 14,609,420            | 2,529,153                  | (50,800)                     | 17,087,773         |
| Total capital assets being depreciated               | 535,259,701           | 29,433,559                 | (2,124,186)                  | 562,569,074        |
| Less: accumulated depreciation                       | (293,611,839)         | (18,707,735)               | 2,068,803                    | (310,250,771)      |
| Total capital assets, being<br>depreciated           | 241,647,862           | 10,725,824                 | (55,383)                     | 252,318,303        |
| Capital assets, net                                  | \$ 292,456,453        | \$ 63,956,235              | \$ (23,888,085)              | \$ 332,524,603     |

There are no assets included above financed by capital leases as of June 30, 2015.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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#### Primary Government: (Continued)

Depreciation was charged to governmental functions as follows:

|                                |               |
|--------------------------------|---------------|
| Governmental activities:       |               |
| General government             | \$ 544,797    |
| Education                      | 5,045,722     |
| Judicial                       | 706,238       |
| Health and human services      | 307,948       |
| Public safety                  | 1,970,968     |
| Public works                   | 8,323,110     |
| Community development          | 187,185       |
| Cultural and recreational      | 1,217,183     |
|                                | <hr/>         |
| Total governmental activities  | 18,303,151    |
|                                | <hr/>         |
| Business-type activities:      |               |
| Water                          | 134,236       |
| Sewer                          | 252,112       |
| Airport                        | 18,236        |
|                                | <hr/>         |
| Total business-type activities | 404,584       |
|                                | <hr/>         |
| Total depreciation             | \$ 18,707,735 |

The Fleet Internal Services Fund, whose assets are reported as a part of the City's governmental assets, purchases vehicles that are used by the City's Enterprise Funds. Depreciation related to those vehicles is allocated to the Enterprise Funds. In prior years, the City Capital Projects fund, on occasion, would construct assets that were used primarily by the Enterprise Funds. Depreciation on these assets is also allocated to the Enterprise Funds. The \$404,584 of business-type depreciation reflected above is the allocation of this depreciation and is not reflected on the business-type activities asset information reported below.

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

### Primary Government: (Continued)

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

| <u>Business-type Activities</u>               | <u>Beginning<br/>Balances</u> | <u>Transfers and<br/>Additions</u> | <u>Transfers and<br/>Retirements</u> | <u>Ending<br/>Balances</u> |
|-----------------------------------------------|-------------------------------|------------------------------------|--------------------------------------|----------------------------|
| <u>Capital assets, not being depreciated:</u> |                               |                                    |                                      |                            |
| Land                                          | \$ 5,061,471                  | \$ -                               | \$ -                                 | \$ 5,061,471               |
| Construction in progress                      | 9,970,487                     | 14,094,405                         | (10,137,616)                         | 13,927,276                 |
| Total capital assets, not being depreciated   | 15,031,958                    | 14,094,405                         | (10,317,616)                         | 18,988,747                 |
| <u>Capital assets, being depreciated:</u>     |                               |                                    |                                      |                            |
| Land improvements                             | 12,419,621                    | 210,748                            | -                                    | 12,630,369                 |
| Accumulated depreciation                      | (11,833,349)                  | (81,734)                           | -                                    | (11,915,083)               |
| Net land improvements                         | 586,272                       | (129,014)                          | -                                    | 715,286                    |
| Buildings and improvements                    | 56,917,264                    | 159,642                            | -                                    | 57,076,906                 |
| Accumulated depreciation                      | (25,487,014)                  | (1,869,860)                        | -                                    | (27,356,874)               |
| Net buildings and improvements                | 31,430,250                    | (1,710,218)                        | -                                    | 29,720,032                 |
| Infrastructure                                | 425,636,979                   | 9,488,975                          | -                                    | 435,125,954                |
| Accumulated depreciation                      | (118,476,265)                 | (9,564,218)                        | -                                    | (128,040,483)              |
| Net infrastructure                            | 307,160,714                   | (75,243)                           | -                                    | 307,085,471                |
| Machinery and equipment                       | 21,034,123                    | 974,142                            | (16,423)                             | 21,991,842                 |
| Accumulated depreciation                      | (8,670,527)                   | (940,040)                          | 16,423                               | (9,594,144)                |
| Net machinery and equipment                   | 12,363,596                    | 34,102                             | -                                    | 12,397,698                 |
| Capitalized interest                          | 6,493,948                     | 380,571                            | -                                    | 6,874,519                  |
| Accumulated depreciation                      | (1,902,207)                   | (129,879)                          | -                                    | (2,032,086)                |
| Net capitalized interest                      | 4,591,741                     | 250,692                            | -                                    | 4,842,433                  |
| Total capital assets being depreciated        | 522,501,935                   | 11,214,078                         | (16,423)                             | 533,699,590                |
| Less: accumulated depreciation                | (166,369,362)                 | (12,585,731)                       | 16,423                               | (178,938,670)              |
| Total capital assets, being depreciated       | 356,132,573                   | (1,371,653)                        | -                                    | 354,760,920                |
| Capital assets, net                           | \$ 371,164,531                | \$ 12,722,752                      | \$ (10,137,616)                      | \$ 373,749,667             |

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## Note 8. Capital Assets (Continued)

### Component Units:

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

| <u>Lynchburg City Schools.</u>            | <u>Beginning<br/>Balances</u> | <u>Transfers and<br/>Additions</u> | <u>Transfers and<br/>Retirements</u> | <u>Ending<br/>Balances</u> |
|-------------------------------------------|-------------------------------|------------------------------------|--------------------------------------|----------------------------|
| <u>Capital assets, being depreciated:</u> |                               |                                    |                                      |                            |
| Equipment                                 | \$ 11,124,338                 | \$ 2,224,343                       | \$ 586,933                           | \$ 12,761,748              |
| Accumulated depreciation                  | (6,126,910)                   | (1,025,290)                        | (528,607)                            | (6,623,593)                |
| Net equipment                             | 4,997,428                     | 1,199,053                          | 58,326                               | 6,138,155                  |
| Equipment – cafeteria                     | 1,162,916                     | 25,775                             | -                                    | 1,188,691                  |
| Accumulated depreciation                  | (697,932)                     | (72,184)                           | -                                    | (770,116)                  |
| Net equipment – cafeteria                 | 464,984                       | (46,409)                           | -                                    | 418,575                    |
| Total capital assets being depreciated    | 12,287,254                    | 2,250,118                          | 586,933                              | 13,950,439                 |
| Less: accumulated depreciation            | (6,824,842)                   | (1,097,474)                        | (528,607)                            | (7,393,709)                |
| Capital assets, net                       | \$ 5,462,412                  | \$ 1,152,644                       | \$ 58,326                            | \$ 6,556,730               |

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

|                                   |                      |
|-----------------------------------|----------------------|
| Land, buildings, and improvements | \$ 13,266,294        |
| Construction in progress          | 2,660,560            |
| Machinery and equipment           | 23,499,236           |
|                                   | 39,426,090           |
| Less accumulated depreciation     | 15,335,365           |
|                                   | <u>\$ 24,090,725</u> |

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

### Primary Government:

### General Obligation Debt:

| As of June 30, 2015                                                  | Interest<br>Rates (%) | Date<br>Issued | Final<br>Maturity | Original Issue | Public<br>Improvements | School Facilities     | Proprietary Funds    | Total                 |
|----------------------------------------------------------------------|-----------------------|----------------|-------------------|----------------|------------------------|-----------------------|----------------------|-----------------------|
| <b>Serial Bonds</b>                                                  |                       |                |                   |                |                        |                       |                      |                       |
| VA Resources Authority                                               | 0.00                  | 3/24/1994      | 2027              | \$ 3,976,369   | \$ -                   | \$ -                  | \$ 1,427,057         | \$ 1,427,057          |
| VPSA General Obligation                                              | 3.10-5.10             | 11/15/2001     | 2022              | 3,473,329      | -                      | 1,327,185             | -                    | 1,327,185             |
| VPSA General Obligation                                              | 2.35-4.85             | 11/7/2002      | 2023              | 6,513,732      | -                      | 2,798,659             | -                    | 2,798,659             |
| VPSA General Obligation                                              | 4.60-5.10             | 11/10/2005     | 2026              | 6,411,957      | -                      | 3,761,066             | -                    | 3,761,066             |
| Public Improvement                                                   | 4.00-5.00             | 5/9/2006       | 2026              | 23,840,000     | 721,166                | 284,421               | 124,413              | 1,130,000             |
| Public Improvement                                                   | 4.00-5.00             | 8/2/2007       | 2038              | 33,300,000     | 9,748,873              | -                     | 15,456,127           | 25,205,000            |
| Public Improvement<br>Series A Tax Exempt                            | 1.00-5.00             | 8/13/2009      | 2022              | 17,230,000     | 2,905,000              | 4,130,000             | 3,450,000            | 10,485,000            |
| Public Improvement<br>Series B Taxable Build<br>America Bonds (BABs) | 5.05-6.61             | 8/13/2009      | 2040              | 27,420,000     | 4,399,395              | 9,450,605             | 13,570,000           | 27,420,000            |
| Public Improvement<br>Series C Refunding                             | 2.00-4.00             | 8/13/2009      | 2023              | 12,800,000     | 2,101,501              | 1,146,644             | 3,671,855            | 6,920,000             |
| VPSA General Obligation                                              | 0.00                  | 11/13/2009     | 2027              | 10,255,000     | -                      | 9,210,000             | -                    | 9,210,000             |
| Public Improvement<br>Refunding                                      | 2.00-5.00             | 10/20/2010     | 2034              | 29,655,000     | 9,176,389              | 6,976,702             | 11,411,909           | 27,565,000            |
| Public Improvement<br>Refunding                                      | 3.80                  | 12/19/2012     | 2023              | 4,129,625      | 3,234,949              | -                     | -                    | 3,234,949             |
| Public Improvement                                                   | 2.75                  | 10/23/2013     | 2028              | 10,000,000     | 6,591,898              | 874,502               | 1,866,600            | 9,333,000             |
| Public Improvement                                                   | 2.00-5.00             | 7/10/2014      | 2044              | 101,730,000    | 20,060,000             | 62,465,000            | 17,910,000           | 100,435,000           |
| Public Improvement<br>Refunding                                      | 5.00                  | 7/10/2014      | 2026              | 13,460,000     | 8,590,172              | 3,387,882             | 1,481,946            | 13,460,000            |
| Public Improvement<br>Refunding (Bond R-1)                           | 1.60                  | 3/12/2015      | 2020              | 9,657,000      | 4,003,514              | 2,431,488             | 3,062,998            | 9,498,000             |
| Public Improvement<br>Refunding (Bond R-2)                           | 2.34                  | 3/12/2015      | 2030              | 3,768,000      | 1,573,713              | 952,320               | 1,193,967            | 3,720,000             |
|                                                                      |                       |                |                   |                | <u>\$ 73,106,570</u>   | <u>\$ 109,196,474</u> | <u>\$ 74,626,872</u> | <u>\$ 256,929,916</u> |

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

Authorized and unissued general obligation public improvement bonds amounted to \$66,445,000 at June 30, 2015.

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 \$256,929,916 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 63.10%. As shown in the Supplementary Statistical Table 20, outstanding tax-supported debt was 3.39% of net assessed valuation of taxable property. There are no overlapping tax jurisdictions.

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

Primary Government: (Continued)

Revenue Debt:

| As of June 30, 2015                 | Interest<br>Rates % | Date<br>Issued | Final<br>Maturity | Original<br>Issue | Sewer<br>Fund         |
|-------------------------------------|---------------------|----------------|-------------------|-------------------|-----------------------|
| <b>Virginia Resources Authority</b> |                     |                |                   |                   |                       |
| Public Utility Revenue Bonds        | 0.00                | 3/28/1995      | 2027              | \$ 6,571,207      | \$ 2,012,883          |
| Public Utility Revenue Bonds        | 0.00                | 8/10/1995      | 2029              | 10,000,000        | 3,670,635             |
| Public Utility Revenue Bonds        | 0.00                | 6/27/1996      | 2029              | 8,000,000         | 2,841,431             |
| Public Utility Revenue Bonds        | 0.00                | 7/17/1997      | 2030              | 7,591,540         | 3,249,239             |
| Public Utility Revenue Bonds        | 3.00                | 7/17/1997      | 2020              | 14,108,460        | 4,094,908             |
| Public Utility Revenue Bonds        | 0.00                | 8/21/1998      | 2031              | 6,203,000         | 2,904,552             |
| Public Utility Revenue Bonds        | 3.00                | 5/27/1999      | 2020              | 2,476,763         | 717,489               |
| Public Utility Revenue Bonds        | 0.00                | 2/11/2000      | 2021              | 5,300,000         | 1,673,684             |
| Public Utility Revenue Bonds        | 0.00                | 2/15/2001      | 2032              | 735,000           | 375,789               |
| Public Utility Revenue Bonds        | 3.50                | 6/8/2001       | 2021              | 2,835,000         | 1,118,902             |
| Public Utility Revenue Bonds        | 0.00                | 11/6/2001      | 2034              | 1,413,613         | 817,619               |
| Public Utility Revenue Bonds        | 0.00                | 9/15/2003      | 2036              | 2,350,165         | 1,565,084             |
| Public Utility Revenue Bonds        | 0.00                | 5/20/2004      | 2038              | 6,000,000         | 4,300,000             |
| Public Utility Revenue Bonds        | 0.00                | 5/17/2005      | 2038              | 6,700,000         | 4,913,333             |
| Public Utility Revenue Bonds        | 0.00                | 6/28/2006      | 2039              | 9,600,000         | 7,520,000             |
| Public Utility Revenue Bonds        | 0.00                | 6/20/2007      | 2039              | 7,000,000         | 5,600,000             |
| Public Utility Revenue Bonds        | 0.00                | 6/5/2008       | 2041              | 12,350,000        | 10,497,500            |
| Public Utility Revenue Bonds        | 0.00                | 6/25/2009      | 2041              | 19,000,000        | 16,466,667            |
| Public Utility Revenue Bonds        | 0.00                | 6/17/2010      | 2042              | 13,100,000        | 11,790,000            |
| Public Utility Revenue Bonds        | 0.00                | 6/15/2011      | 2033              | 9,350,928         | 8,408,057             |
| Public Utility Revenue Bonds        | 0.00                | 6/15/2011      | 2045              | 10,100,000        | 9,931,667             |
| Public Utility Revenue Bonds        | 0.00                | 6/6/2012       | 2044              | 7,000,000         | 6,766,667             |
|                                     |                     |                |                   |                   | <u>\$ 111,236,106</u> |

The revenue bonds have been issued in accordance with the terms of an indenture agreement with the Virginia Resources Authority (VRA) of the Commonwealth of Virginia and are to be used for Sewer capital projects. The indenture agreement requires the City to pledge its Sewer Fund Revenues as collateral for the revenue bonds and to maintain debt coverage in the Sewer Fund 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 1.29.

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

### **Primary Government: (Continued)**

The following is a summary of changes in long-term liabilities for FY2015:

| <u>Governmental Activities</u>   | <u>Beginning<br/>Balance</u> | <u>Additions</u>      | <u>Deletions</u>     | <u>Ending<br/>Balance</u> | <u>Current<br/>Portion</u> |
|----------------------------------|------------------------------|-----------------------|----------------------|---------------------------|----------------------------|
| General obligation bonds         | \$ 114,519,362               | \$ 105,414,336        | \$ 33,418,643        | \$ 186,515,055            | \$ 10,273,333              |
| Notes payable*                   | 1,760,000                    | -                     | 180,000              | 1,580,000                 | 180,000                    |
| Adjust for deferred amounts:     |                              |                       |                      |                           |                            |
| Issuance discounts               | (693,015)                    | -                     | (53,309)             | (639,706)                 | -                          |
| Issuance premiums                | 3,116,539                    | 10,217,924            | 1,607,389            | 11,727,074                | -                          |
| Total bonds and notes            | 118,702,886                  | 115,632,260           | 35,152,723           | 199,182,423               | 10,453,333                 |
| Workers' compensation**          | 2,245,869                    | 999,717               | 786,715              | 2,458,871                 | 295,065                    |
| Compensated absences**           | 4,241,199                    | 2,692,066             | 2,787,106            | 4,146,159                 | 497,539                    |
| Other post-employment benefits** | 5,030,613                    | 3,097,356             | 3,050,751            | 5,077,218                 | -                          |
|                                  | <u>\$ 130,220,567</u>        | <u>\$ 122,421,399</u> | <u>\$ 41,777,295</u> | <u>\$ 210,864,671</u>     | <u>\$ 11,245,937</u>       |

| <u>Business-Type Activities</u>  | <u>Beginning<br/>Balance</u> | <u>Additions</u>     | <u>Deletions</u>     | <u>Ending<br/>Balance</u> | <u>Current<br/>Portion</u> |
|----------------------------------|------------------------------|----------------------|----------------------|---------------------------|----------------------------|
| Bond anticipation notes          | \$ 7,158,894                 | \$ -                 | \$ 7,158,894         | \$ -                      | \$ -                       |
| General obligation bonds         | 56,083,091                   | 23,200,664           | 8,868,894            | 70,414,861                | 4,318,896                  |
| Public utility revenue bonds     | 117,270,249                  | -                    | 6,034,143            | 111,236,106               | 6,238,058                  |
| Adjust for deferred amounts:     |                              |                      |                      |                           |                            |
| Issuance premiums                | 1,711,360                    | 1,699,515            | 539,950              | 2,870,925                 | -                          |
| Total bonds and notes            | 182,223,594                  | 24,900,179           | 22,601,881           | 184,521,892               | 10,556,954                 |
| Workers' compensation**          | 174,130                      | 46,725               | 79,641               | 141,214                   | 16,946                     |
| Compensated absences**           | 501,898                      | 344,665              | 313,194              | 533,369                   | 64,004                     |
| Other post-employment benefits** | 494,446                      | 414,386              | 408,149              | 500,683                   | -                          |
|                                  | <u>\$ 183,394,068</u>        | <u>\$ 25,705,955</u> | <u>\$ 23,402,865</u> | <u>\$ 185,697,158</u>     | <u>\$ 10,637,904</u>       |

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

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



# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

### **Primary Government: (Continued)**

### **Debt Service to Maturity:**

| Year Ending<br>June 30 | Governmental Activities |                      |                     |                   |
|------------------------|-------------------------|----------------------|---------------------|-------------------|
|                        | General Obligation      |                      | Note Payable        |                   |
|                        | Principal               | Interest             | Principal           | Interest          |
| 2016                   | \$ 10,273,333           | \$ 7,441,044         | \$ 180,000          | \$ 16,680         |
| 2017                   | 10,463,962              | 7,129,952            | 180,000             | 23,833            |
| 2018                   | 10,287,623              | 6,788,658            | 180,000             | 22,249            |
| 2019                   | 10,530,668              | 6,436,008            | 180,000             | 20,215            |
| 2020                   | 10,752,882              | 6,044,489            | 180,000             | 17,326            |
| 2021-2025              | 52,355,768              | 23,610,954           | 680,000             | 27,727            |
| 2026-2030              | 34,533,300              | 13,760,363           | -                   | -                 |
| 2031-2035              | 20,507,519              | 8,185,103            | -                   | -                 |
| 2036-2040              | 16,205,000              | 4,197,556            | -                   | -                 |
| 2041-2044              | 10,605,000              | 1,060,200            | -                   | -                 |
|                        | <u>\$ 186,515,055</u>   | <u>\$ 84,654,327</u> | <u>\$ 1,580,000</u> | <u>\$ 128,030</u> |

| Year Ending<br>June 30 | Business-Type Activities |                      |                   |                   |                      |                      |                       |                   |
|------------------------|--------------------------|----------------------|-------------------|-------------------|----------------------|----------------------|-----------------------|-------------------|
|                        | General Obligation       |                      |                   |                   |                      |                      | Revenue Bonds         |                   |
|                        | Water Fund               |                      | Airport Fund      |                   | Sewer Fund           |                      | Sewer Fund            |                   |
|                        | Principal                | Interest             | Principal         | Interest          | Principal            | Interest             | Principal             | Interest          |
| 2016                   | \$ 2,219,134             | \$ 2,075,963         | \$ 109,652        | \$ 27,830         | \$ 1,990,110         | \$ 942,696           | \$ 6,238,058          | \$ 174,501        |
| 2017                   | 2,155,993                | 2,003,066            | 100,886           | 24,963            | 1,887,808            | 889,697              | 6,274,744             | 137,815           |
| 2018                   | 2,058,554                | 1,926,580            | 94,937            | 22,207            | 1,753,830            | 835,545              | 6,312,571             | 99,989            |
| 2019                   | 1,850,237                | 1,849,466            | 65,569            | 17,438            | 1,492,687            | 782,620              | 6,351,572             | 60,988            |
| 2020                   | 1,712,233                | 1,778,027            | 33,222            | 13,564            | 1,264,006            | 738,940              | 5,816,175             | 20,775            |
| 2021-2025              | 8,259,003                | 7,767,832            | 193,411           | 41,103            | 5,499,609            | 3,057,277            | 24,352,082            | 5,345             |
| 2026-2030              | 8,328,382                | 5,766,180            | 44,654            | 2,233             | 4,358,463            | 2,031,028            | 21,603,650            | -                 |
| 2031-2035              | 8,439,624                | 3,678,477            | -                 | -                 | 3,482,857            | 1,159,356            | 17,068,088            | -                 |
| 2036-2040              | 8,040,244                | 1,429,654            | -                 | -                 | 2,539,756            | 415,096              | 13,058,333            | -                 |
| 2041-2045              | 1,740,000                | 174,000              | -                 | -                 | 700,000              | 70,000               | 4,160,833             | -                 |
|                        | <u>\$ 44,803,404</u>     | <u>\$ 28,449,245</u> | <u>\$ 642,331</u> | <u>\$ 149,338</u> | <u>\$ 24,969,126</u> | <u>\$ 10,922,255</u> | <u>\$ 111,236,106</u> | <u>\$ 499,413</u> |

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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Primary Government: (Continued)

#### **July 10, 2014 General Obligation Public Improvement and Refunding Bonds, Series 2014 - New Proceeds, Series 2014; Current Refunding Bond Anticipation Note, Series 2011; and, Advanced Refunding of General Obligation Bond Issue, Series 2006**

The City issued \$115,190,000 of General Obligation Public Improvement and Refunding Bonds, Series 2014 dated July 10, 2014 from its competitive bond sale on June 10, 2014. General government projects including issuance costs were financed for twenty years with the exception of transportation projects which were financed for thirty years. Schools, water and sewer projects including issuance costs were financed for thirty years. The refunding bonds including issuance costs were financed for twelve years. The final maturity date is June 1, 2044, with interest rates ranging from 0.15% to 4.0% and a total interest cost of 3.4%. The proceeds were allocated for capital projects as follows: \$20,760,000 for general government including \$7,140,000 for City Stadium renovations, \$3,655,000 for a new Group Home facility, \$6,400,000 for transportation and \$3,565,000 for other general government; \$62,465,000 for schools for construction of a new Heritage High School; \$5,330,000 for sewer projects; \$6,530,000 for water projects; and, \$6,645,000 for a current refunding to permanently finance \$7,158,894 of interim financing through the line of credit bond anticipation note with Carter Bank & Trust dated November 8, 2011. This line of credit interim financed water capital projects only resulting in a total of \$13,175,000 for water projects financed with this bond issue.

Lastly, \$13,460,000 of bonds with an average interest rate of 5% were issued to advance refund \$14,545,000 of principal for the May 9, 2006 General Obligation Public Improvement Bond Issue. There was no call premium for these refunded bonds. The City deposited the net proceeds from the refunding bonds in an irrevocable trust with an escrow agent that purchased U. S. Government securities. The trust will provide funds for future debt service on the refunded bonds for maturities from FY2017 thru FY2026. The City will fund maturities in FY2015 and FY2016. As of the bond closing date of July 10, 2014, these refunded bonds are considered defeased and the liability for them has been removed from the financial statements. The advance refunding reduced the total debt service payments over the next 12 years by \$1,131,683 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,098,088. This advance refunding resulted in the total difference between the reacquisition price and the net carrying value of the old debt of \$1,274,554. This difference will be reported in the financial statements as deferred debt charges, and will be amortized as a component of interest expenses through FY2026 over the life of the refunded bonds, which is the same fiscal year as the life of the refunding bonds. The outstanding principal of the Series 2006 in-substance defeased will be \$14,545,000 until the redemption date of January 15, 2016.

#### **March 12, 2015 General Obligation Public Improvement Refunding Bond, Series 2015 - Bond R-1 and Bond R-2-Current Refunding of General Obligation Bond Issue Series 2005A**

On March 12, 2015, the City issued \$13,425,000 of General Obligation Public Improvement Refunding Bonds, Series 2015 Bonds R-1 and R-2 with an average interest rate of 2.03% as a Direct Bank Loan with American National Bank and Trust Company. The proceeds were used to refund \$13,040,000 of principal for the March 16, 2005 General Obligation Public Improvement Refunding Bond Issue, Series 2005A. There was no call premium for these refunded bonds. The City deposited the net proceeds from the refunding bonds in an irrevocable trust with an escrow agent that purchased U. S. Government securities. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. This refunding resulted in the total difference between the reacquisition price and the net carrying value of the old debt of \$304,677. This difference will be reported in the financial statements as deferred debt charges, and will be amortized as a component of interest expenses through FY2030 over the life of the refunded bonds, which is the same fiscal year as the life of the refunding bonds. The refunding was undertaken to reduce total debt service payments over the next 16 years by \$1,204,080 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,083,010. The Series 2005A bonds were called June 1, 2015.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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#### Component Unit – Lynchburg City Schools:

The following is a summary of changes in other long-term liabilities for FY2015:

|                                | Beginning<br>Balance | Additions           | Deletions           | Ending<br>Balance   | Current<br>Portion |
|--------------------------------|----------------------|---------------------|---------------------|---------------------|--------------------|
| Compensated absences           | \$ 666,138           | \$ 741,988          | \$ 697,044          | \$ 711,082          | \$ 584,284         |
| Other post-employment benefits | 3,266,865            | 1,108,408           | 899,705             | 3,475,568           | -                  |
|                                | <u>\$ 3,933,003</u>  | <u>\$ 1,850,396</u> | <u>\$ 1,596,749</u> | <u>\$ 4,186,650</u> | <u>\$ 584,284</u>  |

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

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#### Fund Balance Policy:

- The City of Lynchburg's Unassigned General Fund Balance (UGFB) will be maintained at a level to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.
- The City shall not use the UGFB to finance recurring operating expenditures.
- The City will maintain an UGFB equal to 10% of General Fund revenues. 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 FY 2015 the City was in compliance with the Fund Balance Policy.

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

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statement  
As of June 30, 2015

|                                                   | MAJOR FUNDS          |                          |                               | NON MAJOR SPECIAL REVENUE FUNDS |                                            |                                                |                     |
|---------------------------------------------------|----------------------|--------------------------|-------------------------------|---------------------------------|--------------------------------------------|------------------------------------------------|---------------------|
|                                                   | GENERAL<br>FUND      | CITY CAPITAL<br>PROJECTS | SCHOOL<br>CAPITAL<br>PROJECTS | CITY<br>FEDERAL<br>STATE AID    | COMMUNITY<br>DEVELOPMENT<br>BLOCK<br>GRANT | LYNCHBURG<br>BUSINESS<br>DEVELOPMENT<br>CENTRE | FORFEITED<br>ASSETS |
| <b>FUND BALANCES</b>                              |                      |                          |                               |                                 |                                            |                                                |                     |
| <b>Nonspendable</b>                               |                      |                          |                               |                                 |                                            |                                                |                     |
| Advance to Lynchburg United Soccer                | \$ -                 | \$ 350,000               | \$ -                          | \$ -                            | \$ -                                       | \$ -                                           | \$ -                |
| <b>Restricted for:</b>                            |                      |                          |                               |                                 |                                            |                                                |                     |
| Transportation projects                           | -                    | 7,135,873                | -                             | -                               | -                                          | -                                              | -                   |
| Building projects                                 | -                    | 11,188                   | -                             | -                               | -                                          | -                                              | -                   |
| Parks and Recreation projects                     | -                    | 145,831                  | -                             | -                               | -                                          | -                                              | -                   |
| Litter Grant                                      | -                    | -                        | -                             | 836                             | -                                          | -                                              | -                   |
| Community Corrections                             | -                    | -                        | -                             | 50,386                          | -                                          | -                                              | -                   |
| Fire Department                                   | -                    | -                        | -                             | 313,627                         | -                                          | -                                              | -                   |
| Police Department                                 | -                    | -                        | -                             | 8,857                           | -                                          | -                                              | -                   |
| Economic Development                              | -                    | -                        | -                             | 971                             | -                                          | -                                              | -                   |
| Shelter Plus Care                                 | -                    | -                        | -                             | 4,893                           | -                                          | -                                              | -                   |
| Emergency Services                                | -                    | -                        | -                             | 1,037                           | -                                          | -                                              | -                   |
| Registrar                                         | -                    | -                        | -                             | 2,120                           | -                                          | -                                              | -                   |
| Commonwealth Attorney                             | -                    | -                        | -                             | 475                             | -                                          | -                                              | -                   |
| CDBG - Bluffwalk                                  | -                    | -                        | -                             | -                               | 1,245,053                                  | -                                              | -                   |
| State Asset Forfeiture - Commonwealth Attorney    | -                    | -                        | -                             | -                               | -                                          | -                                              | 112,305             |
| Federal Asset Forfeiture - Police                 | -                    | -                        | -                             | -                               | -                                          | -                                              | 53,414              |
| State Asset Forfeiture - Police                   | -                    | -                        | -                             | -                               | -                                          | -                                              | 107,603             |
| Treasury Asset Forfeiture - Police                | -                    | -                        | -                             | -                               | -                                          | -                                              | 30,408              |
| Treasury Asset Forfeiture - Commonwealth Attorney | -                    | -                        | -                             | -                               | -                                          | -                                              | 29,820              |
| Health and Human Services                         | -                    | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Lynchburg Expressway beautification               | -                    | -                        | -                             | -                               | -                                          | -                                              | -                   |
| HOME projects                                     | -                    | -                        | -                             | -                               | -                                          | -                                              | -                   |
| <b>Committed to:</b>                              |                      |                          |                               |                                 |                                            |                                                |                     |
| Technology                                        | 3,045,077            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Detention Home Workers Compensation               | 100,000              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Health Insurance Reserve                          | 713,510              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Schools for Textbooks                             | 655,254              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Schools for Health Insurance Reserve              | 1,740,608            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Schools for Special Education Disprop             | 321,000              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Other Post Employment Benefits                    | 1,881,814            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Solid Waste Debt Retirement                       | 587,281              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Parking Operations                                | 38,575               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Heritage High School Reserve FF&E                 | 2,672,682            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| GLTC Special Reserve                              | 587,562              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Self Insurance                                    | 1,929,757            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Armstrong School                                  | 29,086               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Community Development                             | 9,934                | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Cultural and Recreational                         | 15,547               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| General Government                                | 158,073              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Health and Welfare                                | 14,597               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Judicial                                          | 3,976                | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Public Safety                                     | 50,669               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Public Works                                      | 248,073              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Sale of downtown GEFA building                    | -                    | 116,388                  | -                             | -                               | -                                          | -                                              | -                   |
| Building projects                                 | -                    | 9,521,466                | -                             | -                               | -                                          | -                                              | -                   |
| Transportation projects                           | -                    | 14,997,617               | -                             | -                               | -                                          | -                                              | -                   |
| Public Safety projects                            | -                    | 117,686                  | -                             | -                               | -                                          | -                                              | -                   |
| Parks and Recreation projects                     | -                    | 7,659,872                | -                             | -                               | -                                          | -                                              | -                   |
| Waste Management projects                         | -                    | 250,000                  | -                             | -                               | -                                          | -                                              | -                   |
| Provision of loan funds for small businesses      | -                    | -                        | -                             | -                               | -                                          | 125,384                                        | -                   |
| Heritage High School                              | -                    | -                        | 33,351,352                    | -                               | -                                          | -                                              | -                   |
| EC Glass High School                              | -                    | -                        | 603,073                       | -                               | -                                          | -                                              | -                   |
| Dearington Elementary School                      | -                    | -                        | 475,000                       | -                               | -                                          | -                                              | -                   |
| Dunbar Middle School                              | -                    | -                        | 295,510                       | -                               | -                                          | -                                              | -                   |
| RS Payne Elementary School                        | -                    | -                        | 60,000                        | -                               | -                                          | -                                              | -                   |
| School Construction and Maintenance               | -                    | -                        | 1,029,040                     | -                               | -                                          | -                                              | -                   |
| <b>Assigned to:</b>                               |                      |                          |                               |                                 |                                            |                                                |                     |
| Return of School Fund Balance                     | 3,987,555            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Law Library                                       | 53,488               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Museum                                            | 50,028               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Recreation Programs                               | 229,568              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Pier Program                                      | 82,625               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Dental Claims Reserve                             | 150,000              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Health Insurance Reserve                          | 364,538              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Future Post Closure                               | 380,102              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Fire Equipment                                    | 80,922               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Line of Duty Death Benefit                        | 211,904              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Line of Duty Health Claim Reserve                 | 145,000              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Parking Operations                                | 65,465               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Point of Honor                                    | 2,653                | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Police Range Operations                           | 1,889                | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Blue Ridge Regional Jail                          | 79,363               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Fire Restitution                                  | 50                   | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Adopt-A-Bed                                       | 3,112                | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Virginia Land Conservancy                         | 2,314                | -                        | -                             | -                               | -                                          | -                                              | -                   |
| General Government                                | 23,278               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Health and Welfare                                | 17,592               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Judicial                                          | 372                  | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Public Safety                                     | 102,529              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Public Works                                      | 83,704               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Major Maintenance and Equipment replacement       | -                    | -                        | -                             | -                               | -                                          | -                                              | -                   |
| <b>Unassigned:</b>                                | 32,089,924           | -                        | -                             | (50,067)                        | -                                          | -                                              | -                   |
| <b>Total Fund Balance</b>                         | <b>\$ 53,011,050</b> | <b>\$ 40,305,921</b>     | <b>\$ 35,813,975</b>          | <b>\$ 333,135</b>               | <b>\$ 1,245,053</b>                        | <b>\$ 125,384</b>                              | <b>\$ 333,550</b>   |

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statement  
As of June 30, 2015

## NON MAJOR SPECIAL REVENUE FUNDS

|                                                   | COMPREHENSIVE<br>SERVICES<br>ACT | LYNCHBURG<br>EXPRESSWAY<br>APPEARANCE | HOME<br>INVESTMENT<br>TRUST | LYNCHBURG<br>REGIONAL<br>JUVENILE<br>DETENTION<br>CENTER | ALL<br>FUNDS          |
|---------------------------------------------------|----------------------------------|---------------------------------------|-----------------------------|----------------------------------------------------------|-----------------------|
| <b>FUND BALANCES</b>                              |                                  |                                       |                             |                                                          |                       |
| <b>Nonspendable</b>                               |                                  |                                       |                             |                                                          |                       |
| Advance to Lynchburg United Soccer                | \$ -                             | \$ -                                  | \$ -                        | \$ -                                                     | \$ 350,000            |
| <b>Restricted for:</b>                            |                                  |                                       |                             |                                                          |                       |
| Transportation projects                           | -                                | -                                     | -                           | -                                                        | 7,135,873             |
| Building projects                                 | -                                | -                                     | -                           | -                                                        | 11,188                |
| Parks and Recreation projects                     | -                                | -                                     | -                           | -                                                        | 145,831               |
| Litter Grant                                      | -                                | -                                     | -                           | -                                                        | 836                   |
| Community Corrections                             | -                                | -                                     | -                           | -                                                        | 50,386                |
| Fire Department                                   | -                                | -                                     | -                           | -                                                        | 313,627               |
| Police Department                                 | -                                | -                                     | -                           | -                                                        | 8,857                 |
| Economic Development                              | -                                | -                                     | -                           | -                                                        | 971                   |
| Shelter Plus Care                                 | -                                | -                                     | -                           | -                                                        | 4,893                 |
| Emergency Services                                | -                                | -                                     | -                           | -                                                        | 1,037                 |
| Registrar                                         | -                                | -                                     | -                           | -                                                        | 2,120                 |
| Commonwealth Attorney                             | -                                | -                                     | -                           | -                                                        | 475                   |
| CDBG - Bluffwalk                                  | -                                | -                                     | -                           | -                                                        | 1,245,053             |
| State Asset Forfeiture - Commonwealth Attorney    | -                                | -                                     | -                           | -                                                        | 112,305               |
| Federal Asset Forfeiture - Police                 | -                                | -                                     | -                           | -                                                        | 53,414                |
| State Asset Forfeiture - Police                   | -                                | -                                     | -                           | -                                                        | 107,603               |
| Treasury Asset Forfeiture - Police                | -                                | -                                     | -                           | -                                                        | 30,408                |
| Treasury Asset Forfeiture - Commonwealth Attorney | -                                | -                                     | -                           | -                                                        | 29,820                |
| Health and Human Services                         | 14,556                           | -                                     | -                           | -                                                        | 14,556                |
| Lynchburg Expressway beautification               | -                                | 188,141                               | -                           | -                                                        | 188,141               |
| HOME projects                                     | -                                | -                                     | 26,247                      | -                                                        | 26,247                |
| <b>Committed to:</b>                              |                                  |                                       |                             |                                                          |                       |
| Technology                                        | -                                | -                                     | -                           | -                                                        | 3,045,077             |
| Detention Home Workers Compensation               | -                                | -                                     | -                           | -                                                        | 100,000               |
| Health Insurance Reserve                          | -                                | -                                     | -                           | -                                                        | 713,510               |
| Schools for Textbooks                             | -                                | -                                     | -                           | -                                                        | 655,254               |
| Schools for Health Insurance Reserve              | -                                | -                                     | -                           | -                                                        | 1,740,608             |
| Schools for Special Education Disprop             | -                                | -                                     | -                           | -                                                        | 321,000               |
| Other Post Employment Benefits                    | -                                | -                                     | -                           | -                                                        | 1,881,814             |
| Solid Waste Debt Retirement                       | -                                | -                                     | -                           | -                                                        | 587,281               |
| Parking Operations                                | -                                | -                                     | -                           | -                                                        | 38,575                |
| Heritage High School Reserve FF&E                 | -                                | -                                     | -                           | -                                                        | 2,672,682             |
| GLTC Special Reserve                              | -                                | -                                     | -                           | -                                                        | 587,562               |
| Self Insurance                                    | -                                | -                                     | -                           | -                                                        | 1,929,757             |
| Armstrong School                                  | -                                | -                                     | -                           | -                                                        | 29,086                |
| Community Development                             | -                                | -                                     | -                           | -                                                        | 9,934                 |
| Cultural and Recreational                         | -                                | -                                     | -                           | -                                                        | 15,547                |
| General Government                                | -                                | -                                     | -                           | -                                                        | 158,073               |
| Health and Welfare                                | -                                | -                                     | -                           | -                                                        | 14,597                |
| Judicial                                          | -                                | -                                     | -                           | -                                                        | 3,976                 |
| Public Safety                                     | -                                | -                                     | -                           | -                                                        | 50,669                |
| Public Works                                      | -                                | -                                     | -                           | -                                                        | 248,073               |
| Sale of downtown GEFA building                    | -                                | -                                     | -                           | -                                                        | 116,388               |
| Building projects                                 | -                                | -                                     | -                           | -                                                        | 9,521,466             |
| Transportation projects                           | -                                | -                                     | -                           | -                                                        | 14,997,617            |
| Public Safety projects                            | -                                | -                                     | -                           | -                                                        | 117,686               |
| Parks and Recreation projects                     | -                                | -                                     | -                           | -                                                        | 7,659,872             |
| Waste Management projects                         | -                                | -                                     | -                           | -                                                        | 250,000               |
| Provision of loan funds for small businesses      | -                                | -                                     | -                           | -                                                        | 125,384               |
| Heritage High School                              | -                                | -                                     | -                           | -                                                        | 33,351,352            |
| EC Glass High School                              | -                                | -                                     | -                           | -                                                        | 603,073               |
| Dearington Elementary School                      | -                                | -                                     | -                           | -                                                        | 475,000               |
| Dunbar Middle School                              | -                                | -                                     | -                           | -                                                        | 295,510               |
| RS Payne Elementary School                        | -                                | -                                     | -                           | -                                                        | 60,000                |
| School Construction and Maintenance               | -                                | -                                     | -                           | -                                                        | 1,029,040             |
| <b>Assigned to:</b>                               |                                  |                                       |                             |                                                          |                       |
| Return of School Fund Balance                     | -                                | -                                     | -                           | -                                                        | 3,987,555             |
| Law Library                                       | -                                | -                                     | -                           | -                                                        | 53,488                |
| Museum                                            | -                                | -                                     | -                           | -                                                        | 50,028                |
| Recreation Programs                               | -                                | -                                     | -                           | -                                                        | 229,568               |
| Pier Program                                      | -                                | -                                     | -                           | -                                                        | 82,625                |
| Dental Claims Reserve                             | -                                | -                                     | -                           | -                                                        | 150,000               |
| Health Insurance Reserve                          | -                                | -                                     | -                           | -                                                        | 364,538               |
| Future Post Closure                               | -                                | -                                     | -                           | -                                                        | 380,102               |
| Fire Equipment                                    | -                                | -                                     | -                           | -                                                        | 80,922                |
| Line of Duty Death Benefit                        | -                                | -                                     | -                           | -                                                        | 211,904               |
| Line of Duty Health Claim Reserve                 | -                                | -                                     | -                           | -                                                        | 145,000               |
| Parking Operations                                | -                                | -                                     | -                           | -                                                        | 65,465                |
| Point of Honor                                    | -                                | -                                     | -                           | -                                                        | 2,653                 |
| Police Range Operations                           | -                                | -                                     | -                           | -                                                        | 1,889                 |
| Blue Ridge Regional Jail                          | -                                | -                                     | -                           | -                                                        | 79,363                |
| Fire Restitution                                  | -                                | -                                     | -                           | -                                                        | 50                    |
| Adopt-A-Bed                                       | -                                | -                                     | -                           | -                                                        | 3,112                 |
| Virginia Land Conservancy                         | -                                | -                                     | -                           | -                                                        | 2,314                 |
| General Government                                | -                                | -                                     | -                           | -                                                        | 23,278                |
| Health and Welfare                                | -                                | -                                     | -                           | -                                                        | 17,592                |
| Judicial                                          | -                                | -                                     | -                           | -                                                        | 372                   |
| Public Safety                                     | -                                | -                                     | -                           | -                                                        | 102,529               |
| Public Works                                      | -                                | -                                     | -                           | -                                                        | 83,704                |
| Major Maintenance and Equipment replacement       | -                                | -                                     | -                           | 100,012                                                  | 100,012               |
| <b>Unassigned:</b>                                | -                                | -                                     | -                           | -                                                        | 32,039,857            |
| <b>Total Fund Balance</b>                         | <b>\$ 14,556</b>                 | <b>\$ 188,141</b>                     | <b>\$ 26,247</b>            | <b>\$ 100,012</b>                                        | <b>\$ 131,497,024</b> |

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

### ***Note 11. Defined Benefit Pension Plan***

#### **City of Lynchburg**

**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”). All full-time, salaried permanent employees of the City are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                  | <b>Plan 2</b>                                                                                                                                                                                                                                                                                                                                                                            | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>About Plan 1</b><br>Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.<br>Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. | <b>About Plan 2</b><br>Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.<br>Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. | <b>About the Hybrid Retirement Plan</b><br>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)<br><ul style="list-style-type: none"> <li>• The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul> |

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## ***Note 11. Defined Benefit Pension Plan (Continued)***

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

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Plan 2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Eligible Members</b><br>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Eligible Members</b><br>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Eligible Members</b><br>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul>                                                                                                                                                    |
| <b>Hybrid Opt-In Election</b><br>VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.<br>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.<br>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP. | <b>Hybrid Opt-In Election</b><br>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.<br>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.<br>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP. | <b>*Non-Eligible Members</b><br>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP. |

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## ***Note 11. Defined Benefit Pension Plan (Continued)***

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

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Plan 2</b>                                                                                                                                                                                                                                                                                                          | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Retirement Contributions</b><br>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment. | <b>Retirement Contributions</b><br>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. | <b>Retirement Contributions</b><br>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.                                                                                                                                                                                                                                                                  |
| <b>Creditable Service</b><br>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.                                                 | <b>Creditable Service</b><br>Same as Plan 1.                                                                                                                                                                                                                                                                           | <b>Creditable Service</b><br><b><u>Defined Benefit Component:</u></b><br>Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.<br><b><u>Defined Contributions Component:</u></b><br>Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan. |

(Continued)



# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## ***Note 11. Defined Benefit Pension Plan (Continued)***

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

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Plan 2</b>                             | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p><b>Vesting</b><br/>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.</p> | <p><b>Vesting</b><br/>Same as Plan 1.</p> | <p><b>Vesting</b><br/><b><u>Defined Benefit Component:</u></b><br/>Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contributions Component:</u></b><br/>Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p> |

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## Note 11. Defined Benefit Pension Plan (Continued)

### City of Lynchburg (Continued)

| RETIREMENT PLAN PROVISIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Plan 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Plan 2                                                                                                                                                                                                                                                                                                                                                                                                                                   | Hybrid Retirement Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Calculating the Benefit</b><br>The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.<br>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.                                                                                                                                     | <b>Calculating the Benefit</b><br>See definition under Plan 1.                                                                                                                                                                                                                                                                                                                                                                           | <b>Calculating the Benefit</b><br><u><b>Defined Benefit Component:</b></u><br>See definition under Plan 1<br><br><u><b>Defined Contribution Component:</b></u><br>The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.                                                                                                                                                                                                                                                                           |
| <b>Average Final Compensation</b><br>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Average Final Compensation</b><br>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.                                                                                                                                                                                                                                                                  | <b>Average Final Compensation</b><br>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Service Retirement Multiplier</b><br><b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.<br><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.<br><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer. | <b>Service Retirement Multiplier</b><br><b>VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.<br><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.<br><b>Political subdivision hazardous duty employees:</b> Same as Plan 1. | <b>Service Retirement Multiplier</b><br><u><b>Defined Benefit Component:</b></u><br><b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.<br>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.<br><b>Sheriffs and regional jail superintendents:</b> Not applicable.<br><b>Political subdivision hazardous duty employees:</b> Not applicable.<br><br><u><b>Defined Contribution Component:</b></u><br>Not applicable. |

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

***Note 11. Defined Benefit Pension Plan (Continued)***

**City of Lynchburg (Continued)**

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                         | <b>Plan 2</b>                                                                                                                                                                                                                                                                       | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Normal Retirement Age</b><br><b>VRS:</b> Age 65.<br><b>Political subdivisions hazardous duty employees:</b> Age 60.                                                                                                                                                                                                                                                | <b>Normal Retirement Age</b><br><b>VRS:</b> Normal Social Security retirement age.<br><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.                                                                                                                       | <b>Normal Retirement Age</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> Same as Plan 2.<br><b>Political subdivisions hazardous duty employees:</b> Not applicable.<br><b><u>Defined Contribution Component:</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions.                                                                                                                                                  |
| <b>Earliest Unreduced Retirement Eligibility</b><br><b>VRS:</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.<br><b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service. | <b>Earliest Unreduced Retirement Eligibility</b><br><b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.<br><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1. | <b>Earliest Unreduced Retirement Eligibility</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.<br><b>Political subdivisions hazardous duty employees:</b> Not applicable.<br><b><u>Defined Contribution Component:</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions. |
| <b>Earliest Reduced Retirement Eligibility</b><br><b>VRS:</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.<br><b>Political subdivisions hazardous duty employees:</b> 50 with at least five years of creditable service.                                                                 | <b>Earliest Reduced Retirement Eligibility</b><br><b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.<br><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.                                                                         | <b>Earliest Reduced Retirement Eligibility</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.<br><b>Political subdivisions hazardous duty employees:</b> Not applicable.<br><b><u>Defined Contribution Component:</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions.                   |

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

***Note 11. Defined Benefit Pension Plan (Continued)***

**City of Lynchburg (Continued)**

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Plan 2</b>                                                                                                                                                                                                                                                            | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                              |
| <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b>Eligibility:</b><br/>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.<br/>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> | <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b>Eligibility:</b><br/>Same as Plan 1</p> | <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/><b><u>Defined Benefit Component:</u></b><br/>Same as Plan 2.<br/><b><u>Defined Contribution Component:</u></b><br/>Not applicable.<br/><b>Eligibility:</b><br/>Same as Plan 1 and Plan 2.</p> |

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## ***Note 11. Defined Benefit Pension Plan (Continued)***

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

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Plan 2</b>                                                                                                                                                                                                                                                                                                                                                   | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Exceptions to COLA Effective Dates:</b><br>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul> | <b>Exceptions to COLA Effective Dates:</b><br>Same as Plan 1                                                                                                                                                                                                                                                                                                    | <b>Exceptions to COLA Effective Dates:</b><br>Same as Plan 1 and Plan 2.                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Disability Coverage</b><br>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Disability Coverage</b><br>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. | <b>Disability Coverage</b><br>Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits. |

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## ***Note 11. Defined Benefit Pension Plan (Continued)***

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

| RETIREMENT PLAN PROVISIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Plan 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Plan 2                                              | Hybrid Retirement Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Purchase of Prior Service</b><br>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay. | <b>Purchase of Prior Service</b><br>Same as Plan 1. | <b>Purchase of Prior Service</b><br><b><u>Defined Benefit Component:</u></b><br>Same as Plan 1, with the following exceptions:<br><input type="checkbox"/> Hybrid Retirement Plan members are ineligible for ported service.<br><input type="checkbox"/> The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.<br><input type="checkbox"/> Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost./ After that on-year period, the rate for most categories of service will change to actuarial cost.<br><br><b><u>Defined Contribution Component:</u></b><br>Not applicable. |

### **Employees Covered by Benefit Terms**

As of the June 30, 2013 actuarial valuation, the following City employees were covered by the benefit terms of the pension plan:

|                                                                      | <u>Number</u>       |
|----------------------------------------------------------------------|---------------------|
| Inactive members or their beneficiaries currently receiving benefits | <u>898</u>          |
| Inactive members:                                                    |                     |
| Vested inactive members                                              | 189                 |
| Non-vested inactive members                                          | 297                 |
| Inactive members active elsewhere in VRS                             | <u>288</u>          |
| Total inactive members                                               | 774                 |
| Active members                                                       | <u>1,161</u>        |
| Total covered employees                                              | <u><u>2,833</u></u> |

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### **Note 11. Defined Benefit Pension Plan (Continued)**

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

**Contributions:** Plan members are required by Title 51.1-145 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012 all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The City's contribution rate for the fiscal year ended 2015 was 20.80% of covered employee compensation. The rate shown for the fiscal year ending 2015 was based on the June 30, 2013 actuarial valuation. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan were \$10,728,502 and \$10,482,450 for the years ended June 30, 2015 and June 30, 2014, respectively.

**Net Pension Liability:** The City's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

#### **Actuarial Assumptions – General Employees**

The total pension liability for General Employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

|                                       |                                                                     |
|---------------------------------------|---------------------------------------------------------------------|
| Inflation                             | 2.5%                                                                |
| Salary increases, including Inflation | 3.50 - 5.35%                                                        |
| Investment rate of return             | 7.00%, net of pension plan investment expense, including inflation* |

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14 % of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### **Note 11. Defined Benefit Pension Plan (Continued)**

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

##### **Actuarial Assumptions – General Employees (Continued)**

###### Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

###### Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

###### All Others (Non 10 Largest) – Non-LEOS:

###### Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

###### Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

###### Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

###### Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

###### All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year



## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### ***Note 11. Defined Benefit Pension Plan (Continued)***

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

##### **Actuarial Assumptions – Public Safety Employees**

The total pension liability for Public Safety employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

|                                       |                                                                     |
|---------------------------------------|---------------------------------------------------------------------|
| Inflation                             | 2.50%                                                               |
| Salary increases, including inflation | 3.50% – 4.75%                                                       |
| Investment rate of return             | 7.00%, net of pension plan investment expense, including inflation* |

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related

#### **Largest 10 – LEOS:**

##### **Pre-Retirement:**

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

##### **Post-Retirement:**

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

##### **Post-Disablement:**

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

#### **All Others (Non 10 Largest) – LEOS:**

##### **Pre-Retirement:**

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

##### **Post-Retirement:**

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### ***Note 11. Defined Benefit Pension Plan (Continued)***

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

#### **Actuarial Assumptions – Public Safety Employees (Continued)**

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## **Note 11. Defined Benefit Pension Plan (Continued)**

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

#### **Actuarial Assumptions – Public Safety Employees (Continued)**

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

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

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## **Note 11. Defined Benefit Pension Plan (Continued)**

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

#### **Actuarial Assumptions – Public Safety Employees (Continued)**

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

#### **Changes in Net Pension Liability**

The Changes in Net Pension Liability for the City is as follows:

|                                                                  | Increase (Decrease)               |                                    |                                       |
|------------------------------------------------------------------|-----------------------------------|------------------------------------|---------------------------------------|
|                                                                  | Total Pension<br>Liability<br>(a) | Plan Fiduciary<br>Net Position (b) | Net Pension<br>Liability<br>(a) - (b) |
| Balances at June 30, 2013                                        | \$ 327,454,876                    | \$ 211,183,720                     | \$ 116,271,156                        |
| Changes for the year:                                            |                                   |                                    |                                       |
| Service Cost                                                     | 6,203,323                         | -                                  | 6,203,323                             |
| Interest                                                         | 22,279,728                        |                                    | 22,279,728                            |
| Differences between expected<br>and actual experience            | -                                 | -                                  | -                                     |
| Contributions - employer                                         | -                                 | 10,482,447                         | (10,482,447)                          |
| Contributions - employee                                         | -                                 | 2,545,602                          | (2,545,602)                           |
| Net investment income                                            | -                                 | 32,917,551                         | (32,917,551)                          |
| Benefit payments, including refunds<br>of employee contributions | (18,346,084)                      | (18,346,084)                       | -                                     |
| Administrative expenses                                          | -                                 | (180,075)                          | 180,075                               |
| Other changes                                                    | -                                 | 1,737                              | (1,737)                               |
| Net changes                                                      | 10,136,967                        | 27,421,178                         | (17,284,211)                          |
| Balances at June 30, 2014                                        | \$ 337,591,843                    | \$ 238,604,898                     | \$ 98,986,945                         |

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## **Note 11. Defined Benefit Pension Plan (Continued)**

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

#### **Actuarial Assumptions – Public Safety Employees (Continued)**

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

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

|                              | 1.00%<br>Decrease<br>(6.00%) | Current<br>Discount<br>Rate (7.00%) | 1.00%<br>Increase<br>(8.00%) |
|------------------------------|------------------------------|-------------------------------------|------------------------------|
| City's Net Pension Liability | <u>\$140,721,422</u>         | <u>\$98,986,945</u>                 | <u>\$64,121,925</u>          |

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

For the year ended June 30, 2015, the City's recognized pension expense of \$7,859,890. At June 30, 2015, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                     | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|-------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                  | \$ -                                 | \$ -                                |
| Change in assumptions                                                               | -                                    | -                                   |
| Net difference between projected and actual earnings<br>on pension plan investments | -                                    | 14,661,651                          |
| Employer contributions subsequent to the<br>measurement date                        | <u>10,728,502</u>                    | <u>-</u>                            |
| Total                                                                               | <u>\$ 10,728,502</u>                 | <u>\$ 14,661,651</u>                |

\$10,728,502 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Reduction<br>Year Ending<br>June 30, | to Pension<br>Expense |
|--------------------------------------|-----------------------|
| 2016                                 | \$ (3,665,413)        |
| 2017                                 | (3,665,413)           |
| 2018                                 | (3,665,413)           |
| 2019                                 | (3,665,412)           |
| Thereafter                           | -                     |

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### **Note 11. Defined Benefit Pension Plan (Continued)**

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

#### **Actuarial Assumptions – Public Safety Employees (Continued)**

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

At June 30, 2015 approximately \$1,240,000 was payable to the Virginia Retirement System for the legally required contributions related to the June 2015 payroll for the City.

#### **Lynchburg City Schools**

Plan Description: The Schools' contribute 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"). All full-time, salaried permanent employees of the Schools' are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## ***Note 11. Defined Benefit Pension Plan (Continued)***

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                       | <b>Plan 2</b>                                                                                                                                                                                                                                                                                                                                                                                 | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p><b>About Plan 1</b><br/>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> | <p><b>About Plan 2</b><br/>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> | <p><b>About the Hybrid Retirement Plan</b><br/>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul> |

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

***Note 11. Defined Benefit Pension Plan (Continued)***

**Lynchburg City Schools (Continued)**

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Plan 2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <p><b>Eligible Members</b><br/>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p><b>Eligible Members</b><br/>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p><b>Eligible Members</b><br/>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:<br/> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul> </p>                                                                                                                                                   |
| <p><b>Hybrid Opt-In Election</b><br/>VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.<br/>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.<br/>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p> | <p><b>Hybrid Opt-In Election</b><br/>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.<br/>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.<br/>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p> | <p><b>*Non-Eligible Members</b><br/>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:<br/> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p> |



# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## ***Note 11. Defined Benefit Pension Plan (Continued)***

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

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Plan 2</b>                                                                                                                                                                                                                                                                                                          | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Retirement Contributions</b><br>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment. | <b>Retirement Contributions</b><br>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. | <b>Retirement Contributions</b><br>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.                                                                                                                                                                                                                                                                  |
| <b>Creditable Service</b><br>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.                                                 | <b>Creditable Service</b><br>Same as Plan 1.                                                                                                                                                                                                                                                                           | <b>Creditable Service</b><br><b><u>Defined Benefit Component:</u></b><br>Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.<br><b><u>Defined Contributions Component:</u></b><br>Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan. |

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

***Note 11. Defined Benefit Pension Plan (Continued)***

**Lynchburg City Schools (Continued)**

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Plan 2</b>                             | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p><b>Vesting</b><br/>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.</p> | <p><b>Vesting</b><br/>Same as Plan 1.</p> | <p><b>Vesting</b><br/><b><u>Defined Benefit Component:</u></b><br/>Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contributions Component:</u></b><br/>Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p> |

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

**Note 11. Defined Benefit Pension Plan (Continued)**

**Lynchburg City Schools (Continued)**

| RETIREMENT PLAN PROVISIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Plan 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Plan 2                                                                                                                                                                                                                                                                                                                                                                                                                                   | Hybrid Retirement Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Calculating the Benefit</b><br>The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.<br>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.                                                                                                                                     | <b>Calculating the Benefit</b><br>See definition under Plan 1.                                                                                                                                                                                                                                                                                                                                                                           | <b>Calculating the Benefit</b><br><u><b>Defined Benefit Component:</b></u><br>See definition under Plan 1<br><br><u><b>Defined Contribution Component:</b></u><br>The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.                                                                                                                                                                                                                                                                           |
| <b>Average Final Compensation</b><br>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Average Final Compensation</b><br>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.                                                                                                                                                                                                                                                                  | <b>Average Final Compensation</b><br>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Service Retirement Multiplier</b><br><b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.<br><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.<br><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer. | <b>Service Retirement Multiplier</b><br><b>VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.<br><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.<br><b>Political subdivision hazardous duty employees:</b> Same as Plan 1. | <b>Service Retirement Multiplier</b><br><u><b>Defined Benefit Component:</b></u><br><b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.<br>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.<br><b>Sheriffs and regional jail superintendents:</b> Not applicable.<br><b>Political subdivision hazardous duty employees:</b> Not applicable.<br><br><u><b>Defined Contribution Component:</b></u><br>Not applicable. |

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

***Note 11. Defined Benefit Pension Plan (Continued)***

**Lynchburg City Schools (Continued)**

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                         | <b>Plan 2</b>                                                                                                                                                                                                                                                                       | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Normal Retirement Age</b><br><b>VRS:</b> Age 65.<br><b>Political subdivisions hazardous duty employees:</b> Age 60.                                                                                                                                                                                                                                                | <b>Normal Retirement Age</b><br><b>VRS:</b> Normal Social Security retirement age.<br><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.                                                                                                                       | <b>Normal Retirement Age</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> Same as Plan 2.<br><b>Political subdivisions hazardous duty employees:</b> Not applicable.<br><b><u>Defined Contribution Component:</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions.                                                                                                                                                  |
| <b>Earliest Unreduced Retirement Eligibility</b><br><b>VRS:</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.<br><b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service. | <b>Earliest Unreduced Retirement Eligibility</b><br><b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.<br><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1. | <b>Earliest Unreduced Retirement Eligibility</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.<br><b>Political subdivisions hazardous duty employees:</b> Not applicable.<br><b><u>Defined Contribution Component:</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions. |
| <b>Earliest Reduced Retirement Eligibility</b><br><b>VRS:</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.<br><b>Political subdivisions hazardous duty employees:</b> 50 with at least five years of creditable service.                                                                 | <b>Earliest Reduced Retirement Eligibility</b><br><b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.<br><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.                                                                         | <b>Earliest Reduced Retirement Eligibility</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.<br><b>Political subdivisions hazardous duty employees:</b> Not applicable.<br><b><u>Defined Contribution Component:</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions.                   |

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

***Note 11. Defined Benefit Pension Plan (Continued)***

**Lynchburg City Schools (Continued)**

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Plan 2</b>                                                                                                                                                                                                                                                            | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                              |
| <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b>Eligibility:</b><br/>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.<br/>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> | <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b>Eligibility:</b><br/>Same as Plan 1</p> | <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/><b><u>Defined Benefit Component:</u></b><br/>Same as Plan 2.<br/><b><u>Defined Contribution Component:</u></b><br/>Not applicable.<br/><b>Eligibility:</b><br/>Same as Plan 1 and Plan 2.</p> |

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

***Note 11. Defined Benefit Pension Plan (Continued)***

**Lynchburg City Schools (Continued)**

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Plan 2</b>                                                                                                                                                                                                                                                                                                                                                           | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p><b>Exceptions to COLA Effective Dates:</b><br/>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul> | <p><b>Exceptions to COLA Effective Dates:</b><br/>Same as Plan 1</p>                                                                                                                                                                                                                                                                                                    | <p><b>Exceptions to COLA Effective Dates:</b><br/>Same as Plan 1 and Plan 2.</p>                                                                                                                                                                                                                                                                                                                                                                                |
| <p><b>Disability Coverage</b><br/>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p><b>Disability Coverage</b><br/>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p> | <p><b>Disability Coverage</b><br/>Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p> |

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## ***Note 11. Defined Benefit Pension Plan (Continued)***

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

| RETIREMENT PLAN PROVISIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Plan 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Plan 2                                              | Hybrid Retirement Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Purchase of Prior Service</b><br>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay. | <b>Purchase of Prior Service</b><br>Same as Plan 1. | <b>Purchase of Prior Service</b><br><u><b>Defined Benefit Component:</b></u><br>Same as Plan 1, with the following exceptions:<br><input type="checkbox"/> Hybrid Retirement Plan members are ineligible for ported service.<br><input type="checkbox"/> The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.<br><input type="checkbox"/> Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost./ After that on-year period, the rate for most categories of service will change to actuarial cost.<br><br><u><b>Defined Contribution Component:</b></u><br>Not applicable. |

### **Employees Covered by Benefit Terms**

As of the June 30, 2013 actuarial valuation, the following Schools' employees were covered by the benefit terms of the pension plan:

|                                                                      | <u>Number</u> |
|----------------------------------------------------------------------|---------------|
| Inactive members or their beneficiaries currently receiving benefits | <u>92</u>     |
| Inactive members:                                                    |               |
| Vested inactive members                                              | 10            |
| Non-vested inactive members                                          | 64            |
| Inactive members active elsewhere in VRS                             | <u>25</u>     |
| Total inactive members                                               | 99            |
| Active members                                                       | <u>157</u>    |
| Total covered employees                                              | <u>348</u>    |

### **Contributions:**

Plan members are required by Title 51.1-145 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012 all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### **Note 11. Defined Benefit Pension Plan (Continued)**

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

##### **Contributions: (Continued)**

The Schools' contractually required contribution rate for the year ended June 30, 2015 was 8.86% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan were \$330,294 and \$382,008 for the years ended June 30, 2015 and June 30, 2014, respectively.

##### **Net Pension Liability:**

The Schools' net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

##### **Actuarial Assumptions – General Employees**

The total pension liability for General Employees in the Schools' Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

|                                       |                                                                     |
|---------------------------------------|---------------------------------------------------------------------|
| Inflation                             | 2.50%                                                               |
| Salary increases, including inflation | 3.50 – 5.35%                                                        |
| Investment rate of return             | 7.00%, net of pension plan investment expense, including inflation* |

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14 % of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.



## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### **Note 11. Defined Benefit Pension Plan (Continued)**

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

#### **Actuarial Assumptions – General Employees (Continued)**

##### Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

##### All Others (Non 10 Largest) – Non-LEOS:

##### Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

##### Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

##### Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

##### Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

##### All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## Note 11. Defined Benefit Pension Plan (Continued)

### Lynchburg City Schools (Continued)

#### Actuarial Assumptions – General Employees (Continued)

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

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

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## Note 11. Defined Benefit Pension Plan (Continued)

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

#### **Actuarial Assumptions – General Employees (Continued)**

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

#### **Changes in Net Pension Liability**

|                                                                  | Increase (Decrease)               |                                       |                                       |
|------------------------------------------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|
|                                                                  | Total Pension<br>Liability<br>(a) | Plan Fiduciary Net<br>Position<br>(b) | Net Pension<br>Liability<br>(a) - (b) |
| Balances at June 30, 2013                                        | \$ 13,727,582                     | \$ 11,769,997                         | \$ 1,957,585                          |
| Changes for the year:                                            |                                   |                                       |                                       |
| Service Cost                                                     | 408,027                           | -                                     | 408,027                               |
| Interest                                                         | 935,168                           |                                       | 935,168                               |
| Differences between expected<br>and actual experience            | -                                 | -                                     | -                                     |
| Contributions - employer                                         | -                                 | 382,008                               | (382,008)                             |
| Contributions - employee                                         | -                                 | 192,487                               | (192,487)                             |
| Net investment income                                            | -                                 | 1,844,193                             | (1,844,193)                           |
| Benefit payments, including refunds<br>of employee contributions | (736,082)                         | (736,082)                             | -                                     |
| Administrative expenses                                          | -                                 | (9,987)                               | 9,987                                 |
| Other changes                                                    | -                                 | 98                                    | (98)                                  |
| Net changes                                                      | 607,113                           | 1,672,717                             | (1,065,604)                           |
| Balances at June 30, 2014                                        | \$ 14,334,695                     | \$ 13,442,714                         | \$ 891,981                            |

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### **Note 11. Defined Benefit Pension Plan (Continued)**

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

#### **Actuarial Assumptions – General Employees (Continued)**

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

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

|                                | 1.00%<br>Decrease<br>(6.00%) | Current<br>Discount<br>Rate (7.00%) | 1.00%<br>Increase<br>(8.00%) |
|--------------------------------|------------------------------|-------------------------------------|------------------------------|
| Schools' Net Pension Liability | <u>\$ 2,509,760</u>          | <u>\$ 891,981</u>                   | <u>\$ (472,569)</u>          |

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

For the year ended June 30, 2015, the Schools' recognized pension expense of \$137,440. At June 30, 2015, the Schools' reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                     | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|-------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                  | \$ -                                 | \$ -                                |
| Change in assumptions                                                               | -                                    | -                                   |
| Net difference between projected and actual earnings<br>on pension plan investments | -                                    | 821,036                             |
| Employer contributions subsequent to the<br>measurement date                        | 330,294                              | -                                   |
| Total                                                                               | <u>\$ 330,294</u>                    | <u>\$ 821,036</u>                   |

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### **Note 11. Defined Benefit Pension Plan (Continued)**

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

##### **Actuarial Assumptions – General Employees (Continued)**

\$330,294 reported as deferred outflows of resources related to pensions resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Reduction<br>Year Ending<br>June 30, | to Pension<br>Expense |
|--------------------------------------|-----------------------|
| 2016                                 | \$ 205,259            |
| 2017                                 | 205,259               |
| 2018                                 | 205,259               |
| 2019                                 | 205,259               |
| Thereafter                           | -                     |

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

At June 30, 2015 approximately \$90,000 was payable to the Virginia Retirement System for the legally required contributions related to the June 2015 payroll for the Schools.

### **Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool**

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**Plan Description:** All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                       | <b>Plan 2</b>                                                                                                                                                                                                                                                                                                                                                                                 | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p><b>About Plan 1</b><br/>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> | <p><b>About Plan 2</b><br/>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> | <p><b>About the Hybrid Retirement Plan</b><br/>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul> |
| <p><b>Eligible Members</b><br/>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>                                                                                                                                                                             | <p><b>Eligible Members</b><br/>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>                                                                                                                                                                             | <p><b>Eligible Members</b><br/>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• School division employees</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

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

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Plan 2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p><b>Hybrid Opt-In Election</b><br/>VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.<br/>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.<br/>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p> | <p><b>Hybrid Opt-In Election</b><br/>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.<br/>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.<br/>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <p><b>Retirement Contributions</b><br/>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>                                           | <p><b>Retirement Contributions</b><br/>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>                                                                                                                                                                                                                                                                                                                                               | <p><b>Retirement Contributions</b><br/>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p> |

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

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

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Plan 2</b>                                        | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p><b>Creditable Service</b><br/>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> | <p><b>Creditable Service</b><br/>Same as Plan 1.</p> | <p><b>Creditable Service</b><br/><b><u>Defined Benefit Component:</u></b><br/>Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b><u>Defined Contributions Component:</u></b><br/>Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p> |



**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

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

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Plan 2</b>                             | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p><b>Vesting</b><br/>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.</p> | <p><b>Vesting</b><br/>Same as Plan 1.</p> | <p><b>Vesting</b><br/><b><u>Defined Benefit Component:</u></b><br/>Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contributions Component:</u></b><br/>Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p> |

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

| RETIREMENT PLAN PROVISIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Plan 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Plan 2                                                                                                                                                                                                                                                                                   | Hybrid Retirement Plan                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Calculating the Benefit</b><br>The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.<br>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit. | <b>Calculating the Benefit</b><br>See definition under Plan 1.                                                                                                                                                                                                                           | <b>Calculating the Benefit</b><br><b><u>Defined Benefit Component:</u></b><br>See definition under Plan 1<br><br><b><u>Defined Contribution Component:</u></b><br>The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.                                                                                                                           |
| <b>Average Final Compensation</b><br>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.                                                                                                                                                                                                                                                                                                             | <b>Average Final Compensation</b><br>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.                                                                                                                  | <b>Average Final Compensation</b><br>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.                                                                                                                                                                                                                                                                                                                       |
| <b>Service Retirement Multiplier</b><br><b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.                                                                                                                                                                                                                                                         | <b>Service Retirement Multiplier</b><br><b>VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. | <b>Service Retirement Multiplier</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.<br>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.<br><br><b><u>Defined Contribution Component:</u></b><br>Not applicable. |
| <b>Normal Retirement Age</b><br><b>VRS:</b> Age 65.                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Normal Retirement Age</b><br><b>VRS:</b> Normal Social Security retirement age.                                                                                                                                                                                                       | <b>Normal Retirement Age</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> Same as Plan 2.<br><b><u>Defined Contribution Component:</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions.                                                                                                                                                                                                    |

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

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

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Plan 2</b>                                                                                                                                                                                                                                               | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Earliest Unreduced Retirement Eligibility</b><br><b>VRS:</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Earliest Unreduced Retirement Eligibility</b><br><b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.                                                    | <b>Earliest Unreduced Retirement Eligibility</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.<br><b><u>Defined Contribution Component:</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions. |
| <b>Earliest Reduced Retirement Eligibility</b><br><b>VRS:</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Earliest Reduced Retirement Eligibility</b><br><b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.                                                                                                                            | <b>Earliest Reduced Retirement Eligibility</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.<br><b><u>Defined Contribution Component:</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions.                   |
| <b>Cost-of-Living Adjustment (COLA) in Retirement</b><br>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.<br><b>Eligibility:</b><br>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.<br>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. | <b>Cost-of-Living Adjustment (COLA) in Retirement</b><br>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.<br><b>Eligibility:</b><br>Same as Plan 1 | <b>Cost-of-Living Adjustment (COLA) in Retirement</b><br><b><u>Defined Benefit Component:</u></b><br>Same as Plan 2.<br><b><u>Defined Contribution Component:</u></b><br>Not applicable.<br><b>Eligibility:</b><br>Same as Plan 1 and Plan 2.                                                                                                                                                                |

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

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

| <b>RETIREMENT PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Plan 2</b>                                                | <b>Hybrid Retirement Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Exceptions to COLA Effective Dates:</b><br>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul> | <b>Exceptions to COLA Effective Dates:</b><br>Same as Plan 1 | <b>Exceptions to COLA Effective Dates:</b><br>Same as Plan 1 and Plan 2.                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Disability Coverage</b><br><br>Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Disability Coverage</b><br><br>Not applicable.            | <b>Disability Coverage</b><br>Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.<br>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits. |

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

| RETIREMENT PLAN PROVISIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Plan 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Plan 2                                              | Hybrid Retirement Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Purchase of Prior Service</b><br>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay. | <b>Purchase of Prior Service</b><br>Same as Plan 1. | <b>Purchase of Prior Service</b><br><b>Defined Benefit Component:</b><br>Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> <li>The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost./ After that on-year period, the rate for most categories of service will change to actuarial cost.</li> </ul><br><b>Defined Contribution Component:</b><br>Not applicable. |

### **Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin requiring that the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the school division were \$7,458,200 and \$5,976,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$84,602,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers.

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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

At June 30, 2014, the school division's proportion was 0.70008% as compared to 0.68562% at June 30, 2013. For the year ended June 30, 2015, the school division recognized pension expense of \$7,052,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                               | <b><u>Deferred<br/>Outflows of<br/>Resources</u></b> | <b><u>Deferred<br/>Inflows of<br/>Resources</u></b> |
|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|
| Differences between expected and actual experience                                                            | \$ -                                                 | \$ -                                                |
| Change in assumptions                                                                                         | -                                                    | -                                                   |
| Net difference between projected and actual earnings on pension plan investments                              | -                                                    | 12,556,000                                          |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,632,000                                            | -                                                   |
| Employer contributions subsequent to the measurement date                                                     | <u>7,458,200</u>                                     | <u>-</u>                                            |
| Total                                                                                                         | <u>\$ 9,090,200</u>                                  | <u>\$ 12,556,000</u>                                |

\$7,458,200 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### **Year Ended June 30,**

|      |              |
|------|--------------|
| 2016 | \$ 2,779,000 |
| 2017 | 2,779,000    |
| 2018 | 2,779,000    |
| 2019 | 2,779,000    |
| 2020 | (192,000)    |

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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#### ***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

|                                       |                                                                     |
|---------------------------------------|---------------------------------------------------------------------|
| Inflation                             | 2.50%                                                               |
| Salary increases, including inflation | 3.50 – 5.95%                                                        |
| Investment rate of return             | 7.00%, net of pension plan investment expense, including inflation* |

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

#### Mortality rates:

##### Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

##### Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back years and females were set back 3 years.

##### Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- ☐ Update mortality table.
- ☐ Adjustments to the rates of service retirement.
- ☐ Decrease in rates of withdrawals for 3 through 9 years of service.
- ☐ Decrease in rates of disability.
- ☐ Reduce rates of salary increase by 0.25% per year.

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

### ***Actuarial Assumptions (Continued)***

#### ***Long-Term Expected Rate of Return***

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

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

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.



## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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

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#### ***Actuarial Assumptions (Continued)***

##### ***Discount Rate***

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

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

|                                                                                                         | <b><u>1.00%<br/>Decrease<br/>(6.00%)</u></b> | <b><u>Current<br/>Discount<br/>Rate (7.00%)</u></b> | <b><u>1.00%<br/>Increase<br/>(8.00%)</u></b> |
|---------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------------------------|----------------------------------------------|
| School division's proportionate share of the VRS teacher employee retirement plan net pension liability | <u>\$ 124,230,000</u>                        | <u>\$ 84,602,000</u>                                | <u>\$ 51,976,000</u>                         |

##### ***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

At June 30, 2015, approximately \$2,032,000 was payable to the Virginia Retirement System for the legally required contributions related to June 2015 payroll.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### **Note 13. Other Post-Employment Benefits**

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#### **City of Lynchburg**

##### **Plan Description**

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

##### **Benefits Provided**

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

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

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

##### **Membership**

The number of participants as of the most recent valuation, July 1, 2014, was as follows:

|                    |                     |
|--------------------|---------------------|
| Actives            | 1,149               |
| Retirees           | 450                 |
| Spouses            | <u>128</u>          |
| Total Participants | <u><u>1,727</u></u> |

##### **Funding Policy**

The City currently funds postemployment health care benefits on a pay-as-you-go basis. During FY2015, the City added \$4,342 in interest earnings to the funds committed for the OPEB liability. Total funds committed for OPEB at June 30, 2015 including interest are \$1,881,814. 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, 2015, the City's Annual OPEB Cost (expense) was \$3,511,742. The payment of current retiree claims net of retiree contributions towards premiums, which totaled \$2,702,266 for retirees, along with an Implicit Rate Subsidy of \$756,634 resulted in a Net OPEB obligation of \$5,577,901 for the year ended June 30, 2015.

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## **Note 13. Other Post-Employment Benefits (Continued)**

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

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

|                                            |                            |
|--------------------------------------------|----------------------------|
| Annual required contribution               | \$ 3,452,241               |
| Interest on net OPEB obligation            | 372,941                    |
| Adjustment to annual required contribution | <u>(313,440)</u>           |
| Annual OPEB cost                           | 3,511,742                  |
| Contributions made                         | <u>(3,458,900)</u>         |
| Increase in net OPEB obligation            | 52,842                     |
| Net OPEB obligation-beginning of year      | <u>5,525,059</u>           |
| Net OPEB obligation-end of year            | <u><u>\$ 5,577,901</u></u> |

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY2013, FY2014, and FY2015 are as follows.

| <b><u>Fiscal<br/>Year<br/>Ended</u></b> | <b><u>Annual<br/>OPEB Cost</u></b> | <b><u>Percentage of<br/>Annual OPEB<br/>Cost Contributed</u></b> | <b><u>Net<br/>OPEB<br/>Obligation</u></b> |
|-----------------------------------------|------------------------------------|------------------------------------------------------------------|-------------------------------------------|
| 06/30/2013                              | \$3,479,076                        | 109.0%                                                           | \$4,146,877                               |
| 06/30/2014                              | \$3,501,875                        | 60.6%                                                            | \$5,525,059                               |
| 06/30/2015                              | \$3,511,742                        | 98.5%                                                            | \$5,577,901                               |

### **Funded Status and Funding Progress**

The funded status of the plan as of the most recent valuation, June 30, 2014, was as follows:

|                                                   |                      |
|---------------------------------------------------|----------------------|
| Actuarial Accrued Liability (AAL)                 | \$ 89,784,846        |
| Actuarial Value of Plan Assets                    | -                    |
| Unfunded Actuarial Accrued Liability (UAAL)       | <u>\$ 89,784,846</u> |
| Funded Ratio (Actuarial Value of Plan Assets/AAL) | 0%                   |
| Covered Payroll (Active Plan Members)             | \$ 47,572,054        |
| UAAL as a Percentage of Covered Payroll           | 188.73%              |

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

## **CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2015

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### **Note 13. Other Post-Employment Benefits (Continued)**

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

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

##### **Actuarial Methods and Assumptions**

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

In the July 1, 2014 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 4.0% discount rate, a 3.0% inflation rate, and an initial annual healthcare cost trend of 10% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 4.75%. The unfunded actuarial accrued liability is being amortized over 30 years using the Level Percentage of Pay method. The remaining closed amortization period at June 30, 2015 is 22 years.

##### **Lynchburg City Schools**

##### **Plan Description**

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

##### **Benefits Provided**

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

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

##### **Early Retirement Incentive Plan**

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

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### **Note 13. Other Post-Employment Benefits (Continued)**

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

##### **Membership**

The number of participants at June 30, 2015 was as follows:

|                       |                     |
|-----------------------|---------------------|
| Active participants   | 1,211               |
| Inactive participants | <u>85</u>           |
| Total                 | <u><u>1,296</u></u> |

##### **Funding Policy**

The Schools currently fund postemployment health care benefits on a pay-as-you-go basis. The Schools do not intend to establish a trust to pre-fund this liability.

##### **Annual Other Postemployment Benefit Cost and Net OPEB Obligation**

For the fiscal year ended June 30, 2015, the School's annual OPEB cost (expense) was \$926,754. The payment of current retiree claims net of retiree contributions towards premiums, which totaled \$718,051 for retirees, resulted in a Net OPEB obligation of \$3,475,568 for the year ended June 30, 2015.

|                                            |                            |
|--------------------------------------------|----------------------------|
| Annual required contribution               | \$ 977,733                 |
| Interest on net OPEB obligation            | 130,675                    |
| Adjustment to annual required contribution | <u>(181,654)</u>           |
| Annual OPEB cost                           | 926,754                    |
| Contributions made                         | <u>(718,051)</u>           |
| Increase in net OPEB obligation            | 208,703                    |
| Net OPEB obligation-beginning of year      | <u>3,266,865</u>           |
| Net OPEB obligation-end of year            | \$ <u><u>3,475,568</u></u> |

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY2013, FY2014 and FY2015 are as follows.

| <b><u>Fiscal<br/>Year<br/>Ended</u></b> | <b><u>Annual<br/>OPEB Cost</u></b> | <b><u>Percentage of<br/>Annual OPEB<br/>Cost Contributed</u></b> | <b><u>Net<br/>OPEB<br/>Obligation</u></b> |
|-----------------------------------------|------------------------------------|------------------------------------------------------------------|-------------------------------------------|
| 06/30/2013                              | \$1,005,860                        | 33.6%                                                            | \$2,814,288                               |
| 06/30/2014                              | \$895,582                          | 49.5%                                                            | \$3,266,865                               |
| 06/30/2015                              | \$926,754                          | 77.5%                                                            | \$3,475,568                               |

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### **Note 13. Other Post-Employment Benefits (Continued)**

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

##### **Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2015 was as follows:

|                                                   |                     |
|---------------------------------------------------|---------------------|
| Actuarial Accrued Liability (AAL)                 | \$ 7,268,479        |
| Actuarial Value of Plan Assets                    | -                   |
| Unfunded Actuarial Accrued Liability (UAAL)       | <u>\$ 7,268,479</u> |
| Funded Ratio (Actuarial Value of Plan Assets/AAL) | 0 %                 |
| Covered Payroll (Active Plan Members)             | \$ 57,822,720       |
| UAAL as a Percentage of Covered Payroll           | 12.57 %             |

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

##### **Actuarial Methods and Assumptions**

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

In the June 30, 2015 actuarial valuation, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used a 4% discount rate, and an initial annual healthcare cost trend of 9% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 5.0%. The unfunded actuarial accrued liability is being amortized over 30 years and is based on a closed group. The fresh start method of amortization for the unfunded actuarial accrued liability was used for each year.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### ***Note 14. Leases***

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#### 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:

| June 30   | Government        | Unit – Schools    |
|-----------|-------------------|-------------------|
| 2016      | \$ 240,775        | \$ 373,372        |
| 2017      | 131,156           | 315,156           |
| 2018      | 88,646            | 233,758           |
| 2019      | 87,135            | 50,226            |
| 2020      | 82,464            | 12,968            |
| 2021-2025 | 130,499           | -                 |
|           | <u>\$ 760,675</u> | <u>\$ 985,480</u> |

For 2015, the City incurred rental expenditures of \$266,717 in the General Fund and \$24,464 in the Special Revenue Funds. For 2015, the Schools incurred rental expenditures of \$620,398.

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### ***Note 15. Risk Management***

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The Risk Management Programs of the City are as follows:

Workers' Compensation: The City is self-insured for workers' compensation claims. All settled claims are paid through the General Fund. 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 \$866,356.

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 \$442 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 \$593,516. The City has designated a portion of its fund balance in the General Fund to fund future general liability claims. City management believes any incurred but not reported claims at June 30 would be insignificant.

Healthcare: The City's professionally administered self-insurance program provides healthcare coverage for employees and retirees of the City on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the City. Under the program, the City is obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$300,000 per covered individual per contract year, once the aggregating specific of \$50,000 has been met. The City is responsible for all claims over the stated specific deductible up to a certain amount (the aggregating specific deductible). In return, the City receives a certain amount of premium relief for sharing in the claims risk of the aggregating specific. For the year ended June 30, total claims expense of \$9,397,665 was incurred. Administrative fees and stop loss premiums for the year ended June 30 totaled \$923,465. Estimated incurred, but not reported, claims at June 30 based on invoices received totaled approximately \$750,000 and have been funded by the City.

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## ***Note 15. Risk Management (Continued)***

Changes in aggregate liabilities were as follows:

|                              |      |    | Beginning<br>of Year | Claims and<br>Reserves | Claim<br>Payments | End<br>of Year |
|------------------------------|------|----|----------------------|------------------------|-------------------|----------------|
| Workers' Compensation        | 2015 | \$ | 2,419,999            | \$ 1,046,442           | \$ 866,356        | \$ 2,600,085   |
|                              | 2014 | \$ | 2,192,328            | \$ 988,367             | \$ 760,696        | \$ 2,419,999   |
| General/Automotive Liability | 2015 | \$ | -                    | \$ 451,186             | \$ 451,186        | \$ -           |
|                              | 2014 | \$ | -                    | \$ 200,009             | \$ 200,009        | \$ -           |
| Healthcare                   | 2015 | \$ | 346,784              | \$ 9,800,881           | \$ 9,397,665      | \$ 750,000     |
|                              | 2014 | \$ | 400,000              | \$ 7,972,398           | \$ 8,025,614      | \$ 346,784     |

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

The Risk Management Programs of the Schools are as follows:

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

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

Healthcare: The Schools' professionally administered self-insurance program provides healthcare coverage for employees and retirees of the Schools on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the Schools. Under the program, the Schools are obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$350,000 per covered individual per contract year. Total claims expense of \$8,028,296 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 \$927,263. Estimated incurred, but not reported, claims at June 30 based on prior experience totaled 551,416 and have been recorded as a liability by the Schools.

Changes in aggregate liabilities were as follows:

|            |      |    | Beginning<br>of Year | Claims and<br>Reserves | Claim<br>Payments | End<br>of Year |
|------------|------|----|----------------------|------------------------|-------------------|----------------|
| Healthcare | 2015 | \$ | 454,293              | \$ 8,028,296           | \$ 7,931,173      | \$ 551,416     |
|            | 2014 | \$ | 679,143              | \$ 6,623,143           | \$ 6,847,993      | \$ 454,293     |



## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### **Note 16. Significant Transactions of the City and Discretely Presented Component Unit – Schools**

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

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

|                                                            |                              |
|------------------------------------------------------------|------------------------------|
| Expenses of Schools – Component Unit (Exhibit 2)           | \$ 98,985,698                |
| Principal and other debt service expenses included in City | <u>8,262,033</u>             |
| Total expenses/expenditures for School activities          | <u><u>\$ 107,247,731</u></u> |

### **Note 17. Commitments and Contingencies**

#### **Combined Sewer Overflow:**

In 1994, and with subsequent permit renewals, the VDEQ issued a sewage discharge permit and Special Order of Consent containing the terms and conditions that would govern implementation of the City’s CSO program. That permit required the City to implement a CSO Long-Term Control Plan and to undertake certain combined sewer management practices designed to minimize CSO discharge until the sewer system is completely separated. The order established a project priority listing for implementation of the CSO control plan.

On July 31, 2015 VDEQ issued a revised Consent Special Order which significantly changed the CSO Long-Term Control Plan. The revised plan includes an alternate list of projects designed to integrate the CSO program with overarching water quality standards that encompass both CSO and stormwater management impacts. As of September 5, 2014 the revised program was estimated to cost \$63,890,000

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

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### Note 17. Commitments and Contingencies (Continued)

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#### 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 \$5,036,515 to the EDA, which the EDA loaned to the LLCs for the rehabilitation. 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 is leasing the rehabilitated facility from the City for a term of 40 years and subleasing the facility to the LLCs under similar terms. In addition, the LLCs are leasing the facility to the City. Both leases are for a term of 35 years, starting November 2014, when the certificate of occupancy for the rehabilitated structure was obtained. All leases include nominal annual rent payments.

The City also entered a co-development agreement with the LLCs under which it provided various services and personnel for the project. As part of the co-development agreement, the City was compensated \$1,204,051 for services provided during the rehabilitation project. This amount was payable, by the LLCs, from the proceeds of the sale of historic tax credits.

#### 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, 2015.

#### Arbitrage:

The City has certain debt instruments subject to arbitrage regulations. As of June 30, 2015, the arbitrage rebate liability estimate was zero.

#### Encumbrance Commitments:

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

|                                              |                            |
|----------------------------------------------|----------------------------|
| <b><u>MAJOR FUNDS</u></b>                    |                            |
| General Fund                                 | \$ 976,545                 |
| City Capital Projects Fund                   | 16,317,483                 |
| School Capital Projects                      | <u>31,906,209</u>          |
| <b>Total Major Funds</b>                     | <b><u>49,200,237</u></b>   |
| <b><u>NONMAJOR FUNDS</u></b>                 |                            |
| City Federal State Aid                       | 74,532                     |
| Asset Forfeiture                             | 12,695                     |
| Lynchburg Regional Juvenile Detention Center | <u>12,206</u>              |
| <b>Total Nonmajor Funds</b>                  | <b><u>99,433</u></b>       |
| <b>TOTAL ENCUMBRANCES</b>                    | <b><u>\$49,299,670</u></b> |

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### ***Note 17. Commitments and Contingencies (Continued)***

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#### Construction Commitments:

Included in the encumbrances above are construction commitments of \$16,317,483 in the City Capital Projects fund and \$31,906,209 in the School Capital Projects fund. The City also had construction commitments of \$1,517,836 in the Water fund; \$5,030,865 in the Sewer fund; \$145,110 in the Stormwater Fund; and \$26,478 in the Airport fund as of June 30, 2015.

### ***Note 18. Bluffwalk***

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#### Loan Agreement:

In 2004, the City entered into a contract with the U.S. Department of Housing and Urban Development (HUD) whereas the City is the borrower and HUD is the guarantor of a Section 108 loan (Note 9). With the funds borrowed from HUD, the City entered into a loan agreement with Bluffwalk Center L.P. (Bluffwalk). The City loaned Bluffwalk \$3,200,000 with payments required twice a year. Bluffwalk failed to make all of the required payments to the City. The City fulfilled its obligation to HUD by making the required payments, obtaining the remaining funds from the Community Development Block Grant (CDBG). During FY2014, Bluffwalk repaid the City, with interest, all missed principal and interest payments. The City, in accordance with guidance from HUD, will retain these funds for future principal and interest payments. Bluffwalk entered into another agreement with the City, whereby Bluffwalk agreed to pay \$100,000 in two semi-annual payments of \$50,000 each toward the HUD loan. The City will use the retained funds along with the \$100,000 to make the semi-annual payments to HUD. Subsequent to year end Bluffwalk paid \$50,000 towards the required principal and interest payment.

During FY2015, the City was contacted by the Financial Management division of HUD to advise that a new Section 108 Loan Guarantee Program public offering was available. The City refinanced the Series 2004-A note with an outstanding principal balance of \$1,580,000. The refunding saved the City approximately 13.5% or approximately \$213,000.

During FY2015 the City used \$179,476 of the retained funds along with \$100,000 received from Bluffwalk to pay the annual principal and interest payments. Subsequent to year end Bluffwalk paid \$50,000 towards the required principal and interest payment.

### ***Note 19. New Accounting Standards***

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

GASB Statement No. 72, *Fair Value Measurement and Application* addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ending June 30, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions* improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2017.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### ***Note 19. New Accounting Standards (Continued)***

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GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* identifies — in the context of the current governmental financial reporting environment — the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ending June 30, 2016 and should be applied retroactively. Earlier application is permitted.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments to disclose information about the nature and magnitude of tax abatements granted to a specific taxpayer, typically for the purpose of economic development. This does not cover programs that reduce the tax liabilities of broad classes of taxpayers, such as senior citizens or veterans, and which are not the product of individual agreements with each taxpayer. The Statement does not consider issues related to recognition. This Statement will be effective for the year ending June 20, 2017.

### ***Note 20. Adoption of New Standard and Prior Period Restatement***

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In the current year the City and the Schools adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27, as amended by GASB Statement No. 71*. This standard 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 new 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. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available.

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

## Note 20. Adoption of New Standard and Prior Period Restatement (Continued)

### Primary Government

The following is a summary of the restatements to fund balance and net position, as applicable, resulting from the adoption of GASB Statement No. 68:

|                                                                                                 | Funds                |                       |                     |                      |                      | Government Wide         |                          |
|-------------------------------------------------------------------------------------------------|----------------------|-----------------------|---------------------|----------------------|----------------------|-------------------------|--------------------------|
|                                                                                                 | Water                | Sewer                 | Stormwater          | Airport              | Internal Service     | Governmental Activities | Business-type Activities |
| Net Position                                                                                    |                      |                       |                     |                      |                      |                         |                          |
| July 1, 2014, as previously stated                                                              | \$ 37,460,849        | \$ 144,540,059        | \$ 2,955,573        | \$ 36,954,889        | \$ 11,776,853        | \$ 269,694,599          | \$ 217,886,147           |
| Restatement due to :                                                                            |                      |                       |                     |                      |                      |                         |                          |
| Recognition of pension related liabilities and deferred outflows in accordance with GASB No. 68 | (6,012,741)          | (3,888,504)           | (526,654)           | (1,198,182)          | (967,065)            | (94,162,628)            | (11,626,081)             |
| Net Position                                                                                    |                      |                       |                     |                      |                      |                         |                          |
| July 1, 2014, as restated                                                                       | <u>\$ 31,448,108</u> | <u>\$ 140,651,555</u> | <u>\$ 2,428,919</u> | <u>\$ 35,756,707</u> | <u>\$ 10,809,788</u> | <u>\$ 175,531,971</u>   | <u>\$ 206,260,066</u>    |

### Component Unit- Lynchburg City Schools:

The following is a summary of the restatements of opening fund balance and net position:

|                                                      | Funds              |                  |                        |
|------------------------------------------------------|--------------------|------------------|------------------------|
|                                                      | School Federal Aid | Govenor's School | Lynchburg City Schools |
| Fund Balance/Net Position                            |                    |                  |                        |
| June 30, 2014, as previously stated                  | \$ 47,856          | \$ 306,219       | \$ 4,108,365           |
| Restatement due to:                                  |                    |                  |                        |
| Separately reported legally independent agency funds | <u>(47,856)</u>    | <u>(306,219)</u> | <u>(354,075)</u>       |
| Fund Balance/Net Position                            |                    |                  |                        |
| June 30, 2014, as restated                           | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 3,754,290</u>    |

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015

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### ***Note 20. Adoption of New Standard and Prior Period Restatement (Continued)***

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#### **Component Unit- Lynchburg City Schools: (Continued)**

The following is a summary of the restatements to fund balance and net position, as applicable, resulting from the adoption of GASB Statement No. 68:

|                           | <u>Lynchburg<br/>City Schools</u> |
|---------------------------|-----------------------------------|
| Net Position              |                                   |
| July 1, 2014 per above    | \$ 3,754,290                      |
| Restatement due to:       |                                   |
| To implement GASB No. 68  | <u>(90,049,577)</u>               |
| Net Position              |                                   |
| July 1, 2014, as restated | <u>\$ (86,295,287)</u>            |

## **REQUIRED SUPPLEMENTAL INFORMATION**





## Required Supplementary Information

## Schedule of Changes in Net Pension Liability and Related Ratios

For the Year Ended June 30, 2015

|                                                                        | <b>Primary<br/>Government</b> | <b>Schools--<br/>Nonprofessional<br/>Employees</b> |
|------------------------------------------------------------------------|-------------------------------|----------------------------------------------------|
| <b>Total Pension Liability</b>                                         |                               |                                                    |
| Service cost                                                           | \$ 6,203,323                  | \$ 408,027                                         |
| Interest on total pension liability                                    | 22,279,728                    | 935,168                                            |
| Benefit payments, including refunds of employee contributions          | (18,346,084)                  | (736,082)                                          |
| Net change in total pension liability                                  | 10,136,967                    | 607,113                                            |
| <b>Total pension liability - beginning</b>                             | 327,454,876                   | 13,727,582                                         |
| <b>Total pension liability - ending</b>                                | 337,591,843                   | 14,334,695                                         |
| <b>Plan Fiduciary Net Position</b>                                     |                               |                                                    |
| Contributions - employer                                               | 10,482,447                    | 382,008                                            |
| Contributions - employee                                               | 2,545,602                     | 192,487                                            |
| Net investment income                                                  | 32,917,551                    | 1,844,193                                          |
| Benefit payments, including refunds of employee contributions          | (18,346,084)                  | (736,082)                                          |
| Administrative expenses                                                | (180,075)                     | (9,987)                                            |
| Other                                                                  | 1,737                         | 98                                                 |
| Net change in plan fiduciary net position                              | 27,421,178                    | 1,672,717                                          |
| <b>Plan fiduciary net position - beginning</b>                         | 211,183,720                   | 11,769,997                                         |
| <b>Plan fiduciary net position - ending</b>                            | 238,604,898                   | 13,442,714                                         |
| <b>Net pension liability - ending</b>                                  | <u>\$ 98,986,945</u>          | <u>\$ 891,981</u>                                  |
| Plan fiduciary net position as a percentage of total pension liability | <u>71%</u>                    | <u>94%</u>                                         |
| Covered employee payroll                                               | <u>\$ 50,441,350</u>          | <u>\$ 3,727,782</u>                                |
| Net pension liability as a percentage of covered employee payroll      | <u>196%</u>                   | <u>24%</u>                                         |

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

**Required Supplementary Information**  
**Schedule of Pension Contributions**  
**For the Year Ended June 30, 2015**

| <b>Year Ended<br/>June 30</b>              | <b>Actuarially<br/>Determined<br/>Contribution</b> | <b>Contributions in<br/>Relation to<br/>Actuarially<br/>Determined<br/>Contribution</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>Covered<br/>Employee Payroll</b> | <b>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</b> |
|--------------------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------|---------------------------------------------------------------------|
| <b>Primary Government</b>                  |                                                    |                                                                                         |                                                 |                                     |                                                                     |
| 2015                                       | \$ 10,728,502                                      | \$ 10,728,502                                                                           | \$ -                                            | \$ 50,441,350                       | 21.27%                                                              |
| <b>Schools - Nonprofessional Employees</b> |                                                    |                                                                                         |                                                 |                                     |                                                                     |
| 2015                                       | \$ 330,294                                         | \$ 330,294                                                                              | \$ -                                            | \$ 3,727,782                        | 8.86%                                                               |

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

**Required Supplementary Information**  
**Schedule of Employer's Share of Net Pension Liability**  
**VRS Teacher Retirement Plan**  
**For the Year Ended June 30, 2015**

| <b>Year Ended<br/>June 30</b> | <b>Employer's<br/>Proportion of the<br/>Net Pension<br/>Liability (Asset)</b> | <b>Employer's<br/>Proportionate<br/>Share of the Net<br/>Pension Liability<br/>(Asset)</b> | <b>Employer's<br/>Covered<br/>Employee<br/>Payroll</b> | <b>Employer's<br/>Proportionate<br/>Share of the Net<br/>Pension Liability<br/>(Asset) as a<br/>Percentage of its<br/>Covered<br/>Employee Payroll</b> | <b>Plan Fiduciary<br/>Net Position as<br/>a Percentage of<br/>the Total<br/>Pension<br/>Liability</b> |
|-------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| 2015                          | 0.70%                                                                         | \$ 84,602,000                                                                              | \$ 51,468,623                                          | 164.38%                                                                                                                                                | 70.88%                                                                                                |

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

**Required Supplementary Information**  
**Schedule of Pension Contributions**  
**VRS Teacher Retirement Plan**  
**For the Year Ended June 30, 2015**

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| <b>Year Ended<br/>June 30</b> | <b>Contractually<br/>Required<br/>Contribution</b> | <b>Contributions in<br/>Relation to<br/>Contractually<br/>Required<br/>Contribution</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>Covered Employee<br/>Payroll</b> | <b>Contributions as a<br/>Percentage of<br/>Covered Employee<br/>Payroll</b> |
|-------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------|------------------------------------------------------------------------------|
| 2015                          | \$ 7,458,200                                       | \$ 7,458,200                                                                            | \$ -                                            | \$ 51,468,623                       | 14.49%                                                                       |

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

**Required Supplemental Information**  
**Schedule of Funding Progress for Other Post Employment Benefits**  
**As of June 30, 2015**

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|                        | Actuarial      | Actuarial Value | Actuarial               | Unfunded                 | Funded | Annual Covered | UAAL as a                     |
|------------------------|----------------|-----------------|-------------------------|--------------------------|--------|----------------|-------------------------------|
|                        | Valuation Date | of Assets       | Accrued Liability (AAL) | Accrued Liability (UAAL) | Ratio  | Payroll        | Percentage of Covered Payroll |
| City of Lynchburg      |                |                 |                         |                          |        |                |                               |
|                        | June 30, 2014  | \$ -            | \$ 89,784,846           | \$ 89,784,846            | 0.00%  | \$ 47,572,054  | 188.73%                       |
|                        | June 30, 2012  | \$ -            | \$ 60,963,806           | \$ 60,963,806            | 0.00%  | \$ 48,564,229  | 125.53%                       |
|                        | June 30, 2010  | \$ -            | \$ 58,445,937           | \$ 58,445,937            | 0.00%  | \$ 47,102,629  | 124.08%                       |
|                        | June 30, 2008  | \$ -            | \$ 50,541,000           | \$ 50,541,000            | 0.00%  | \$ 50,839,048  | 99.41%                        |
| Lynchburg City Schools |                |                 |                         |                          |        |                |                               |
|                        | June 30, 2015  | \$ -            | \$ 7,268,479            | \$ 7,268,479             | 0.00%  | \$ 57,822,720  | 12.57%                        |
|                        | June 30, 2014  | \$ -            | \$ 7,984,513            | \$ 7,984,513             | 0.00%  | \$ 56,023,045  | 14.25%                        |
|                        | June 30, 2013  | \$ -            | \$ 7,666,529            | \$ 7,666,529             | 0.00%  | \$ 54,033,601  | 14.19%                        |
|                        | June 30, 2012  | \$ -            | \$ 8,780,625            | \$ 8,780,625             | 0.00%  | \$ 58,331,131  | 15.05%                        |

## **CITY OF LYNCHBURG, VIRGINIA**

### **Notes to Required Supplementary Information June 30, 2015**

#### **Note 1. Changes of Benefit Terms**

There have been no significant changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012 (fiscal year 2014 for the teacher cost sharing pool). The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013, and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

#### **Note 2. Changes of Assumptions**

The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

##### **Largest 10 – Non-LEOS:**

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

##### **Largest 10 – LEOS:**

- Update mortality table
- Decrease in male rates of disability

##### **All Others (Non 10 Largest) – Non-LEOS:**

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

##### **All Others (Non 10 Largest) – LEOS:**

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

##### **Teacher cost-sharing pool**

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

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## **OTHER SUPPLEMENTAL INFORMATION**





## CITY OF LYNCHBURG, VIRGINIA

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

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#### Nonmajor Governmental Funds:

Nonmajor governmental funds consist of special revenue funds.

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

Funds in this category include:

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

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2015

|                                                                            | City<br>Federal<br>State Aid | Community<br>Development<br>Block<br>Grant | Lynchburg<br>Business<br>Development<br>Centre | Forfeited<br>Assets | Comprehensive<br>Services<br>Act |
|----------------------------------------------------------------------------|------------------------------|--------------------------------------------|------------------------------------------------|---------------------|----------------------------------|
| <b>Assets</b>                                                              |                              |                                            |                                                |                     |                                  |
| Cash and cash equivalents                                                  | \$ -                         | \$ 1,200,186                               | \$ 171                                         | \$ 350,597          | \$ -                             |
| Receivables, net of allowance:                                             |                              |                                            |                                                |                     |                                  |
| Other                                                                      | 82,942                       | 2,105                                      | -                                              | -                   | 4,740                            |
| Due from other funds                                                       | 263,378                      | 45,067                                     | -                                              | -                   | 90                               |
| Due from other governments                                                 | 448,794                      | 59,748                                     | -                                              | -                   | 1,794,549                        |
| Due from component unit                                                    | -                            | -                                          | 125,000                                        | -                   | -                                |
| Other assets                                                               | -                            | -                                          | 213                                            | -                   | -                                |
| Restricted assets:                                                         |                              |                                            |                                                |                     |                                  |
| Cash and cash equivalents                                                  | 386,994                      | -                                          | -                                              | -                   | -                                |
| <b>Total assets</b>                                                        | <u>\$ 1,182,108</u>          | <u>\$ 1,307,106</u>                        | <u>\$ 125,384</u>                              | <u>\$ 350,597</u>   | <u>\$ 1,799,379</u>              |
| <b>Liabilities</b>                                                         |                              |                                            |                                                |                     |                                  |
| Accounts payable and other liabilities                                     | \$ 58,084                    | \$ 55,600                                  | \$ -                                           | \$ 17,047           | \$ 814,510                       |
| Accrued payroll and related liabilities                                    | 65,230                       | 4,348                                      | -                                              | -                   | 1,836                            |
| Due to other funds                                                         | 592,331                      | -                                          | -                                              | -                   | 968,477                          |
| Due to other governments                                                   | 50,386                       | -                                          | -                                              | -                   | -                                |
| <b>Total liabilities</b>                                                   | <u>766,031</u>               | <u>59,948</u>                              | <u>-</u>                                       | <u>17,047</u>       | <u>1,784,823</u>                 |
| <b>Deferred Inflows of Resources</b>                                       |                              |                                            |                                                |                     |                                  |
| Unavailable revenue                                                        | 82,942                       | 2,105                                      | -                                              | -                   | -                                |
| <b>Total deferred inflows of resources</b>                                 | <u>82,942</u>                | <u>2,105</u>                               | <u>-</u>                                       | <u>-</u>            | <u>-</u>                         |
| <b>Fund Balances</b>                                                       |                              |                                            |                                                |                     |                                  |
| Restricted                                                                 | 383,202                      | 1,245,053                                  | -                                              | 333,550             | 14,556                           |
| Committed                                                                  | -                            | -                                          | 125,384                                        | -                   | -                                |
| Assigned                                                                   | -                            | -                                          | -                                              | -                   | -                                |
| Unassigned                                                                 | (50,067)                     | -                                          | -                                              | -                   | -                                |
| <b>Total fund balances</b>                                                 | <u>333,135</u>               | <u>1,245,053</u>                           | <u>125,384</u>                                 | <u>333,550</u>      | <u>14,556</u>                    |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <u>\$ 1,182,108</u>          | <u>\$ 1,307,106</u>                        | <u>\$ 125,384</u>                              | <u>\$ 350,597</u>   | <u>\$ 1,799,379</u>              |

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2015

|                                                                                | Lynchburg<br>Expressway<br>Appearance | Home<br>Investment<br>Trust | Lynchburg<br>Regional<br>Juvenile<br>Detention Center | Total Nonmajor<br>Special Revenue |
|--------------------------------------------------------------------------------|---------------------------------------|-----------------------------|-------------------------------------------------------|-----------------------------------|
| <b>Assets</b>                                                                  |                                       |                             |                                                       |                                   |
| Cash and cash equivalents                                                      | \$ 230,092                            | \$ 26,247                   | \$ 500                                                | \$ 1,807,793                      |
| Receivables, net of allowance:                                                 |                                       |                             |                                                       |                                   |
| Other                                                                          | 78,034                                | -                           | -                                                     | 167,821                           |
| Due from other funds                                                           | -                                     | -                           | 67,448                                                | 375,983                           |
| Due from other governments                                                     | -                                     | 5,549                       | 348,109                                               | 2,656,749                         |
| Due from component unit                                                        | -                                     | -                           | -                                                     | 125,000                           |
| Other assets                                                                   | -                                     | -                           | -                                                     | 213                               |
| Restricted assets:                                                             |                                       |                             |                                                       |                                   |
| Cash and cash equivalents                                                      | -                                     | -                           | -                                                     | 386,994                           |
| <b>Total assets</b>                                                            | <u>\$ 308,126</u>                     | <u>\$ 31,796</u>            | <u>\$ 416,057</u>                                     | <u>\$ 5,520,553</u>               |
| <b>Liabilities</b>                                                             |                                       |                             |                                                       |                                   |
| Accounts payable and other liabilities                                         | \$ 783                                | \$ 4,917                    | \$ 17,580                                             | \$ 968,521                        |
| Accrued payroll and related liabilities                                        | -                                     | 632                         | 63,981                                                | 136,027                           |
| Due to other funds                                                             | -                                     | -                           | 234,484                                               | 1,795,292                         |
| Due to other governments                                                       | -                                     | -                           | -                                                     | 50,386                            |
| <b>Total liabilities</b>                                                       | <u>783</u>                            | <u>5,549</u>                | <u>316,045</u>                                        | <u>2,950,226</u>                  |
| <b>Deferred Inflows of Resources</b>                                           |                                       |                             |                                                       |                                   |
| Unavailable revenue                                                            | 119,202                               | -                           | -                                                     | 204,249                           |
| <b>Total deferred inflows of resources</b>                                     | <u>119,202</u>                        | <u>-</u>                    | <u>-</u>                                              | <u>204,249</u>                    |
| <b>Fund Balances</b>                                                           |                                       |                             |                                                       |                                   |
| Restricted                                                                     | 188,141                               | 26,247                      | -                                                     | 2,190,749                         |
| Committed                                                                      | -                                     | -                           | -                                                     | 125,384                           |
| Assigned                                                                       | -                                     | -                           | 100,012                                               | 100,012                           |
| Unassigned                                                                     | -                                     | -                           | -                                                     | (50,067)                          |
| <b>Total fund balances</b>                                                     | <u>188,141</u>                        | <u>26,247</u>               | <u>100,012</u>                                        | <u>2,366,078</u>                  |
| <b>Total liabilities, deferred inflows of<br/>resources, and fund balances</b> | <u>\$ 308,126</u>                     | <u>\$ 31,796</u>            | <u>\$ 416,057</u>                                     | <u>\$ 5,520,553</u>               |

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Nonmajor Special Revenue Funds

For the Year Ended June 30, 2015

|                                                 | City<br>Federal<br>State Aid | Community<br>Development<br>Block<br>Grant | Lynchburg<br>Business<br>Development<br>Centre | Forfeited<br>Assets | Comprehensive<br>Services<br>Act |
|-------------------------------------------------|------------------------------|--------------------------------------------|------------------------------------------------|---------------------|----------------------------------|
| <b>Revenues</b>                                 |                              |                                            |                                                |                     |                                  |
| Intergovernmental                               | \$ 4,157,242                 | \$ 639,600                                 | \$ -                                           | \$ 174,163          | \$ 3,872,837                     |
| Revenue from use of money and property          | -                            | -                                          | 28,282                                         | 302                 | -                                |
| Charges for services                            | 511,802                      | 30,887                                     | -                                              | -                   | 1,435,393                        |
| Miscellaneous                                   | 357,333                      | -                                          | -                                              | -                   | 43,243                           |
| <b>Total revenues</b>                           | <u>5,026,377</u>             | <u>670,487</u>                             | <u>28,282</u>                                  | <u>174,465</u>      | <u>5,351,473</u>                 |
| <b>Expenditures</b>                             |                              |                                            |                                                |                     |                                  |
| Current operating expenditures:                 |                              |                                            |                                                |                     |                                  |
| General government                              | -                            | -                                          | -                                              | -                   | -                                |
| Judicial                                        | 990,677                      | -                                          | -                                              | 30,000              | -                                |
| Public safety                                   | 1,945,421                    | -                                          | -                                              | 159,676             | -                                |
| Public works                                    | 13,100                       | -                                          | -                                              | -                   | -                                |
| Health and human services                       | 1,857,784                    | -                                          | -                                              | -                   | 5,760,020                        |
| Community development                           | 288,065                      | 805,582                                    | 28,282                                         | -                   | -                                |
| Capital Outlay:                                 |                              |                                            |                                                |                     |                                  |
| Capital general government                      | -                            | 50,216                                     | -                                              | -                   | -                                |
| Debt service:                                   |                              |                                            |                                                |                     |                                  |
| Principal retirements                           | 180,000                      | -                                          | -                                              | -                   | -                                |
| Interest payments and other fiscal charges      | 139,872                      | -                                          | -                                              | -                   | -                                |
| Issuance costs                                  | 10,835                       | -                                          | -                                              | -                   | -                                |
| <b>Total expenditures</b>                       | <u>5,425,754</u>             | <u>855,798</u>                             | <u>28,282</u>                                  | <u>189,676</u>      | <u>5,760,020</u>                 |
| <b>Deficiency of revenues over expenditures</b> | <u>(399,377)</u>             | <u>(185,311)</u>                           | <u>-</u>                                       | <u>(15,211)</u>     | <u>(408,547)</u>                 |
| <b>Other financing sources (uses)</b>           |                              |                                            |                                                |                     |                                  |
| Issuance of refunding bonds                     | -                            | -                                          | -                                              | -                   | -                                |
| Payments to escrow agent                        | -                            | -                                          | -                                              | -                   | -                                |
| Refunded bond principal payments                | -                            | -                                          | -                                              | -                   | -                                |
| Transfers in                                    | 262,730                      | -                                          | -                                              | -                   | -                                |
| Transfers out                                   | (175)                        | -                                          | -                                              | (4,592)             | -                                |
| <b>Total other financing sources (uses)</b>     | <u>262,555</u>               | <u>-</u>                                   | <u>-</u>                                       | <u>(4,592)</u>      | <u>-</u>                         |
| <b>Net changes in fund balances</b>             | <u>(136,822)</u>             | <u>(185,311)</u>                           | <u>-</u>                                       | <u>(19,803)</u>     | <u>(408,547)</u>                 |
| <b>Fund balances - beginning</b>                | <u>469,957</u>               | <u>1,430,364</u>                           | <u>125,384</u>                                 | <u>353,353</u>      | <u>423,103</u>                   |
| <b>Fund balances - ending</b>                   | <u>\$ 333,135</u>            | <u>\$ 1,245,053</u>                        | <u>\$ 125,384</u>                              | <u>\$ 333,550</u>   | <u>\$ 14,556</u>                 |

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Nonmajor Special Revenue Funds

For the Year Ended June 30, 2015

|                                                 | Lynchburg<br>Expressway<br>Appearance | Home<br>Investment<br>Trust | Lynchburg<br>Regional<br>Juvenile<br>Detention Center | Total Nonmajor<br>Special Revenue |
|-------------------------------------------------|---------------------------------------|-----------------------------|-------------------------------------------------------|-----------------------------------|
| <b>Revenues</b>                                 |                                       |                             |                                                       |                                   |
| Intergovernmental                               | \$ -                                  | \$ 372,791                  | \$ 1,099,192                                          | \$ 10,315,825                     |
| Revenue from use of money and property          | -                                     | -                           | -                                                     | 28,584                            |
| Charges for services                            | -                                     | -                           | 1,636,784                                             | 3,614,866                         |
| Miscellaneous                                   | 25,783                                | 1,920                       | 87                                                    | 428,366                           |
| <b>Total revenues</b>                           | <u>25,783</u>                         | <u>374,711</u>              | <u>2,736,063</u>                                      | <u>14,387,641</u>                 |
| <b>Expenditures</b>                             |                                       |                             |                                                       |                                   |
| Current operating expenditures:                 |                                       |                             |                                                       |                                   |
| General government                              | -                                     | -                           | 3,956                                                 | 3,956                             |
| Judicial                                        | -                                     | -                           | -                                                     | 1,020,677                         |
| Public safety                                   | -                                     | -                           | 2,557,549                                             | 4,662,646                         |
| Public works                                    | 28,651                                | -                           | -                                                     | 41,751                            |
| Health and human services                       | -                                     | -                           | -                                                     | 7,617,804                         |
| Community development                           | -                                     | 374,711                     | -                                                     | 1,496,640                         |
| Capital Outlay:                                 |                                       |                             |                                                       |                                   |
| Capital general government                      | -                                     | -                           | -                                                     | 50,216                            |
| Debt service:                                   |                                       |                             |                                                       |                                   |
| Principal retirements                           | -                                     | -                           | 157,726                                               | 337,726                           |
| Interest payments and other fiscal charges      | -                                     | -                           | 19,125                                                | 158,997                           |
| Issuance costs                                  | -                                     | -                           | 595                                                   | 11,430                            |
| <b>Total expenditures</b>                       | <u>28,651</u>                         | <u>374,711</u>              | <u>2,738,951</u>                                      | <u>15,401,843</u>                 |
| <b>Deficiency of revenues over expenditures</b> | <u>(2,868)</u>                        | <u>-</u>                    | <u>(2,888)</u>                                        | <u>(1,014,202)</u>                |
| <b>Other financing sources (uses)</b>           |                                       |                             |                                                       |                                   |
| Issuance of refunding bonds                     | -                                     | -                           | 469,875                                               | 469,875                           |
| Payments to escrow agent                        | -                                     | -                           | (467,064)                                             | (467,064)                         |
| Transfers in                                    | -                                     | -                           | 77                                                    | 262,807                           |
| Transfers out                                   | -                                     | -                           | -                                                     | (4,767)                           |
| <b>Total other financing sources (uses)</b>     | <u>-</u>                              | <u>-</u>                    | <u>2,888</u>                                          | <u>260,851</u>                    |
| <b>Net changes in fund balances</b>             | <u>(2,868)</u>                        | <u>-</u>                    | <u>-</u>                                              | <u>(753,351)</u>                  |
| <b>Fund balances - beginning</b>                | <u>191,009</u>                        | <u>26,247</u>               | <u>100,012</u>                                        | <u>3,119,429</u>                  |
| <b>Fund balances - ending</b>                   | <u>\$ 188,141</u>                     | <u>\$ 26,247</u>            | <u>\$ 100,012</u>                                     | <u>\$ 2,366,078</u>               |

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**City/Federal/State Aid Fund**  
**For the Year Ended June 30, 2015**

|                                                          | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------------------|-------------------|-------------------|-------------------|---------------------------------------------------------|
|                                                          | Original          | Final             |                   |                                                         |
| <b>Revenues</b>                                          |                   |                   |                   |                                                         |
| Intergovernmental                                        | \$ 2,553,163      | \$ 6,351,784      | \$ 4,157,242      | \$ (2,194,542)                                          |
| Charges for services                                     | 52,431            | 67,380            | 511,802           | 444,422                                                 |
| Miscellaneous                                            | 23,706            | 110,796           | 357,333           | 246,537                                                 |
| <b>Total revenues</b>                                    | <u>2,629,300</u>  | <u>6,529,960</u>  | <u>5,026,377</u>  | <u>(1,503,583)</u>                                      |
| <b>Expenditures</b>                                      |                   |                   |                   |                                                         |
| Current operating expenditures:                          |                   |                   |                   |                                                         |
| General government                                       | -                 | 2,519             | -                 | 2,519                                                   |
| Judicial                                                 | 1,001,176         | 1,072,753         | 990,677           | 82,076                                                  |
| Public safety                                            | 657,709           | 2,128,925         | 1,945,421         | 183,504                                                 |
| Public works                                             | 7,700             | 21,036            | 13,100            | 7,936                                                   |
| Health and human services                                | 970,073           | 2,926,359         | 1,857,784         | 1,068,575                                               |
| Community development                                    | 35,000            | 297,062           | 288,065           | 8,997                                                   |
| Debt service:                                            |                   |                   |                   |                                                         |
| Principal retirements                                    | -                 | -                 | 180,000           | (180,000)                                               |
| Interest payments and other fiscal charges               | -                 | -                 | 139,872           | (139,872)                                               |
|                                                          | -                 | 7,900             | 10,835            | (2,935)                                                 |
| <b>Total expenditures</b>                                | <u>2,671,658</u>  | <u>6,456,554</u>  | <u>5,425,754</u>  | <u>1,030,800</u>                                        |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>(42,358)</u>   | <u>73,406</u>     | <u>(399,377)</u>  | <u>(472,783)</u>                                        |
| <b>Other financing sources (uses)</b>                    |                   |                   |                   |                                                         |
| Transfers in                                             | 42,358            | 263,144           | 262,730           | (414)                                                   |
| Transfers out                                            | -                 | -                 | (175)             | (175)                                                   |
| <b>Total other financing sources (uses)</b>              | <u>42,358</u>     | <u>263,144</u>    | <u>262,555</u>    | <u>(589)</u>                                            |
| <b>Net changes in fund balances</b>                      | <u>-</u>          | <u>336,550</u>    | <u>(136,822)</u>  | <u>(473,372)</u>                                        |
| <b>Fund balances - beginning</b>                         | <u>469,957</u>    | <u>469,957</u>    | <u>469,957</u>    | <u>-</u>                                                |
| <b>Fund balances - ending</b>                            | <u>\$ 469,957</u> | <u>\$ 806,507</u> | <u>\$ 333,135</u> | <u>\$ (473,372)</u>                                     |

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Community Development Block Grant Fund**  
**For the Year Ended June 30, 2015**

|                                     | <b>Budgeted Amounts</b> |                   | <b>Actual</b>       | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-------------------------------------|-------------------------|-------------------|---------------------|-------------------------------------------------------------------|
|                                     | <b>Original</b>         | <b>Final</b>      |                     |                                                                   |
| <b>Revenues</b>                     |                         |                   |                     |                                                                   |
| Intergovernmental                   | \$ 671,454              | \$ 1,598,076      | \$ 639,600          | \$ (958,476)                                                      |
| Charges for services                | 1,432,764               | 2,550             | 30,887              | 28,337                                                            |
| <b>Total revenues</b>               | <u>2,104,218</u>        | <u>1,600,626</u>  | <u>670,487</u>      | <u>(930,139)</u>                                                  |
| <b>Expenditures</b>                 |                         |                   |                     |                                                                   |
| Current operating expenditures:     |                         |                   |                     |                                                                   |
| Community development               | 853,330                 | 2,845,711         | 805,582             | 2,040,129                                                         |
| Capital Outlay                      |                         |                   |                     |                                                                   |
| Capital general government          | -                       | 50,216            | 50,216              | -                                                                 |
| <b>Total expenditures</b>           | <u>853,330</u>          | <u>2,895,927</u>  | <u>855,798</u>      | <u>2,040,129</u>                                                  |
| <b>Net changes in fund balances</b> | 1,250,888               | (1,295,301)       | (185,311)           | 1,109,990                                                         |
| <b>Fund balances - beginning</b>    | <u>1,430,364</u>        | <u>1,430,364</u>  | <u>1,430,364</u>    | <u>-</u>                                                          |
| <b>Fund balances - ending</b>       | <u>\$ 2,681,252</u>     | <u>\$ 135,063</u> | <u>\$ 1,245,053</u> | <u>\$ 1,109,990</u>                                               |

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Forfeited Assets Fund**  
**For the Year Ended June 30, 2015**

|                                                 | <b>Budgeted Amounts</b> |                  | <b>Actual</b>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-------------------------------------------------|-------------------------|------------------|-------------------|-------------------------------------------------------------------|
|                                                 | <b>Original</b>         | <b>Final</b>     |                   |                                                                   |
| <b>Revenues</b>                                 |                         |                  |                   |                                                                   |
| Intergovernmental                               | \$ -                    | \$ -             | \$ 174,163        | \$ 174,163                                                        |
| Revenue from use of money and property          | -                       | -                | 302               | 302                                                               |
| <b>Total revenues</b>                           | -                       | -                | 174,465           | 174,465                                                           |
| <b>Expenditures</b>                             |                         |                  |                   |                                                                   |
| Current operating expenditures:                 |                         |                  |                   |                                                                   |
| Judicial                                        | -                       | 30,000           | 30,000            | -                                                                 |
| Public safety                                   | -                       | 294,278          | 159,676           | 134,602                                                           |
| <b>Total expenditures</b>                       | -                       | 324,278          | 189,676           | 134,602                                                           |
| <b>Deficiency of revenues over expenditures</b> | -                       | (324,278)        | (15,211)          | 309,067                                                           |
| <b>Other financing uses</b>                     |                         |                  |                   |                                                                   |
| Transfers out                                   | -                       | (4,592)          | (4,592)           | -                                                                 |
| <b>Total other financing uses</b>               | -                       | (4,592)          | (4,592)           | -                                                                 |
| <b>Net changes in fund balances</b>             | -                       | (328,870)        | (19,803)          | 309,067                                                           |
| <b>Fund balances - beginning</b>                | 353,353                 | 353,353          | 353,353           | -                                                                 |
| <b>Fund balances (deficits) - ending</b>        | <u>\$ 353,353</u>       | <u>\$ 24,483</u> | <u>\$ 333,550</u> | <u>\$ 309,067</u>                                                 |



**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Comprehensive Services Act Fund**  
**For the Year Ended June 30, 2015**

|                                     | <b>Budgeted Amounts</b> |                   |                  | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-------------------------------------|-------------------------|-------------------|------------------|-------------------------------------------------------------------|
|                                     | <b>Original</b>         | <b>Final</b>      | <b>Actual</b>    |                                                                   |
| <b>Revenues</b>                     |                         |                   |                  |                                                                   |
| Intergovernmental                   | \$ 3,517,404            | \$ 3,978,774      | \$ 3,872,837     | \$ (105,937)                                                      |
| Charges for services                | 1,435,393               | 1,584,746         | 1,435,393        | (149,353)                                                         |
| Miscellaneous                       | 110,000                 | 163,840           | 43,243           | (120,597)                                                         |
| <b>Total revenues</b>               | <u>5,062,797</u>        | <u>5,727,360</u>  | <u>5,351,473</u> | <u>(375,887)</u>                                                  |
| <b>Expenditures</b>                 |                         |                   |                  |                                                                   |
| Current operating expenditures:     |                         |                   |                  |                                                                   |
| Health and human services           | <u>5,062,797</u>        | <u>5,702,113</u>  | <u>5,760,020</u> | <u>(57,907)</u>                                                   |
| <b>Total expenditures</b>           | <u>5,062,797</u>        | <u>5,702,113</u>  | <u>5,760,020</u> | <u>(57,907)</u>                                                   |
| <b>Net changes in fund balances</b> | -                       | 25,247            | (408,547)        | (433,794)                                                         |
| <b>Fund balances - beginning</b>    | <u>423,103</u>          | <u>423,103</u>    | <u>423,103</u>   | <u>-</u>                                                          |
| <b>Fund balances - ending</b>       | <u>\$ 423,103</u>       | <u>\$ 448,350</u> | <u>\$ 14,556</u> | <u>\$ (433,794)</u>                                               |

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**HOME Investment Trust Fund**  
**For the Year Ended June 30, 2015**

|                                     | <b>Budgeted Amounts</b> |                   | <b>Actual</b>    | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-------------------------------------|-------------------------|-------------------|------------------|-------------------------------------------------------------------|
|                                     | <b>Original</b>         | <b>Final</b>      |                  |                                                                   |
| <b>Revenues</b>                     |                         |                   |                  |                                                                   |
| Intergovernmental                   | \$ 340,925              | \$ 783,671        | \$ 372,791       | \$ (410,880)                                                      |
| Miscellaneous                       | -                       | -                 | 1,920            | 1,920                                                             |
| <b>Total revenues</b>               | <u>340,925</u>          | <u>783,671</u>    | <u>374,711</u>   | <u>(408,960)</u>                                                  |
| <b>Expenditures</b>                 |                         |                   |                  |                                                                   |
| Current operating expenditures:     |                         |                   |                  |                                                                   |
| Community development               | 340,925                 | 708,732           | 374,711          | 334,021                                                           |
| <b>Total expenditures</b>           | <u>340,925</u>          | <u>708,732</u>    | <u>374,711</u>   | <u>334,021</u>                                                    |
| <b>Net changes in fund balances</b> | -                       | 74,939            | -                | (74,939)                                                          |
| <b>Fund balances - beginning</b>    | <u>26,247</u>           | <u>26,247</u>     | <u>26,247</u>    | <u>-</u>                                                          |
| <b>Fund balances - ending</b>       | <u>\$ 26,247</u>        | <u>\$ 101,186</u> | <u>\$ 26,247</u> | <u>\$ (74,939)</u>                                                |

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Lynchburg Regional Juvenile Detention Center Fund**  
**For the Year Ended June 30, 2015**

|                                                          | Budgeted Amounts  |                  | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------------------|-------------------|------------------|-------------------|---------------------------------------------------------|
|                                                          | Original          | Final            |                   |                                                         |
| <b>Revenues</b>                                          |                   |                  |                   |                                                         |
| Intergovernmental                                        | \$ 1,140,120      | \$ 1,140,120     | \$ 1,099,192      | \$ (40,928)                                             |
| Charges for services                                     | 1,698,058         | 1,698,058        | 1,636,784         | (61,274)                                                |
| Miscellaneous                                            | -                 | -                | 87                | 87                                                      |
| <b>Total revenues</b>                                    | <u>2,838,178</u>  | <u>2,838,178</u> | <u>2,736,063</u>  | <u>(102,115)</u>                                        |
| <b>Expenditures</b>                                      |                   |                  |                   |                                                         |
| Current operating expenditures:                          |                   |                  |                   |                                                         |
| General government                                       | 4,052             | 3,956            | 3,956             | -                                                       |
| Public safety                                            | 2,654,877         | 2,659,327        | 2,557,549         | 101,778                                                 |
| Debt service:                                            |                   |                  |                   |                                                         |
| Principal retirements                                    | 150,482           | 150,482          | 157,726           | (7,244)                                                 |
| Interest payments and other fiscal charges               | 27,925            | 27,925           | 19,125            | 8,800                                                   |
| Issuance Costs                                           | -                 | 595              | 595               | -                                                       |
| <b>Total expenditures</b>                                | <u>2,837,336</u>  | <u>2,842,285</u> | <u>2,738,951</u>  | <u>103,334</u>                                          |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>842</u>        | <u>(4,107)</u>   | <u>(2,888)</u>    | <u>1,219</u>                                            |
| <b>Other financing sources</b>                           |                   |                  |                   |                                                         |
| Issuance of refunding bonds                              | -                 | 469,875          | 469,875           | -                                                       |
| Payments to escrow agent                                 | -                 | (467,064)        | (467,064)         | -                                                       |
| Transfers in                                             | -                 | 77               | 77                | -                                                       |
| <b>Total other financing sources</b>                     | <u>-</u>          | <u>2,888</u>     | <u>2,888</u>      | <u>-</u>                                                |
| <b>Net changes in fund balances</b>                      | <u>842</u>        | <u>(1,219)</u>   | <u>-</u>          | <u>1,219</u>                                            |
| <b>Fund balances - beginning</b>                         | <u>100,012</u>    | <u>100,012</u>   | <u>100,012</u>    | <u>-</u>                                                |
| <b>Fund balances - ending</b>                            | <u>\$ 100,854</u> | <u>\$ 98,793</u> | <u>\$ 100,012</u> | <u>\$ 1,219</u>                                         |

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**City Capital Projects**  
**For the Year Ended June 30, 2015**

|                                                 | Budgeted Amounts     |                      | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-------------------------------------------------|----------------------|----------------------|----------------------|---------------------------------------------------------|
|                                                 | Original             | Final                |                      |                                                         |
| <b>Revenues</b>                                 |                      |                      |                      |                                                         |
| Intergovernmental                               | \$ 6,175,947         | \$ 18,189,295        | \$ 4,954,725         | \$ (13,234,570)                                         |
| Revenue from use of money and property          | -                    | 18,948               | 19,979               | 1,031                                                   |
| Miscellaneous                                   | 1,260,000            | 2,684,231            | 1,224,081            | (1,460,150)                                             |
| <b>Total revenues</b>                           | <u>7,435,947</u>     | <u>20,892,474</u>    | <u>6,198,785</u>     | <u>(14,693,689)</u>                                     |
| <b>Expenditures</b>                             |                      |                      |                      |                                                         |
| Current operating expenditures:                 |                      |                      |                      |                                                         |
| Public safety                                   | -                    | 10,000               | -                    | 10,000                                                  |
| Public works                                    | 6,584,999            | 9,196,344            | 3,626,389            | 5,569,955                                               |
| Cultural and recreational                       | 187,000              | 708,041              | 141,089              | 566,952                                                 |
| Community development                           | 1,953,276            | 3,332,561            | 365,535              | 2,967,026                                               |
| Capital outlay:                                 |                      |                      |                      |                                                         |
| Capital general government                      | 13,637,386           | 41,485,148           | 17,623,819           | 23,861,329                                              |
| Debt service:                                   |                      |                      |                      |                                                         |
| Issuance costs                                  | -                    | 104,778              | 104,778              | -                                                       |
| <b>Total expenditures</b>                       | <u>22,362,661</u>    | <u>54,836,872</u>    | <u>21,861,610</u>    | <u>32,975,262</u>                                       |
| <b>Deficiency of revenues over expenditures</b> | <u>(14,926,714)</u>  | <u>(33,944,398)</u>  | <u>(15,662,825)</u>  | <u>18,281,573</u>                                       |
| <b>Other financing sources (uses)</b>           |                      |                      |                      |                                                         |
| Issuance of bonds                               | 10,252,223           | 20,662,051           | 20,662,051           | -                                                       |
| Premium on debt proceeds                        | -                    | 2,468,942            | 2,468,942            | -                                                       |
| Transfers in                                    | 5,674,491            | 6,930,260            | 6,930,260            | -                                                       |
| Transfers out                                   | -                    | (249,861)            | (249,861)            | -                                                       |
| <b>Total other financing sources (uses)</b>     | <u>15,926,714</u>    | <u>29,811,392</u>    | <u>29,811,392</u>    | <u>-</u>                                                |
| <b>Net changes in fund balance</b>              | <u>1,000,000</u>     | <u>(4,133,006)</u>   | <u>14,148,567</u>    | <u>18,281,573</u>                                       |
| <b>Fund balances - beginning</b>                | <u>26,157,354</u>    | <u>26,157,354</u>    | <u>26,157,354</u>    | <u>-</u>                                                |
| <b>Fund balance - ending</b>                    | <u>\$ 27,157,354</u> | <u>\$ 22,024,348</u> | <u>\$ 40,305,921</u> | <u>\$ 18,281,573</u>                                    |

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**School Capital Projects**  
**For the Year Ended June 30, 2015**

|                                                 | <b>Budgeted Amounts</b> |                      |                      | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-------------------------------------------------|-------------------------|----------------------|----------------------|-------------------------------------------------------------------|
|                                                 | <b>Original</b>         | <b>Final</b>         | <b>Actual</b>        |                                                                   |
| <b>Revenues</b>                                 |                         |                      |                      |                                                                   |
| Revenue from use of money and property          | \$ -                    | \$ -                 | \$ 73,681            | 73,681                                                            |
| <b>Total revenues</b>                           | <u>-</u>                | <u>-</u>             | <u>73,681</u>        | <u>73,681</u>                                                     |
| <b>Expenditures</b>                             |                         |                      |                      |                                                                   |
| Current operating expenditures:                 |                         |                      |                      |                                                                   |
| Education                                       | 145,600                 | 1,280,225            | 1,137,354            | 142,871                                                           |
| Capital outlay:                                 |                         |                      |                      |                                                                   |
| Capital general government                      | 75,243,591              | 44,613,115           | 35,304,874           | 9,308,241                                                         |
| Debt service                                    |                         |                      |                      |                                                                   |
| Issuance costs                                  | -                       | 315,268              | 315,268              | -                                                                 |
| <b>Total expenditures</b>                       | <u>75,389,191</u>       | <u>46,208,608</u>    | <u>36,757,496</u>    | <u>9,451,112</u>                                                  |
| <b>Deficiency of revenues over expenditures</b> | <u>(75,389,191)</u>     | <u>(46,208,608)</u>  | <u>(36,683,815)</u>  | <u>9,524,793</u>                                                  |
| <b>Other financing sources</b>                  |                         |                      |                      |                                                                   |
| Issuance of bonds                               | -                       | 62,150,479           | 62,150,479           | -                                                                 |
| Premium on debt proceeds                        | -                       | 5,323,504            | 5,323,504            | -                                                                 |
| Transfers in                                    | 5,571,211               | 4,731,498            | 4,088,287            | (643,211)                                                         |
| Transfers out                                   |                         | (75,000)             | (75,000)             | -                                                                 |
| <b>Total other financing sources</b>            | <u>5,571,211</u>        | <u>72,130,481</u>    | <u>71,487,270</u>    | <u>(643,211)</u>                                                  |
| <b>Net changes in fund balance</b>              | <u>(69,817,980)</u>     | <u>25,921,873</u>    | <u>34,803,455</u>    | <u>8,881,582</u>                                                  |
| <b>Fund balances - beginning</b>                | <u>1,010,520</u>        | <u>1,010,520</u>     | <u>1,010,520</u>     | <u>-</u>                                                          |
| <b>Fund balances - ending</b>                   | <u>\$ (68,807,460)</u>  | <u>\$ 26,932,393</u> | <u>\$ 35,813,975</u> | <u>\$ 8,881,582</u>                                               |

Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2015

|                               | <u>Balance<br/>July 1, 2014</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance<br/>June 30, 2015</u> |
|-------------------------------|---------------------------------|-------------------|-------------------|----------------------------------|
| <b><u>Special Welfare</u></b> |                                 |                   |                   |                                  |
| <b>Assets</b>                 |                                 |                   |                   |                                  |
| Cash and cash equivalents     | \$ 112,266                      | \$ 122,259        | \$ 111,244        | \$ 123,281                       |
| <b>Total Assets</b>           | <u>\$ 112,266</u>               | <u>\$ 122,259</u> | <u>\$ 111,244</u> | <u>\$ 123,281</u>                |
| <b>Liabilities</b>            |                                 |                   |                   |                                  |
| Accounts payable              | \$ 1,467                        | \$ 51,776         | \$ 52,490         | \$ 753                           |
| Amounts held for others       | <u>110,799</u>                  | <u>263,284</u>    | <u>251,555</u>    | <u>122,528</u>                   |
| <b>Total Liabilities</b>      | <u>\$ 112,266</u>               | <u>\$ 315,060</u> | <u>\$ 304,045</u> | <u>\$ 123,281</u>                |

**Discretely Presented Component Unit - Lynchburg City Schools**  
**Combining Balance Sheet**  
**June 30, 2015**

|                                                                                | <b>School<br/>Operating</b> | <b>School<br/>Federal Aid</b> | <b>School<br/>Cafeteria</b> | <b>Total<br/>Governmental</b> |
|--------------------------------------------------------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| <b>Assets</b>                                                                  |                             |                               |                             |                               |
| Cash and cash equivalents                                                      | \$ 10,323,750               | \$ -                          | \$ 830,573                  | \$ 11,154,323                 |
| Receivables, net of allowance                                                  | 640,662                     | -                             | 104,850                     | 745,512                       |
| Due from other funds                                                           | 1,174,610                   | -                             | 2,976                       | 1,177,586                     |
| Due from other governments                                                     | 2,721,086                   | 2,446,989                     | -                           | 5,168,075                     |
| Prepaid expenses                                                               | 340,697                     | -                             | -                           | 340,697                       |
| Inventory                                                                      | -                           | -                             | 131,130                     | 131,130                       |
| <b>Total assets</b>                                                            | <b>\$ 15,200,805</b>        | <b>\$ 2,446,989</b>           | <b>\$ 1,069,529</b>         | <b>\$ 18,717,323</b>          |
| <b>Liabilities</b>                                                             |                             |                               |                             |                               |
| Accounts payable and other liabilities                                         | \$ 609,579                  | \$ 56,639                     | \$ 3,705                    | \$ 669,923                    |
| Accrued payroll and related liabilities                                        | 9,167,890                   | 1,028,458                     | 162,202                     | 10,358,550                    |
| Due to other funds                                                             | 2,976                       | 1,141,103                     | 33,507                      | 1,177,586                     |
| Due to primary government - return of local funding                            | 3,566,888                   | -                             | -                           | 3,566,888                     |
| Due to primary government - other                                              | 420,667                     | -                             | -                           | 420,667                       |
| <b>Total liabilities</b>                                                       | <b>13,768,000</b>           | <b>2,226,200</b>              | <b>199,414</b>              | <b>16,193,614</b>             |
| <b>Deferred Inflows of Resources</b>                                           |                             |                               |                             |                               |
| Unavailable revenue                                                            | 976,771                     | 220,789                       | -                           | 1,197,560                     |
| <b>Total deferred inflows of resources</b>                                     | <b>976,771</b>              | <b>220,789</b>                | <b>-</b>                    | <b>1,197,560</b>              |
| <b>Fund balances</b>                                                           |                             |                               |                             |                               |
| Nonspendable:                                                                  |                             |                               |                             |                               |
| Prepaid items                                                                  | 340,697                     | -                             | -                           | 340,697                       |
| Inventory                                                                      | -                           | -                             | 131,130                     | 131,130                       |
| Restricted for:                                                                |                             |                               |                             |                               |
| Education                                                                      | -                           | -                             | 738,985                     | 738,985                       |
| Committed for:                                                                 |                             |                               |                             |                               |
| Education                                                                      | 115,337                     | -                             | -                           | 115,337                       |
| <b>Total fund balances</b>                                                     | <b>456,034</b>              | <b>-</b>                      | <b>870,115</b>              | <b>1,326,149</b>              |
| <b>Total liabilities, deferred inflows of resources,<br/>and fund balances</b> | <b>\$ 15,200,805</b>        | <b>\$ 2,446,989</b>           | <b>\$ 1,069,529</b>         |                               |

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

|                                                                                                                                                                                             |                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                                                                   | 6,556,730              |
| Receivables on the Statement of Net Position that do not provide current financial resources are reported as unavailable revenue in the funds.                                              | 1,197,560              |
| Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.                                                            |                        |
| Deferred outflows of resources for 2015 employer contributions                                                                                                                              | 7,788,494              |
| Deferred outflows of resources related to changes in proportion and differences between employer contributions and proportionate share of contributions - teacher cost sharing pension plan | 1,632,000              |
| Deferred inflows of resources for the net difference between projected and actual investment earnings on pension plan investments                                                           | (13,377,036)           |
| Net pension liability                                                                                                                                                                       | (85,493,981)           |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.                                                                          | (4,186,650)            |
| Net position of governmental activities                                                                                                                                                     | <u>\$ (84,556,734)</u> |

**Discretely Presented Component Unit - Lynchburg City Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2015**

|                                               | <u>School<br/>Operating</u> | <u>School<br/>Federal Aid</u> | <u>School<br/>Cafeteria</u> | <u>Total<br/>Governmental</u> |
|-----------------------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| <b>Revenues</b>                               |                             |                               |                             |                               |
| Intergovernmental:                            |                             |                               |                             |                               |
| State and Federal                             | \$ 48,104,114               | \$ 10,241,549                 | \$ 3,346,101                | \$ 61,691,764                 |
| City of Lynchburg                             | 36,319,745                  | -                             | -                           | 36,319,745                    |
| Revenue from use of money and property        | -                           | -                             | 138                         | 138                           |
| Charges for services                          | 1,169,484                   | -                             | 615,756                     | 1,785,240                     |
| Miscellaneous                                 | 726,730                     | -                             | 27,071                      | 753,801                       |
| <b>Total revenues</b>                         | <u>86,320,073</u>           | <u>10,241,549</u>             | <u>3,989,066</u>            | <u>100,550,688</u>            |
| <b>Expenditures</b>                           |                             |                               |                             |                               |
| Education:                                    |                             |                               |                             |                               |
| Instruction                                   | 61,909,077                  | 9,411,551                     | -                           | 71,320,628                    |
| Administration, attendance, and health        | 4,865,032                   | -                             | -                           | 4,865,032                     |
| Pupil transportation services                 | 4,828,845                   | -                             | -                           | 4,828,845                     |
| Operations and maintenance                    | 10,665,930                  | 166,877                       | -                           | 10,832,807                    |
| Food service and other                        | 24,670                      | 122,416                       | 3,586,915                   | 3,734,001                     |
| Facilities                                    | 10,163                      | -                             | -                           | 10,163                        |
| Technology                                    | 3,525,049                   | 2,167                         | -                           | 3,527,216                     |
| Capital outlay                                | 742,418                     | 538,538                       | 25,775                      | 1,306,731                     |
| <b>Total expenditures</b>                     | <u>86,571,184</u>           | <u>10,241,549</u>             | <u>3,612,690</u>            | <u>100,425,423</u>            |
| <b>Net changes in fund balances</b>           | (251,111)                   | -                             | 376,376                     | 125,265                       |
| <b>Fund balances - beginning, as restated</b> | <u>707,145</u>              | <u>-</u>                      | <u>493,739</u>              |                               |
| <b>Fund balances - ending</b>                 | <u>\$ 456,034</u>           | <u>\$ -</u>                   | <u>\$ 870,115</u>           |                               |

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

|                                                                                                                                                                                                                                                                                                                        |                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$1,218,236) exceeded depreciation expense (\$1,097,474). | 120,762                    |
| Loss on disposition of capital assets is not reflected in the fund statements.                                                                                                                                                                                                                                         | (58,326)                   |
| Donated capital assets contributed by the City are not reported in the fund statements, but are reported as revenue in the government-wide statements                                                                                                                                                                  | 1,031,882                  |
| Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expenses.                                                                                                   |                            |
| Employer pension contributions                                                                                                                                                                                                                                                                                         | 7,788,494                  |
| Pension expense                                                                                                                                                                                                                                                                                                        | (7,189,440)                |
| Compensated absences are not due and payable at June 30, and therefore are not reported in the fund statements.                                                                                                                                                                                                        | (44,944)                   |
| Other post-retirement benefits are not due and payable at June 30, and therefore are not reported in the fund statements.                                                                                                                                                                                              | (208,703)                  |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.                                                                                                                                                                                     | 173,563                    |
| <b>Change in net position of governmental activities.</b>                                                                                                                                                                                                                                                              | <u><u>\$ 1,738,553</u></u> |



**Discretely Presented Component Unit - Lynchburg City Schools**  
**School Operating Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended June 30, 2015**

|                                        | <b>Budgeted Amounts</b> |                   |                     | <b>Variance<br/>Positive<br/>(Negative)</b> |
|----------------------------------------|-------------------------|-------------------|---------------------|---------------------------------------------|
|                                        | <b>Original</b>         | <b>Final</b>      | <b>Actual</b>       |                                             |
| <b>Revenues</b>                        |                         |                   |                     |                                             |
| Intergovernmental:                     |                         |                   |                     |                                             |
| State and Federal                      | \$ 47,332,753           | \$ 47,332,752     | \$ 48,104,114       | \$ 771,362                                  |
| City of Lynchburg                      | 38,924,147              | 39,906,147        | 39,886,633          | (19,514)                                    |
| Revenue from use of money and property | 100                     | 100               | -                   | (100)                                       |
| Charges for services                   | 1,505,620               | 1,505,620         | 1,169,484           | (336,136)                                   |
| Miscellaneous                          | 351,500                 | 989,663           | 726,730             | (262,933)                                   |
| <b>Total revenues</b>                  | <b>88,114,120</b>       | <b>89,734,282</b> | <b>89,886,961</b>   | <b>152,679</b>                              |
| <b>Expenditures</b>                    |                         |                   |                     |                                             |
| Education:                             |                         |                   |                     |                                             |
| Instruction                            | 63,749,156              | 64,487,711        | 61,909,077          | 2,578,634                                   |
| Administration, attendance, and health | 6,293,930               | 5,091,011         | 4,865,032           | 225,979                                     |
| Pupil transportation services          | 5,048,979               | 4,995,548         | 4,828,845           | 166,703                                     |
| Operations and maintenance             | 9,981,743               | 10,514,925        | 10,665,930          | (151,005)                                   |
| Food service and other                 | 25,439                  | 43,566            | 24,670              | 18,896                                      |
| Facilities                             | 22,178                  | 22,178            | 10,163              | 12,015                                      |
| Technology                             | 2,519,490               | 3,648,433         | 3,525,049           | 123,384                                     |
| Contingency reserve                    | -                       | 25,000            | -                   | 25,000                                      |
| Capital outlay                         | 473,205                 | 905,910           | 742,418             | 163,492                                     |
| <b>Total expenditures</b>              | <b>88,114,120</b>       | <b>89,734,282</b> | <b>86,571,184</b>   | <b>3,163,098</b>                            |
| <b>Net changes in fund balances</b>    | <b>\$ -</b>             | <b>\$ -</b>       | <b>3,315,777</b>    | <b>\$ 3,315,777</b>                         |
| Less return of funds to the City       |                         |                   | (3,566,888)         |                                             |
|                                        |                         |                   | <u>\$ (251,111)</u> |                                             |

**Discretely Presented Component Unit - Lynchburg City Schools**  
**Combining Statement of Fiduciary Net Position**  
**For the Year Ended June 30, 2015**

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|                           | <b><u>Total<br/>Agency Funds</u></b> |
|---------------------------|--------------------------------------|
| <b>Assets</b>             |                                      |
| Cash and cash equivalents | \$ 703,175                           |
| Receivables, net          | 425                                  |
| Prepaid expenses          | <u>470</u>                           |
| <b>Total Assets</b>       | <b><u>\$ 704,070</u></b>             |
| <b>Liabilities</b>        |                                      |
| Amounts held for others   | <u>\$ 704,070</u>                    |
| <b>Total Liabilities</b>  | <b><u>\$ 704,070</u></b>             |

**Discretely Presented Component Unit - Lynchburg City Schools**  
**Statements of Fiduciary Net Position**  
**June 30, 2015**

|                               | <b>Governor's<br/>School</b> | <b>STEM</b>      | <b>Step with<br/>Links</b> | <b>GLCT- Step<br/>with Links</b> | <b>Total</b>      |
|-------------------------------|------------------------------|------------------|----------------------------|----------------------------------|-------------------|
| <b>Assets</b>                 |                              |                  |                            |                                  |                   |
| Cash and cash equivalents     | \$ 432,661                   | \$ 25,387        | \$ 59,882                  | \$ 185,245                       | \$ 703,175        |
| Receivables, net of allowance | -                            | -                | 425                        | -                                | 425               |
| Prepaid expenses              | 395                          | -                | 75                         | -                                | 470               |
| <b>Total assets</b>           | <u>\$ 433,056</u>            | <u>\$ 25,387</u> | <u>\$ 60,382</u>           | <u>\$ 185,245</u>                | <u>\$ 704,070</u> |
| <b>Liabilities</b>            |                              |                  |                            |                                  |                   |
| Amounts held for others       | \$ 433,056                   | \$ 25,387        | \$ 60,382                  | \$ 185,245                       | \$ 704,070        |
| <b>Total liabilities</b>      | <u>\$ 433,056</u>            | <u>\$ 25,387</u> | <u>\$ 60,382</u>           | <u>\$ 185,245</u>                | <u>\$ 704,070</u> |

Combining Statement of Net Position  
Other Component Units  
June 30, 2015

|                                        | Component Units                         |                                            |                      |
|----------------------------------------|-----------------------------------------|--------------------------------------------|----------------------|
|                                        | Business<br>Development<br>Centre, Inc. | Greater<br>Lynchburg<br>Transit<br>Company | Total                |
| <b>Assets</b>                          |                                         |                                            |                      |
| Current assets:                        |                                         |                                            |                      |
| Cash and cash equivalents              | \$ 556,614                              | \$ 489,966                                 | \$ 1,046,580         |
| Receivables, net of allowance          | 1,403,118                               | 46,358                                     | 1,449,476            |
| Due from other governments             | -                                       | 503,508                                    | 503,508              |
| Inventory                              | -                                       | 171,223                                    | 171,223              |
| Prepays and other assets               | 419                                     | 98,289                                     | 98,708               |
| Capital assets:                        |                                         |                                            |                      |
| Non-depreciable                        | -                                       | 4,356,573                                  | 4,356,573            |
| Depreciable                            | 2,507                                   | 19,731,645                                 | 19,734,152           |
| <b>Total assets</b>                    | <u>1,962,658</u>                        | <u>25,397,562</u>                          | <u>27,360,220</u>    |
| <b>Liabilities</b>                     |                                         |                                            |                      |
| Current liabilities:                   |                                         |                                            |                      |
| Accounts payable and other liabilities | 184,347                                 | 828,730                                    | 1,013,077            |
| Due to other governments               | 1,331,060                               | -                                          | 1,331,060            |
| Due to primary government              | 125,000                                 | 43,702                                     | 168,702              |
| Total current liabilities              | <u>1,640,407</u>                        | <u>872,432</u>                             | <u>2,512,839</u>     |
| Noncurrent liabilities:                |                                         |                                            |                      |
| Other post-employment benefits         | -                                       | 131,000                                    | 131,000              |
| Compensated absences                   | -                                       | 101,763                                    | 101,763              |
| Total noncurrent liabilities           | <u>-</u>                                | <u>232,763</u>                             | <u>232,763</u>       |
| <b>Total liabilities</b>               | <u>1,640,407</u>                        | <u>1,105,195</u>                           | <u>2,745,602</u>     |
| <b>Net position</b>                    |                                         |                                            |                      |
| Net investment in capital assets       | 2,507                                   | 24,088,218                                 | 24,090,725           |
| Unrestricted                           | 319,744                                 | 204,149                                    | 523,893              |
| <b>Total net position</b>              | <u>\$ 322,251</u>                       | <u>\$ 24,292,367</u>                       | <u>\$ 24,614,618</u> |

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Other Component Units**  
**For the Year Ended June 30, 2015**

|                                                             | <b>Component Units</b>                           |                                                      |                      |
|-------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------|----------------------|
|                                                             | <b>Business<br/>Development<br/>Centre, Inc.</b> | <b>Greater<br/>Lynchburg<br/>Transit<br/>Company</b> | <b>Total</b>         |
| <b>Operating revenues</b>                                   |                                                  |                                                      |                      |
| Charges for services and other operating revenues           | \$ 251,833                                       | \$ 1,117,359                                         | \$ 1,369,192         |
| <b>Total operating revenues</b>                             | <u>251,833</u>                                   | <u>1,117,359</u>                                     | <u>1,369,192</u>     |
| <b>Operating expenses</b>                                   |                                                  |                                                      |                      |
| Operations                                                  | 213,868                                          | 6,802,744                                            | 7,016,612            |
| Administration                                              | 634                                              | 1,711,550                                            | 1,712,184            |
| Maintenance and repairs                                     | 19,527                                           | 1,404,389                                            | 1,423,916            |
| <b>Total operating expenses</b>                             | <u>234,029</u>                                   | <u>9,918,683</u>                                     | <u>10,152,712</u>    |
| <b>Operating income (loss)</b>                              | <u>17,804</u>                                    | <u>(8,801,324)</u>                                   | <u>(8,783,520)</u>   |
| <b>Nonoperating revenue</b>                                 |                                                  |                                                      |                      |
| Subsidy of operations - City of Lynchburg                   | -                                                | 1,350,336                                            | 1,350,336            |
| Subsidy of operations - Counties                            | -                                                | 57,492                                               | 57,492               |
| Subsidy of operations - Liberty University                  | -                                                | 1,341,618                                            | 1,341,618            |
| Subsidy of operations - State aid for public transportation | -                                                | 1,461,905                                            | 1,461,905            |
| Subsidy of operations - Federal operating grant             | -                                                | 2,039,536                                            | 2,039,536            |
| Donations and grants                                        | 9,250                                            | 1,806                                                | 11,056               |
| Gain (loss) on sale of capital assets                       | -                                                | 14,956                                               | 14,956               |
| <b>Total nonoperating revenue</b>                           | <u>9,250</u>                                     | <u>6,267,649</u>                                     | <u>6,276,899</u>     |
| Capital contributions                                       | -                                                | 1,151,378                                            | 1,151,378            |
| <b>Change in net position</b>                               | <u>27,054</u>                                    | <u>(1,382,297)</u>                                   | <u>(1,355,243)</u>   |
| <b>Total net position - beginning</b>                       | <u>295,197</u>                                   | <u>25,674,664</u>                                    | <u>25,969,861</u>    |
| <b>Total net position - ending</b>                          | <u>\$ 322,251</u>                                | <u>\$ 24,292,367</u>                                 | <u>\$ 24,614,618</u> |

**Combining Statement of Cash Flows  
Other Component Units  
For the Year Ended June 30, 2015**

|                                                                                                         | <b>Component Units</b>                           |                                                      |                       |
|---------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------|-----------------------|
|                                                                                                         | <b>Business<br/>Development<br/>Centre, Inc.</b> | <b>Greater<br/>Lynchburg<br/>Transit<br/>Company</b> | <b>Total</b>          |
| <b>Operating activities</b>                                                                             |                                                  |                                                      |                       |
| Cash received from operations                                                                           | \$ 630,051                                       | \$ 1,293,222                                         | \$ 1,923,273          |
| Cash paid to employees                                                                                  | (109,038)                                        | (3,298,224)                                          | (3,407,262)           |
| Cash paid to suppliers for goods and services                                                           | (123,769)                                        | (4,114,423)                                          | (4,238,192)           |
| Cash received to fund loan pools                                                                        | 129,060                                          | -                                                    | 129,060               |
| New loans disbursed                                                                                     | (452,000)                                        | -                                                    | (452,000)             |
| <b>Net cash provided by (used in) operating activities</b>                                              | <b>74,304</b>                                    | <b>(6,119,425)</b>                                   | <b>(6,045,121)</b>    |
| <b>Noncapital financing activities</b>                                                                  |                                                  |                                                      |                       |
| Subsidies                                                                                               | -                                                | 6,143,200                                            | 6,143,200             |
| Operating grants and contributions                                                                      | 9,250                                            | -                                                    | 9,250                 |
| <b>Net cash provided by noncapital financing activities</b>                                             | <b>9,250</b>                                     | <b>6,143,200</b>                                     | <b>6,152,450</b>      |
| <b>Capital and related financing activities</b>                                                         |                                                  |                                                      |                       |
| Capital contributions received                                                                          | -                                                | 2,217,235                                            | 2,217,235             |
| Net change in line of credit                                                                            | -                                                | (2,175,659)                                          | (2,175,659)           |
| Additions to capital assets                                                                             | -                                                | 23,755                                               | 23,755                |
| <b>Net cash provided by capital and related financing activities</b>                                    | <b>-</b>                                         | <b>65,331</b>                                        | <b>65,331</b>         |
| <b>Net increase in cash and cash equivalents</b>                                                        | <b>83,554</b>                                    | <b>89,106</b>                                        | <b>172,660</b>        |
| <b>Cash and cash equivalents</b>                                                                        |                                                  |                                                      |                       |
| <b>Beginning of year</b>                                                                                | <b>473,060</b>                                   | <b>400,860</b>                                       | <b>873,920</b>        |
| <b>End of year</b>                                                                                      | <b>\$ 556,614</b>                                | <b>\$ 489,966</b>                                    | <b>\$ 1,046,580</b>   |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b> |                                                  |                                                      |                       |
| Operating income (loss)                                                                                 | \$ 17,804                                        | \$ (8,801,324)                                       | \$ (8,783,520)        |
| Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:         |                                                  |                                                      |                       |
| Depreciation                                                                                            | 851                                              | 2,508,982                                            | 2,509,833             |
| Decrease (increase) in receivables                                                                      | (76,630)                                         | 175,863                                              | 99,233                |
| Increase in prepaids and other assets                                                                   | (304)                                            | (75,874)                                             | (76,178)              |
| Increase in inventory                                                                                   | -                                                | (18,367)                                             | (18,367)              |
| Increase in accounts payable and other current liabilities                                              | 3,523                                            | 44,676                                               | 48,199                |
| Increase in compensated absences and other post-employment benefits                                     | -                                                | 46,619                                               | 46,619                |
| Increase in amounts due to other governments                                                            | 129,060                                          | -                                                    | 129,060               |
| <b>Net cash provided by (used) in operating activities</b>                                              | <b>\$ 74,304</b>                                 | <b>\$ (6,119,425)</b>                                | <b>\$ (6,045,121)</b> |
| <b>Supplemental cash flow information</b>                                                               |                                                  |                                                      |                       |
| <b>Non-cash transactions:</b>                                                                           |                                                  |                                                      |                       |
| Capital assets additions financed by accounts payable                                                   | \$ -                                             | \$ 544,468                                           | \$ 544,468            |

## **SUPPLEMENTAL SCHEDULES**





**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2015**

| <b>Federal Granting Agency/<br/>Recipient State Agency/<br/>Grant Program</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Federal<br/>Expenditures</b> |
|-------------------------------------------------------------------------------|------------------------------------|---------------------------------|
| <b><u>Primary Government</u></b>                                              |                                    |                                 |
| <b>Department of Agriculture</b>                                              |                                    |                                 |
| Direct Payments:                                                              |                                    |                                 |
| Department of Parks & Recreation:                                             |                                    |                                 |
| USDA Farmers Market Promotion Grant                                           | 10.168                             | \$42,322                        |
| Passed through Commonwealth of Virginia:                                      |                                    |                                 |
| Department of Social Services:                                                |                                    |                                 |
| Supplemental Nutrition Assistance Program                                     | 10.561                             | 1,147,655                       |
| Department of Juvenile Justice:                                               |                                    |                                 |
| National School Lunch Program                                                 | 10.555                             | 30,892                          |
| National School Breakfast Program                                             | 10.553                             | 23,305                          |
| <b>Department of Health and Human Services</b>                                |                                    |                                 |
| Passed through Commonwealth of Virginia:                                      |                                    |                                 |
| Department of Social Services:                                                |                                    |                                 |
| Family Preservation and Support                                               | 93.556                             | 58,094                          |
| TANF Block Grant                                                              | 93.558                             | 970,944                         |
| Refugee and Entrant Assistance State - Administered Programs                  | 93.566                             | 1,655                           |
| Low Income Energy Assistance                                                  | 93.568                             | 107,740                         |
| Child Care Assistance                                                         | 93.575                             | (25)                            |
| Child Care Development Fund                                                   | 93.596                             | 153,472                         |
| Chafee Education and Training Vouchers Program (ETV)                          | 93.599                             | 9,680                           |
| Child Welfare Services                                                        | 93.645                             | 6,807                           |
| Foster Care - Title IV-E                                                      | 93.658                             | 1,324,703                       |
| Adoption Assistance                                                           | 93.659                             | 1,771,173                       |
| Social Services Block Grant                                                   | 93.667                             | 1,360,785                       |
| Independent Living                                                            | 93.674                             | 22,171                          |
| Children's Insurance Program                                                  | 93.767                             | 34,991                          |
| Medicaid Assistance                                                           | 93.778                             | 1,267,635                       |
| <b>Department of Housing and Urban Development</b>                            |                                    |                                 |
| Direct Payments:                                                              |                                    |                                 |
| Community Development Block Grant Program, Entitlement Grants                 | 14.218                             | 855,798                         |
| Shelter Plus Care                                                             | 14.238                             | 82,326                          |
| Home Investment Partnership Program                                           | 14.239                             | 374,711                         |
| <b>Department of Justice</b>                                                  |                                    |                                 |
| Direct Payments:                                                              |                                    |                                 |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders      | 16.590                             | 49,226                          |
| Bulletproof Vest Partnership                                                  | 16.607                             | 11,853                          |
| Passed through Commonwealth of Virginia:                                      |                                    |                                 |
| Department of Criminal Justice Services:                                      |                                    |                                 |
| Victim-Witness Services                                                       | 16.575                             | 177,859                         |
| Violence Against Women Formula Grant                                          | 16.588                             | 121,902                         |
| Byrne Memorial Justice Assistance Grant                                       | 16.738                             | 77,322                          |
| <b>Department of Labor</b>                                                    |                                    |                                 |
| Passed through Commonwealth of Virginia:                                      |                                    |                                 |
| Virginia Community College System (VCCS):                                     |                                    |                                 |
| WIA Adult Program                                                             | 17.258                             | 589,602                         |
| WIA Youth Activities                                                          | 17.259                             | 494,638                         |
| WIA Dislocated Workers (after 7/1/10)                                         | 17.278                             | 408,392                         |

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

SCHEDULE 1  
(Continued)Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015  
(Continued)

|                                                                 | Federal Granting Agency/<br>Recipient State Agency/<br>Grant Program | Federal<br>CFDA<br>Number | Federal<br>Expenditures |
|-----------------------------------------------------------------|----------------------------------------------------------------------|---------------------------|-------------------------|
| <b>Department of Homeland Security</b>                          |                                                                      |                           |                         |
| Direct Payments:                                                |                                                                      |                           |                         |
| Transportation Security Administration:                         |                                                                      |                           |                         |
| Airport LEO Cooperative Agreement                               |                                                                      | 97.090                    | 106,215                 |
| <b>Department of Transportation</b>                             |                                                                      |                           |                         |
| Direct Payments:                                                |                                                                      |                           |                         |
| Highway Planning and Construction                               |                                                                      | 20.205                    | 249,659                 |
| SAFETEA - LU Grant                                              |                                                                      | 20.522                    | 526,665                 |
| Passed through Commonwealth of Virginia:                        |                                                                      |                           |                         |
| Department of Motor Vehicles:                                   |                                                                      |                           |                         |
| Alcohol Impaired Driving Grants                                 |                                                                      | 20.600                    | 44,681                  |
| <b>Environmental Protection Agency</b>                          |                                                                      |                           |                         |
| Passed through Commonwealth of Virginia:                        |                                                                      |                           |                         |
| Virginia Resources Authority:                                   |                                                                      |                           |                         |
| Revolving Loan                                                  |                                                                      | 66.458                    | 327,076                 |
| <b>Federal Aviation Administration</b>                          |                                                                      |                           |                         |
| Direct Payments:                                                |                                                                      |                           |                         |
| Department of Aviation:                                         |                                                                      |                           |                         |
| Airport Improvement Program                                     |                                                                      | 20.106                    | 2,619,351               |
| <b>Federal Emergency Management Agency</b>                      |                                                                      |                           |                         |
| Direct Payments:                                                |                                                                      |                           |                         |
| Department of Homeland Security:                                |                                                                      |                           |                         |
| Hazard Mitigation Grant                                         |                                                                      | 97.039                    | 46,138                  |
| Emergency Communications                                        |                                                                      | 97.042                    | 44,361                  |
| Assistance to Firefighters                                      |                                                                      | 97.044                    | 23,961                  |
| Staffing for Adequate Fire and Emergency Response (SAFER) Grant |                                                                      | 97.083                    | 411,238                 |
| <b><u>Component Unit - Lynchburg Schools</u></b>                |                                                                      |                           |                         |
| <b>Department of Agriculture</b>                                |                                                                      |                           |                         |
| Passed through Commonwealth of Virginia:                        |                                                                      |                           |                         |
| Department of Education:                                        |                                                                      |                           |                         |
| National School Lunch Program                                   |                                                                      | 10.555                    | 2,203,646               |
| National School Breakfast Program                               |                                                                      | 10.553                    | 862,487                 |
| Fresh Fruits and Vegetables                                     |                                                                      | 10.582                    | 189,904                 |
| <b>Department of Education</b>                                  |                                                                      |                           |                         |
| Passed through Commonwealth of Virginia:                        |                                                                      |                           |                         |
| Title I - Educationally Deprived Children - LEA                 |                                                                      | 84.010                    | 3,157,356               |
| Title I - Neglected and Delinquent Children                     |                                                                      | 84.013                    | 7,509                   |

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

SCHEDULE 1  
(Continued)Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015  
(Continued)

| Federal Granting Agency/<br>Recipient State Agency/<br>Grant Program     | Federal<br>CFDA<br>Number | Federal<br>Expenditures |
|--------------------------------------------------------------------------|---------------------------|-------------------------|
| <b>Department of Education (Continued)</b>                               |                           |                         |
| Elementary and Secondary Education Act (ESEA):                           |                           |                         |
| Title IV-B - Elementary and Secondary Education Act of 1965              |                           |                         |
| (21st Century Learning Centers)                                          | 84.287                    | 1,667,171               |
| Title VI-B - Special Education                                           | 84.027                    | 2,114,697               |
| Special Education Preschool Grants                                       | 84.173                    | 54,463                  |
| English Language Acquisition Grants                                      | 84.365                    | 10,822                  |
| Title II - Part A Funds                                                  | 84.367                    | 511,365                 |
| Vocational Education:                                                    |                           |                         |
| Basic Grants to States                                                   | 84.048                    | 216,238                 |
| McKenney - Vento Homeless Education Assistance Improvements Act of 2001: |                           |                         |
| Title X-C - No Child Left Behind Act                                     | 84.000                    | 11,792                  |

|              |  |                     |
|--------------|--|---------------------|
| <b>TOTAL</b> |  | <b>\$26,984,423</b> |
|--------------|--|---------------------|

**Donated Food  
Received**

**Primary Government****Department of Agriculture**

Passed through Commonwealth of Virginia:

Department of Social Services:

|                                       |        |         |
|---------------------------------------|--------|---------|
| Juvenile Detention Home (Commodities) | 10.555 | \$1,964 |
| Opportunity House (Commodities)       | 10.555 | 468     |
| Sparc House (Commodities)             | 10.555 | 461     |

**Component Unit - Lynchburg Schools****Department of Agriculture**

Passed through Commonwealth of Virginia:

Department of Education:

|                                             |        |         |
|---------------------------------------------|--------|---------|
| National School Lunch Program (Commodities) | 10.555 | 260,341 |
|---------------------------------------------|--------|---------|

|              |  |                  |
|--------------|--|------------------|
| <b>TOTAL</b> |  | <b>\$263,234</b> |
|--------------|--|------------------|

## CITY OF LYNCHBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards  
As of June 30, 2015

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### ***Note 1. Significant Accounting Policy***

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#### Basis of Accounting:

The accompanying schedule of federal awards is prepared on the modified accrual basis of accounting.

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### ***Note 2. Business Development Centre, Inc. – Revolving Loan Fund***

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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<br>June 30, 1996         | (3,005)           | -                | (1,002)           |
| Amount received through June 30, 1997                           | 10,268            | -                | 3,423             |
| Recapitalized from earnings for the year<br>ended June 30, 1997 | 3,005             | -                | 1,002             |
| Amount received through June 30, 1998                           | 159,668           | 40,000           | 13,222            |
|                                                                 | <u>\$ 495,000</u> | <u>\$ 40,000</u> | <u>\$ 125,000</u> |

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### ***Note 3. Non-monetary Assistance***

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

## CITY OF LYNCHBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards  
As of June 30, 2015

### ***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:

| <b>Subrecipient</b>                         | <b>Community<br/>Development<br/>Block Grant</b> | <b>Home<br/>Investment<br/>Trust</b> | <b>Workforce<br/>Investment<br/>Act Cluster</b> |
|---------------------------------------------|--------------------------------------------------|--------------------------------------|-------------------------------------------------|
| Bluffwalk Section 108 Loan                  | 185,311                                          | -                                    | -                                               |
| City Administration                         | 90,245                                           | 28,535                               | -                                               |
| Consolidated Five Year Action Plan          | 7,031                                            | -                                    | -                                               |
| Continuum of Care Intake Social Worker      | 23,444                                           | -                                    | -                                               |
| Habitat for Humanity                        | -                                                | 30,000                               | -                                               |
| Lynchburg Community Action Group            | 4,591                                            | 220,676                              | -                                               |
| Lynchburg Covenant Fellowship               | -                                                | 60,000                               | -                                               |
| Lynchburg Redevelopment & Housing Authority | 430,244                                          | -                                    | -                                               |
| Region 2000 Local Governmental Council      | -                                                | -                                    | 1,492,632                                       |
| Relocation of Miller Park Basketball Court  | 32,814                                           | -                                    | -                                               |
| Riverside Park Improvements                 | 35,460                                           | -                                    | -                                               |
| Rush Homes                                  | -                                                | 35,500                               | -                                               |
| Tinbridge Hill Rehab                        | 46,658                                           | -                                    | -                                               |
|                                             | <u>\$ 855,798</u>                                | <u>\$ 374,711</u>                    | <u>\$ 1,492,632</u>                             |

### ***Note 5. Program Income***

Program income received in FY2015 totals \$30,887 which was received through the sale of properties, loan repayments, and the Secure Vacant Structures Program. In accordance with terms of the Community Development Block Grant Program, program income totaling \$30,887 was used in FY2015 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, 2015, the City had an outstanding loan balance through the Virginia Revolving Loan Fund in the amount of \$111,236,106 which includes \$38,202,270 of federal funded loans. Expenditures associated with the federally funded loans totaled \$327,076 in FY 2015.

**SCHEDULE 2****CITY OF LYNCHBURG, VIRGINIA**Schedule of Passenger Facility Charges  
As of June 30, 2015Passenger Facility Charges:

| Federal Agency/Program<br>Name/Application Number | PFC Balance<br>July 1, 2014 | Adjustments | PFC<br>Collected  | Interest<br>Earnings | Expenditures      | PFC Balance<br>June 30,<br>2015 |
|---------------------------------------------------|-----------------------------|-------------|-------------------|----------------------|-------------------|---------------------------------|
| FEDERAL AVIATION<br>ADMINISTRATION                |                             |             |                   |                      |                   |                                 |
| Passenger facility charges<br>(12-06-C-00-LYH)    | \$ 8,433                    | \$ -        | \$ 323,963        | \$ 83                | \$ 325,248        | \$ 7,231                        |
|                                                   | <u>\$ 8,433</u>             | <u>\$ -</u> | <u>\$ 323,963</u> | <u>\$ 83</u>         | <u>\$ 325,248</u> | <u>\$ 7,231</u>                 |

**SCHEDULE 3**Schedule of Expenditures of Passenger Facility Charges  
As of June 30, 2015Expenditures of Passenger Facility Charges:

| Project                                                                      | PFC<br>Expenditures |
|------------------------------------------------------------------------------|---------------------|
| <u>Application 6 (12-06-C-00-LYH)</u>                                        |                     |
| Local share reimbursement (non-AIP) PFC development and administrative costs | \$ 5,248            |
| Local share reimbursement – “Local” expense                                  | -                   |
| Local share reimbursement – “State Entitlements” expense                     | <u>320,000</u>      |
| Total PFC expenditures                                                       | <u>\$ 325,248</u>   |

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

## **STATISTICAL SECTION**





## STATISTICAL SECTION

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

### **CONTENTS**

### **Pages**

#### **MISCELLANEOUS STATISTICAL DATA**

This section provides additional information about the City, form of government, taxable subjects for local taxation, City's Fund Balance, Debt Management, Budget, and Investment policies. 142-146

#### **FINANCIAL TRENDS**

Tables 1-12 contain trend information to help the reader understand how the City's financial performance and well-being have changed over the time. 147-160

#### **REVENUE CAPACITY**

Tables 13-18 contain information to help the reader assess the City's most significant local revenue sources, property taxes. 161-166

#### **DEBT CAPACITY**

Tables 19-22 present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 167-170

#### **DEMOGRAPHIC AND ECONOMIC INDICATORS**

Tables 23-24 offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 171-172

#### **OPERATING INFORMATION**

Tables 25-28 contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs. 173-176

**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, 2015**

**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 2011 (1) ..... | 76,448 |
| United States Census 2012 (1) ..... | 77,203 |
| United States Census 2013 (1) ..... | 77,376 |
| United States Census 2014 (1) ..... | 77,874 |

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

**FORM OF GOVERNMENT**

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

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

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

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

**ASSESSMENTS**

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

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

## CITY OF LYNCHBURG, VIRGINIA

### MISCELLANEOUS STATISTICAL DATA

June 30, 2015

(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: 2013-2015
- \$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: 2005-2015
- \$3.30 per \$100 assessed value: 1990-2004

##### Machinery and Tools:

- \$3.00 per \$100 assessed value: 1990-2015

##### Local Sales Tax:

- 1% + 4.3% VA tax: 2014-2015
- 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

**CITY OF LYNCHBURG, VIRGINIA**  
**MISCELLANEOUS STATISTICAL DATA**  
**June 30, 2015**  
**(Continued)**

**TAX RATES**  
**(Continued)**

Motor Vehicle License:

- \$29.50 for vehicles weighing 4,000 pounds or less: 2005-2015
- \$34.50 for vehicles weighing greater than 4,000 pounds: 2005-2015
- \$25.00 for all types of vehicles: 1990-2004

Tobacco Tax:

- \$0.35 on pack of twenty cigarettes: 2004-2015
- \$0.15 on pack of twenty cigarettes: 1990-2003

Lodging Tax:

- A tax of 5.5% of the charge made for each room rented per night. In FY2001, Lynchburg changed the lodging tax from 5.5% to 5.5% plus \$1 per room per night.

Meals Tax:

- A tax of 6.5% on prepared meals sold in the City in addition to Sales Tax. In FY2005, Lynchburg changed the meals tax from 6.0% to 6.5%.

Ambulance Services:

- Basic Life Services
  - Non-emergency transport fee - \$325
  - Emergency transport fee - \$425
- Advanced Life Support
  - Non-emergency transport fee - \$425
  - Emergency transport fee - \$500
  - Emergency transport fee if three or more different medications combined with at least one Advanced Life Support procedure are administered- \$700
- A fee of \$9/mile is charged for each mile that the patient is transported
- A fee of \$100 is charged when the patient is evaluated and treated by emergency medical services personnel when no transport occurs.

**TAXES DUE**

Real estate taxes are levied as of the first day of July each year. Supplemental real estate taxes are levied throughout the year to reflect construction in progress during the fiscal year. Real estate taxes are payable in four quarterly installments on November 15, January 15, March 15, and May 15. If paid thereafter, a 10% penalty and interest at the rate of 10% per annum is added.

Personal property taxes are payable in two equal installments on June 5 and December 5. Supplemental billings for personal property acquisitions are due March 5 and September 5.

**DELINQUENT TAXES**

Real estate and personal property taxes are reported delinquent the day after the due date. Therefore, the day after each installment due date, if the taxes are unpaid, they are considered delinquent.

**CITY OF LYNCHBURG, VIRGINIA**  
**MISCELLANEOUS STATISTICAL DATA**  
**June 30, 2015**  
**(Continued)**

**OVERLAPPING AREAS AND DEBT**

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

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

**FUND BALANCE POLICY**

The City council adopted a resolution in 1999 that was reaffirmed in 2010, revised in 2011, and revised 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 2004, revised in 2010, and revised 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.

**CITY OF LYNCHBURG, VIRGINIA**  
**MISCELLANEOUS STATISTICAL DATA**  
**June 30, 2015**  
**(Continued)**

**BUDGET POLICY**

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

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

|                                             | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                             | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  |
| Governmental activities                     |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 139,205,720        | \$ 139,856,317        | \$ 143,158,392        | \$ 155,791,105        | \$ 161,777,277        | \$ 164,804,823        | \$ 166,830,517        | \$ 175,165,215        | \$ 183,957,611        | \$ 192,860,159        |
| Restricted                                  | 171,844               | -                     | 19,975,370            | 20,149,056            | 18,733,893            | 23,708,274            | 18,760,659            | 16,805,325            | 15,935,153            | 9,483,640             |
| Unrestricted                                | 46,486,579            | 56,819,180            | 58,219,507            | 64,928,380            | 65,970,506            | 61,798,935            | 71,824,701            | 73,963,009            | 69,801,835            | (20,298,752)          |
| Total governmental activities net position  | <u>\$ 185,864,143</u> | <u>\$ 196,675,497</u> | <u>\$ 221,353,269</u> | <u>\$ 240,868,541</u> | <u>\$ 246,481,676</u> | <u>\$ 250,312,032</u> | <u>\$ 257,415,877</u> | <u>\$ 265,933,549</u> | <u>\$ 269,694,599</u> | <u>\$ 182,045,047</u> |
| Business-type activities                    |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 125,543,179        | \$ 134,385,674        | \$ 146,157,075        | \$ 152,089,577        | \$ 167,081,709        | \$ 180,332,606        | \$ 182,791,158        | \$ 189,456,676        | \$ 196,909,298        | \$ 205,192,151        |
| Restricted                                  | -                     | 1,765                 | 4,708                 | 8,786                 | 5,213                 | 10,312                | 119,534               | 25,193                | 8,433                 | 7,231                 |
| Unrestricted                                | 29,667,849            | 35,582,153            | 33,515,192            | 18,461,675            | 20,419,761            | 18,709,510            | 19,388,092            | 19,764,741            | 20,968,416            | 10,828,849            |
| Total business-type activities net position | <u>\$ 155,211,028</u> | <u>\$ 169,969,592</u> | <u>\$ 179,676,975</u> | <u>\$ 170,560,038</u> | <u>\$ 187,506,683</u> | <u>\$ 199,052,428</u> | <u>\$ 202,298,784</u> | <u>\$ 209,246,610</u> | <u>\$ 217,886,147</u> | <u>\$ 216,028,231</u> |
| Primary government                          |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 264,748,899        | \$ 274,241,991        | \$ 289,315,467        | \$ 307,880,682        | \$ 328,858,986        | \$ 345,137,429        | \$ 349,621,675        | \$ 364,621,891        | \$ 380,866,909        | \$ 398,052,310        |
| Restricted                                  | 171,844               | 1,765                 | 19,980,078            | 20,157,842            | 18,739,106            | 23,718,586            | 18,880,193            | 16,830,518            | 15,943,586            | 9,490,871             |
| Unrestricted                                | 76,154,428            | 92,401,333            | 91,734,699            | 83,390,055            | 86,390,267            | 80,508,445            | 91,212,793            | 93,727,750            | 90,770,251            | (9,469,903)           |
| Total primary government net position       | <u>\$ 341,075,171</u> | <u>\$ 366,645,089</u> | <u>\$ 401,030,244</u> | <u>\$ 411,428,579</u> | <u>\$ 433,988,359</u> | <u>\$ 449,364,460</u> | <u>\$ 459,714,661</u> | <u>\$ 475,180,159</u> | <u>\$ 487,580,746</u> | <u>\$ 398,073,278</u> |

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

## CITY OF LYNCHBURG, VIRGINIA

TABLE 2

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

|                                         | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|-----------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                         | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  |
| <b>Expenses</b>                         |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental Activities:                |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| General Government                      | \$ 11,727,655         | \$ 12,148,875         | \$ 13,397,520         | \$ 14,572,569         | \$ 14,710,937         | \$ 13,623,646         | \$ 14,209,838         | \$ 15,116,426         | \$ 13,291,661         | \$ 13,675,189         |
| Judicial                                | 5,099,725             | 5,471,591             | 5,626,570             | 5,707,528             | 5,633,105             | 6,329,475             | 6,546,970             | 6,406,888             | 6,518,627             | 6,245,737             |
| Public Safety                           | 39,639,402            | 40,397,195            | 43,152,656            | 43,233,506            | 42,794,498            | 44,365,150            | 44,743,484            | 47,390,090            | 48,816,945            | 48,732,161            |
| Public Works                            | 20,760,247            | 19,643,233            | 21,511,617            | 28,957,020            | 26,790,420            | 25,504,881            | 25,535,985            | 26,539,357            | 29,261,348            | 24,846,090            |
| Health and Human Services               | 20,095,986            | 23,439,351            | 27,078,262            | 26,097,589            | 24,935,622            | 24,577,656            | 24,620,381            | 25,274,269            | 25,805,934            | 27,317,037            |
| Culture and Recreation                  | 8,943,345             | 9,432,337             | 10,247,701            | 10,364,636            | 9,852,641             | 10,247,781            | 8,413,428             | 8,503,945             | 9,001,804             | 9,771,210             |
| Community Development                   | 6,469,555             | 6,759,110             | 5,284,797             | 4,974,659             | 5,024,903             | 5,490,368             | 7,757,830             | 5,076,676             | 6,730,055             | 6,742,294             |
| Education                               | 32,618,426            | 33,539,288            | 36,727,401            | 35,807,016            | 33,876,792            | 35,171,968            | 36,667,051            | 40,568,308            | 42,640,199            | 42,608,354            |
| Interest Payments and Fiscal Charges    | 4,999,355             | 5,444,098             | 5,821,141             | 5,605,088             | 6,286,182             | 5,625,344             | 5,481,482             | 5,005,302             | 4,721,429             | 6,317,148             |
| Issuance Costs                          | 173,943               | -                     | 216,051               | -                     | 483,236               | 170,210               | 28,450                | 29,815                | 204,180               | 875,409               |
| Total governmental activities expenses  | 150,527,639           | 156,275,078           | 169,063,716           | 175,319,611           | 170,388,336           | 171,106,479           | 174,004,899           | 179,911,076           | 186,992,182           | 187,130,629           |
| Business-type activities:               |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Solid Waste Management                  | 5,599,954             | 6,436,950             | 8,240,113             | 206,551               | -                     | -                     | -                     | -                     | -                     | -                     |
| Stormwater (1)                          | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 2,038,265             | 2,542,077             | 1,988,044             |
| Airport                                 | 3,505,550             | 3,545,346             | 3,882,343             | 4,062,502             | 4,308,441             | 4,374,509             | 4,394,934             | 4,151,032             | 4,370,888             | 4,572,562             |
| Water                                   | 9,273,940             | 9,846,038             | 11,406,440            | 11,274,496            | 12,600,109            | 12,231,617            | 11,881,318            | 12,822,767            | 12,867,800            | 13,192,403            |
| Sewer                                   | 12,431,230            | 12,757,627            | 14,431,645            | 14,976,951            | 15,069,642            | 15,889,515            | 16,705,588            | 16,195,043            | 17,350,599            | 18,408,180            |
| Total business-type activities expenses | 30,810,674            | 32,585,961            | 37,960,541            | 30,520,500            | 31,978,192            | 32,495,641            | 32,981,840            | 35,207,107            | 37,131,364            | 38,161,189            |
| Total primary government expenses       | <u>\$ 181,338,313</u> | <u>\$ 188,861,039</u> | <u>\$ 207,024,257</u> | <u>\$ 205,840,111</u> | <u>\$ 202,366,528</u> | <u>\$ 203,602,120</u> | <u>\$ 206,986,739</u> | <u>\$ 215,118,183</u> | <u>\$ 224,123,546</u> | <u>\$ 225,291,818</u> |

(1)The Stormwater fund was created in FY2013.

(Continued)



**TABLE 2**  
**(Continued)**

**CITY OF LYNCHBURG, VIRGINIA**

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

|                                                 | Fiscal Year      |                  |                 |                  |                  |                  |                  |                  |                  |                  |
|-------------------------------------------------|------------------|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                                 | 2006             | 2007             | 2008            | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             | 2015             |
| <b>Program Revenues</b> (see Table 3)           |                  |                  |                 |                  |                  |                  |                  |                  |                  |                  |
| Governmental Activities:                        |                  |                  |                 |                  |                  |                  |                  |                  |                  |                  |
| Charges for services:                           |                  |                  |                 |                  |                  |                  |                  |                  |                  |                  |
| General government                              | \$ 466,636       | \$ 398,188       | \$ 556,888      | \$ 548,729       | \$ 437,468       | \$ 424,127       | \$ 523,344       | \$ 530,988       | \$ 460,961       | \$ 505,564       |
| Judicial                                        | 741,266          | 730,625          | 716,313         | 737,613          | 846,930          | 686,417          | 781,941          | 917,900          | 816,341          | 785,268          |
| Public safety                                   | 4,917,707        | 5,398,675        | 5,059,318       | 4,104,152        | 4,452,849        | 5,343,055        | 5,875,575        | 6,090,401        | 6,629,609        | 6,419,638        |
| Public works                                    | 185,474          | 98,025           | 198,841         | 993,935          | 989,613          | 786,813          | 813,474          | 1,711,835        | 1,806,816        | 1,304,063        |
| Health and human services                       | 1,685,316        | 1,817,260        | 2,458,875       | 2,385,901        | 2,037,083        | 2,364,654        | 2,462,151        | 2,631,082        | 2,503,303        | 2,452,554        |
| Cultural and Recreational                       | 1,810,243        | 1,888,695        | 1,916,356       | 2,126,732        | 2,069,822        | 2,092,744        | 647,929          | 660,626          | 684,094          | 776,379          |
| Community development                           | 1,093,999        | 887,401          | 916,926         | 600,480          | 544,603          | 340,847          | 622,156          | 936,595          | 2,422,730        | 1,172,941        |
| Operating Grants and Contributions              | 32,475,807       | 33,925,919       | 36,346,157      | 32,423,390       | 29,398,177       | 29,639,955       | 30,194,337       | 39,851,381       | 40,032,827       | 42,055,609       |
| Capital Grants and Contributions                | 2,435,928        | 2,217,419        | 24,914,181      | 12,940,905       | 13,954,135       | 11,833,437       | 11,546,586       | 4,320,470        | 2,407,771        | 1,516,624        |
| Total governmental activities program services  | 45,812,376       | 47,362,207       | 73,083,855      | 56,861,837       | 54,730,680       | 53,512,049       | 53,467,493       | 57,651,278       | 57,764,452       | 56,988,640       |
| Business-type activities:                       |                  |                  |                 |                  |                  |                  |                  |                  |                  |                  |
| Charges for services:                           |                  |                  |                 |                  |                  |                  |                  |                  |                  |                  |
| Solid Waste Management                          | 7,219,229        | 7,276,645        | 6,313,555       | -                | -                | -                | -                | -                | -                | -                |
| Stormwater                                      | -                | -                | -               | -                | -                | -                | -                | 3,355,267        | 3,124,545        | 3,268,776        |
| Airport                                         | 1,762,826        | 1,848,109        | 1,839,685       | 1,967,871        | 2,152,132        | 2,093,668        | 2,011,159        | 2,124,073        | 2,235,749        | 2,254,531        |
| Water                                           | 10,352,303       | 10,397,780       | 11,269,882      | 11,705,595       | 12,029,026       | 12,462,594       | 12,314,865       | 12,985,275       | 13,478,920       | 14,703,923       |
| Sewer                                           | 15,405,174       | 16,040,587       | 17,861,892      | 17,716,586       | 18,536,169       | 18,023,990       | 18,520,421       | 18,913,651       | 19,763,592       | 20,216,758       |
| Operating Grants and Contributions              | 415,801          | 398,850          | 406,261         | 178,948          | 203,659          | 202,704          | 158,129          | 951,522          | 810,040          | 417,601          |
| Capital Grants and Contributions                | 3,066,896        | 8,918,563        | 7,490,370       | 4,826,469        | 15,197,159       | 10,563,426       | 2,007,777        | 2,827,806        | 5,697,350        | 6,601,428        |
| Total business-type activities program revenues | 38,222,229       | 44,880,534       | 45,181,645      | 36,395,469       | 48,118,145       | 43,346,382       | 35,012,351       | 41,157,594       | 45,110,196       | 47,463,017       |
| Total primary government program revenues       | \$ 84,034,605    | \$ 92,242,741    | \$ 118,265,500  | \$ 93,257,306    | \$ 102,848,825   | \$ 96,858,431    | \$ 88,479,844    | \$ 98,808,872    | \$ 102,874,648   | \$ 104,451,657   |
| <b>Net (Expense) Revenue</b>                    |                  |                  |                 |                  |                  |                  |                  |                  |                  |                  |
| Governmental Activities                         | \$ (104,715,263) | \$ (108,912,871) | \$ (95,979,861) | \$ (118,457,774) | \$ (115,657,656) | \$ (117,594,430) | \$ (120,537,406) | \$ (122,259,798) | \$ (129,227,730) | \$ (130,141,989) |
| Business-type Activities                        | 7,411,555        | 12,294,573       | 7,221,104       | 5,874,969        | 16,139,953       | 10,850,741       | 2,030,511        | 5,950,487        | 7,978,832        | 9,301,828        |
| Total Primary Government Net Expenses           | \$ (97,303,708)  | \$ (96,618,298)  | \$ (88,758,757) | \$ (112,582,805) | \$ (99,517,703)  | \$ (106,743,689) | \$ (118,506,895) | \$ (116,309,311) | \$ (121,248,898) | \$ (120,840,161) |

(Continued)

**TABLE 2**  
**(Continued)**

**CITY OF LYNCHBURG, VIRGINIA**

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

|                                                           | Fiscal Year    |                |                |                |                |                |                |                |                |                |
|-----------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                                           | 2006           | 2007           | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           |
| <b>General Revenues and Other Changes in Net Position</b> |                |                |                |                |                |                |                |                |                |                |
| Governmental Activities:                                  |                |                |                |                |                |                |                |                |                |                |
| Taxes                                                     |                |                |                |                |                |                |                |                |                |                |
| Property taxes                                            | \$ 60,191,431  | \$ 57,241,907  | \$ 63,187,947  | \$ 65,185,656  | \$ 67,786,672  | \$ 69,849,510  | \$ 70,054,855  | \$ 74,446,360  | \$ 74,994,389  | \$ 75,714,767  |
| Local sales and use taxes                                 | 13,319,691     | 14,481,096     | 14,266,750     | 13,056,829     | 12,675,632     | 13,290,563     | 13,440,973     | 13,589,747     | 13,842,292     | 15,006,326     |
| Meals taxes                                               | 9,423,830      | 10,000,796     | 10,326,953     | 10,477,061     | 10,477,700     | 10,975,580     | 11,658,371     | 11,916,522     | 12,549,321     | 13,756,602     |
| Consumer utility taxes                                    | 6,840,948      | 5,835,367      | 4,793,431      | 4,739,261      | 4,700,202      | 4,692,477      | 4,475,316      | 4,628,647      | 4,738,343      | 4,575,492      |
| Business license taxes                                    | 7,675,284      | 7,922,666      | 8,010,597      | 7,913,270      | 7,818,381      | 7,263,543      | 7,885,841      | 8,057,554      | 8,580,699      | 8,219,996      |
| Communications sales and use taxes                        | -              | 1,669,968      | 3,893,158      | 3,537,283      | 3,552,028      | 3,534,449      | 3,462,621      | 3,471,805      | 3,412,734      | 3,382,915      |
| Other taxes                                               | 6,794,113      | 6,697,407      | 5,827,855      | 5,719,878      | 6,070,900      | 6,377,684      | 7,299,554      | 5,823,989      | 6,638,042      | 6,785,275      |
| Unrestricted intergovernmental                            | 9,434,886      | 9,687,718      | 6,227,484      | 5,601,254      | 5,576,232      | 5,418,525      | 5,940,422      | 6,052,604      | 6,240,433      | 6,223,664      |
| Interest                                                  | 1,785,705      | 3,082,813      | 3,522,533      | 1,716,449      | 794,471        | 601,999        | 438,375        | 201,735        | 295,656        | 312,688        |
| IRS interest subsidy - Build America bonds                | -              | -              | -              | -              | 283,891        | 146,839        | 293,680        | 293,680        | 270,332        | 272,388        |
| Miscellaneous                                             | 1,605,259      | 1,919,538      | 1,026,286      | 3,827,687      | 1,683,037      | 1,498,803      | 1,162,435      | 1,606,926      | 1,480,036      | 2,141,167      |
| Transfers                                                 | (304,924)      | 11,134         | (577,893)      | 16,198,418     | (261,260)      | (259,950)      | (417,961)      | (336,330)      | (218,809)      | (60,658)       |
| Gain (Loss) on sale of assets                             | -              | -              | 152,532        | -              | 112,905        | 95,976         | 73,749         | 1,024,231      | 165,312        | 324,443        |
| Total governmental activities                             | 116,766,223    | 118,550,410    | 120,657,633    | 137,973,046    | 121,270,791    | 123,485,998    | 125,768,231    | 130,777,470    | 132,988,780    | 136,655,065    |
| Business-type activities:                                 |                |                |                |                |                |                |                |                |                |                |
| Interest                                                  | 1,248,981      | 2,382,245      | 1,784,508      | 825,779        | 207,953        | 206,665        | 210,782        | 108,977        | 132,701        | 96,910         |
| IRS interest subsidy - Build America Bonds                | -              | -              | -              | -              | 287,632        | 148,776        | 297,551        | 297,550        | 273,896        | 275,978        |
| Miscellaneous                                             | 83,078         | 92,880         | 123,878        | 297,033        | 49,847         | 79,613         | 148,571        | 45,232         | 22,332         | 22,966         |
| Transfers                                                 | 304,924        | (11,134)       | 577,893        | (16,198,418)   | 261,260        | 259,950        | -              | 336,330        | 218,809        | 60,658         |
| Gain (loss) on sale of assets                             | -              | -              | -              | 83,700         | -              | -              | 417,961        | 209,250        | 12,967         | 9,825          |
| Total business-type activities                            | 1,636,983      | 2,463,991      | 2,486,279      | (14,991,906)   | 806,692        | 695,004        | 1,074,865      | 997,339        | 660,705        | 466,337        |
| Total primary government                                  | \$ 118,403,206 | \$ 121,014,401 | \$ 123,143,912 | \$ 122,981,140 | \$ 122,077,483 | \$ 124,181,002 | \$ 126,843,096 | \$ 131,774,809 | \$ 133,649,485 | \$ 137,121,402 |
| <b>Changes in Net Position</b>                            |                |                |                |                |                |                |                |                |                |                |
| Governmental activities                                   | \$ 12,050,960  | \$ 9,637,539   | \$ 24,677,772  | \$ 19,515,272  | \$ 5,613,135   | \$ 5,891,568   | \$ 5,230,825   | \$ 8,517,672   | \$ 3,761,050   | \$ 6,513,076   |
| Business-type activities                                  | 9,048,538      | 14,758,564     | 9,707,383      | (9,116,937)    | 16,946,645     | 11,545,745     | 3,105,376      | 6,947,826      | 8,639,537      | 9,768,165      |
| Total primary government                                  | \$ 21,099,498  | \$ 24,396,103  | \$ 34,385,155  | \$ 10,398,335  | \$ 22,559,780  | \$ 17,437,313  | \$ 8,336,201   | \$ 15,465,498  | \$ 12,400,587  | \$ 16,281,241  |

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

|                                   | Fiscal Year   |               |                |               |                |               |               |               |                |                |
|-----------------------------------|---------------|---------------|----------------|---------------|----------------|---------------|---------------|---------------|----------------|----------------|
|                                   | 2006          | 2007          | 2008           | 2009          | 2010           | 2011          | 2012          | 2013          | 2014           | 2015           |
| <b>Function/Program</b>           |               |               |                |               |                |               |               |               |                |                |
| Governmental Activities:          |               |               |                |               |                |               |               |               |                |                |
| General Government                | \$ 785,105    | \$ 734,876    | \$ 942,144     | \$ 900,082    | \$ 784,656     | \$ 733,374    | \$ 842,476    | \$ 842,595    | \$ 772,920     | \$ 822,568     |
| Judicial                          | 3,907,807     | 3,978,858     | 4,477,871      | 4,319,914     | 4,434,426      | 4,405,123     | 4,685,775     | 4,369,390     | 4,705,330      | 4,556,364      |
| Public Safety                     | 8,551,169     | 8,489,027     | 11,106,642     | 11,638,433    | 10,221,136     | 11,507,560    | 10,901,882    | 12,249,088    | 12,655,192     | 12,043,156     |
| Public Works                      | 9,246,609     | 9,143,028     | 31,409,029     | 13,461,837    | 14,184,338     | 12,761,729    | 13,637,579    | 16,225,091    | 13,736,037     | 13,462,198     |
| Health and Human Services         | 15,728,602    | 17,439,083    | 20,030,396     | 20,093,434    | 19,645,184     | 19,710,295    | 19,756,196    | 20,786,993    | 21,009,420     | 22,626,330     |
| Culture and Recreation            | 2,085,063     | 2,125,708     | 2,117,677      | 2,332,948     | 2,266,212      | 2,335,925     | 842,913       | 932,261       | 1,335,292      | 1,010,645      |
| Community Development             | 3,658,669     | 3,239,533     | 2,134,843      | 3,322,867     | 2,217,737      | 2,027,021     | 2,445,719     | 2,216,576     | 3,550,261      | 2,467,379      |
| Education                         | 1,849,352     | 2,212,094     | 865,253        | 792,322       | 976,991        | 31,022        | 354,953       | 29,284        | -              | -              |
| Subtotal governmental activities  | 45,812,376    | 47,362,207    | 73,083,855     | 56,861,837    | 54,730,680     | 53,512,049    | 53,467,493    | 57,651,278    | 57,764,452     | 56,988,640     |
| Business-type activities:         |               |               |                |               |                |               |               |               |                |                |
| Solid Waste Management (1)        | 7,423,363     | 7,478,380     | 6,517,869      | -             | -              | -             | -             | -             | -              | -              |
| Stormwater (2)                    | -             | -             | -              | -             | -              | -             | -             | 4,005,267     | 3,774,545      | 3,543,776      |
| Airport                           | 3,468,328     | 10,159,028    | 7,283,243      | 2,889,032     | 4,917,589      | 4,331,554     | 3,452,187     | 5,046,920     | 5,214,040      | 5,786,312      |
| Water                             | 10,352,303    | 10,397,780    | 11,269,882     | 11,705,595    | 12,029,026     | 12,462,594    | 12,338,865    | 13,067,064    | 13,492,023     | 14,708,923     |
| Sewer                             | 16,978,235    | 16,845,346    | 20,110,651     | 21,800,842    | 31,171,530     | 26,552,234    | 19,221,299    | 19,038,343    | 22,629,588     | 23,424,006     |
| Subtotal business-type activities | 38,222,229    | 44,880,534    | 45,181,645     | 36,395,469    | 48,118,145     | 43,346,382    | 35,012,351    | 41,157,594    | 45,110,196     | 47,463,017     |
| Total primary government          | \$ 84,034,605 | \$ 92,242,741 | \$ 118,265,500 | \$ 93,257,306 | \$ 102,848,825 | \$ 96,858,431 | \$ 88,479,844 | \$ 98,808,872 | \$ 102,874,648 | \$ 104,451,657 |

(1) The Solid Waste Management fund was closed during FY2009.

(2) The Stormwater fund was created in FY2013.

TABLE 4

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

|                                    | <b>Pre-GASB 54</b>   |                      |                      |                      |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | <b>2006</b>          | <b>2007</b>          | <b>2008</b>          | <b>2009</b>          | <b>2010</b>          |
| General Fund                       |                      |                      |                      |                      |                      |
| Reserved                           | \$ 879,657           | \$ 1,236,149         | \$ 2,406,773         | \$ 719,850           | \$ 1,457,305         |
| Unreserved                         | 35,906,892           | 31,541,207           | 32,158,992           | 36,459,043           | 44,287,091           |
| Total General Fund                 | <u>\$ 36,786,549</u> | <u>\$ 32,777,356</u> | <u>\$ 34,565,765</u> | <u>\$ 37,178,893</u> | <u>\$ 45,744,396</u> |
| All Other Governmental Funds       |                      |                      |                      |                      |                      |
| Reserved                           | \$ 6,687,005         | \$ 5,430,322         | \$ 44,832,256        | \$ 31,264,091        | \$ 9,752,227         |
| Unreserved, reported in:           |                      |                      |                      |                      |                      |
| Special revenue funds              | 4,071,768            | 3,219,576            | 1,082,960            | 4,263,967            | 4,265,193            |
| Capital projects funds             | 9,825,526            | 13,985,011           | 6,697,269            | 11,646,868           | 31,943,779           |
| Total All Other Governmental Funds | <u>\$ 20,584,299</u> | <u>\$ 22,634,909</u> | <u>\$ 52,612,485</u> | <u>\$ 47,174,926</u> | <u>\$ 45,961,199</u> |
|                                    |                      |                      | <b>Post-GASB 54</b>  |                      |                      |
|                                    | <b>2011</b>          | <b>2012</b>          | <b>2013</b>          | <b>2014</b>          | <b>2015</b>          |
| General Fund                       |                      |                      |                      |                      |                      |
| Committed                          | \$ 13,707,762        | \$ 13,992,915        | \$ 14,610,825        | \$ 15,237,982        | \$ 14,803,075        |
| Assigned                           | 4,077,230            | 5,574,299            | 3,128,072            | 5,029,549            | 6,118,051            |
| Unassigned                         | 29,215,575           | 28,835,650           | 31,675,248           | 33,878,501           | 32,089,924           |
| Total General Fund                 | <u>\$ 47,000,567</u> | <u>\$ 48,402,864</u> | <u>\$ 49,414,145</u> | <u>\$ 54,146,032</u> | <u>\$ 53,011,050</u> |
| All Other Governmental Funds       |                      |                      |                      |                      |                      |
| Nonspendable                       | \$ 500,000           | \$ 500,000           | \$ 450,000           | \$ 400,000           | \$ 350,000           |
| Restricted                         | 23,708,274           | 18,760,659           | 16,805,325           | 15,935,152           | 9,483,641            |
| Committed                          | 18,396,943           | 21,518,899           | 17,761,570           | 13,852,139           | 68,602,388           |
| Assigned                           | 121,599              | 126,818              | 100,000              | 100,012              | 100,012              |
| Unassigned                         | (539,488)            | (257,944)            | (257,945)            | -                    | (50,067)             |
| Total All Other Governmental Funds | <u>\$ 42,187,328</u> | <u>\$ 40,648,432</u> | <u>\$ 34,858,950</u> | <u>\$ 30,287,303</u> | <u>\$ 78,485,974</u> |

Note: Five years of data is available for GASB 54 compliance.  
GASB 54 was adopted in FY2011.

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

|                                                          | Fiscal Year        |                  |                   |                     |                     |                  |                  |                |                    |                     |
|----------------------------------------------------------|--------------------|------------------|-------------------|---------------------|---------------------|------------------|------------------|----------------|--------------------|---------------------|
|                                                          | 2006               | 2007             | 2008              | 2009                | 2010                | 2011             | 2012             | 2013           | 2014               | 2015                |
| <b>Revenues</b>                                          |                    |                  |                   |                     |                     |                  |                  |                |                    |                     |
| Taxes                                                    | \$103,986,837      | \$102,976,887    | \$ 110,668,029    | \$ 110,330,014      | \$ 112,551,637      | \$ 115,044,676   | \$ 116,760,078   | \$ 122,436,720 | \$ 125,237,029     | \$ 127,770,651      |
| Regulatory licenses, permits, and privilege fees         | 1,025,782          | 887,272          | 849,742           | 650,514             | 664,028             | 683,712          | 916,546          | 991,098        | 1,068,270          | 1,000,222           |
| Intergovernmental                                        | 43,636,173         | 45,511,572       | 67,254,109        | 50,772,908          | 48,877,101          | 46,663,521       | 47,320,286       | 50,245,714     | 48,326,225         | 49,874,673          |
| Fines and forfeitures                                    | 593,518            | 581,986          | 586,661           | 612,595             | 667,756             | 598,424          | 721,839          | 726,438        | 634,485            | 637,417             |
| Revenue from use of money and property                   | 3,092,260          | 4,438,852        | 4,843,948         | 3,113,910           | 2,177,785           | 1,962,064        | 749,017          | 506,030        | 702,100            | 820,000             |
| Charges for services                                     | 10,362,547         | 10,480,891       | 11,155,656        | 11,782,655          | 11,846,063          | 11,977,908       | 11,467,834       | 13,687,367     | 15,916,305         | 14,365,457          |
| Miscellaneous                                            | 2,158,618          | 2,019,557        | 1,035,977         | 2,317,772           | 2,281,001           | 1,863,720        | 1,828,931        | 2,863,553      | 2,516,916          | 2,807,317           |
| Total revenues                                           | 164,855,735        | 166,897,017      | 196,394,122       | 179,580,368         | 179,065,371         | 178,794,025      | 179,764,531      | 191,456,920    | 194,401,330        | 197,275,737         |
| <b>Expenditures</b>                                      |                    |                  |                   |                     |                     |                  |                  |                |                    |                     |
| General government                                       | 13,236,092         | 14,284,594       | 14,978,175        | 16,046,197          | 16,125,721          | 15,157,924       | 15,499,218       | 16,130,210     | 14,289,462         | 16,152,572          |
| Judicial                                                 | 4,875,257          | 5,279,455        | 5,359,727         | 5,478,171           | 5,347,422           | 5,553,219        | 5,790,132        | 5,767,935      | 5,758,228          | 5,717,080           |
| Public Safety                                            | 36,850,835         | 38,394,220       | 40,564,072        | 41,723,778          | 40,379,295          | 42,216,297       | 42,427,687       | 46,421,193     | 46,660,711         | 48,818,343          |
| Public Works                                             | 14,294,952         | 13,054,801       | 14,583,441        | 22,154,990          | 18,834,896          | 17,746,056       | 17,681,810       | 19,474,530     | 22,150,384         | 18,097,502          |
| Health and human services                                | 20,815,071         | 22,886,119       | 26,320,281        | 25,693,662          | 24,400,078          | 23,992,172       | 24,172,488       | 25,059,481     | 25,328,758         | 27,443,758          |
| Cultural and recreational                                | 8,291,783          | 8,753,747        | 9,197,360         | 9,496,115           | 8,915,422           | 9,114,228        | 7,383,687        | 7,672,890      | 7,611,982          | 8,632,019           |
| Community development                                    | 6,333,310          | 6,716,287        | 5,097,359         | 4,990,958           | 5,200,664           | 5,507,839        | 7,734,642        | 5,072,557      | 6,519,328          | 6,681,436           |
| Education (1)                                            | 30,057,224         | 30,330,939       | 33,170,354        | 32,191,853          | 29,472,854          | 30,343,130       | 31,830,468       | 35,590,981     | 36,856,139         | 37,562,551          |
| Capital Outlay                                           |                    |                  |                   |                     |                     |                  |                  |                |                    |                     |
| Capital general government (2)                           | 13,958,226         | 14,285,864       | 14,477,202        | 33,101,444          | 37,055,272          | 12,891,432       | 10,688,906       | 14,864,174     | 22,238,043         | 53,597,681          |
| Debt Services                                            |                    |                  |                   |                     |                     |                  |                  |                |                    |                     |
| Principal Retirement                                     | 18,870,007         | 8,428,304        | 8,400,119         | 8,582,070           | 17,214,799          | 10,872,412       | 10,119,044       | 10,103,234     | 9,689,223          | 10,296,872          |
| Interest payments and other fiscal charges               | 4,554,384          | 5,113,526        | 5,519,494         | 5,455,250           | 5,619,800           | 5,671,296        | 5,399,200        | 4,985,875      | 4,683,175          | 7,435,810           |
| Issuance costs                                           | 173,943            | -                | 216,051           | -                   | 483,236             | 170,210          | 28,450           | 29,815         | 204,180            | 875,409             |
| Total expenditures                                       | 172,311,084        | 167,527,856      | 177,883,635       | 204,914,488         | 209,049,459         | 179,236,215      | 178,755,732      | 191,172,875    | 201,989,613        | 241,311,033         |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(7,455,349)</b> | <b>(630,839)</b> | <b>18,510,487</b> | <b>(25,334,120)</b> | <b>(29,984,088)</b> | <b>(442,190)</b> | <b>1,008,799</b> | <b>284,045</b> | <b>(7,588,283)</b> | <b>(44,035,296)</b> |
| <b>Other financing sources (uses)</b>                    |                    |                  |                   |                     |                     |                  |                  |                |                    |                     |
| Proceeds from debt issues                                | 31,725,694         | -                | 16,788,389        | 6,156,611           | 36,180,000          | -                | -                | -              | -                  | 83,225,000          |
| Premium on debt proceeds                                 | 732,486            | -                | 167,163           | -                   | 993,827             | -                | -                | -              | -                  | 7,792,446           |
| Discount on debt proceeds                                | -                  | -                | -                 | -                   | (959,560)           | -                | -                | -              | -                  | -                   |
| Issuance of refunding bonds                              | -                  | -                | 4,824,128         | -                   | 6,103,649           | 18,591,517       | -                | 4,129,625      | 8,000,638          | 23,292,975          |
| Refunded bond principal payments                         | -                  | -                | (4,756,894)       | -                   | -                   | -                | -                | -              | -                  | -                   |
| Payments to escrow agent                                 | -                  | -                | -                 | -                   | (6,046,285)         | (18,397,260)     | -                | (4,129,625)    | -                  | (23,114,836)        |
| Capital contributions                                    | -                  | -                | -                 | -                   | -                   | -                | -                | (4,725,916)    | -                  | -                   |
| Transfers in                                             | 4,969,990          | 14,494,290       | 7,790,103         | 25,197,199          | 5,962,962           | 10,739,030       | 11,057,987       | 9,560,807      | 9,978,763          | 11,606,390          |
| Transfers out                                            | (6,894,621)        | (16,995,849)     | (11,557,391)      | (8,844,121)         | (4,898,729)         | (10,947,585)     | (12,203,385)     | (9,897,137)    | (10,230,878)       | (11,702,990)        |
| Total other financing sources (uses)                     | 30,533,549         | (2,501,559)      | 13,255,498        | 22,509,689          | 37,335,864          | (14,298)         | (1,145,398)      | (5,062,246)    | 7,748,523          | 91,098,985          |
| Net change in fund balances                              | \$ 23,078,200      | \$ (3,132,398)   | \$ 31,765,985     | \$ (2,824,431)      | \$ 7,351,776        | \$ (456,488)     | \$ (136,599)     | \$ (4,778,201) | \$ 160,240         | \$ 47,063,689       |
| Debt Service as a percentage of noncapital expenditures  | 14.90%             | 8.84%            | 8.65%             | 8.17%               | 13.56%              | 10.05%           | 9.25%            | 8.58%          | 8.11%              | 9.91%               |

(1) Education was included in transfers to component units prior to FY2003

(2) Beginning with restating FY2006, and going forward, capital outlay was adjusted to reflect all capital expenditures. The functional categories of current expenditures were adjusted to reflect the reduction for capital expenditures already reported.

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

|                                                          | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|----------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                          | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 |
| <b>Revenues:</b>                                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Taxes                                                    | \$ 103,012,216       | \$ 102,480,268       | \$ 110,636,590       | \$ 110,297,053       | \$ 112,519,658       | \$ 115,009,873       | \$ 116,760,078       | \$ 122,436,720       | \$ 125,237,029       | \$ 127,770,651       |
| Regulatory licenses, permits, and privilege fees         | 1,025,782            | 887,272              | 849,742              | 650,514              | 664,028              | 683,712              | 916,546              | 991,098              | 1,068,270            | 1,000,222            |
| Intergovernmental                                        | 30,391,990           | 31,311,980           | 33,410,321           | 33,646,195           | 33,239,946           | 33,199,440           | 35,030,474           | 33,669,141           | 34,333,156           | 34,604,123           |
| Fines and forfeitures                                    | 593,518              | 581,986              | 586,661              | 612,595              | 667,756              | 598,424              | 721,839              | 726,438              | 634,485              | 637,417              |
| Revenues from use of money and property                  | 2,130,172            | 3,377,730            | 3,308,104            | 1,403,024            | 995,450              | 840,217              | 690,069              | 437,531              | 640,544              | 697,756              |
| Charges for services                                     | 7,376,311            | 7,083,847            | 7,198,099            | 7,593,070            | 7,905,479            | 7,907,113            | 7,676,012            | 9,949,886            | 10,555,494           | 10,750,591           |
| Miscellaneous                                            | 1,261,164            | 387,005              | 452,272              | 1,168,236            | 1,132,221            | 945,324              | 871,056              | 1,097,217            | 1,150,545            | 1,154,870            |
| <b>Total revenues</b>                                    | <b>145,791,153</b>   | <b>146,110,088</b>   | <b>156,441,789</b>   | <b>155,370,687</b>   | <b>157,124,538</b>   | <b>159,184,103</b>   | <b>162,666,074</b>   | <b>169,308,031</b>   | <b>173,619,523</b>   | <b>176,615,630</b>   |
| <b>Expenditures:</b>                                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Current operating expenditures:                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                                       | 13,176,072           | 14,111,441           | 14,561,922           | 15,808,721           | 15,896,808           | 15,453,014           | 15,908,597           | 16,408,318           | 14,507,532           | 16,298,894           |
| Judicial                                                 | 3,827,095            | 4,182,946            | 4,423,005            | 4,457,959            | 4,342,042            | 4,426,215            | 4,421,907            | 4,650,024            | 4,655,974            | 4,696,403            |
| Public safety                                            | 32,782,350           | 34,640,217           | 36,703,695           | 36,981,993           | 36,756,234           | 38,405,071           | 38,845,495           | 42,026,411           | 42,455,002           | 44,421,121           |
| Public works                                             | 11,801,684           | 11,565,845           | 11,257,662           | 17,209,120           | 14,432,901           | 15,139,289           | 14,436,170           | 15,547,537           | 16,403,344           | 14,600,543           |
| Health and human services                                | 16,111,220           | 16,577,034           | 18,890,171           | 19,126,038           | 18,532,152           | 18,713,485           | 18,268,410           | 18,905,329           | 19,184,011           | 19,825,954           |
| Cultural and recreational                                | 6,926,949            | 7,287,216            | 7,691,627            | 7,794,603            | 7,311,064            | 7,397,754            | 7,383,687            | 7,560,762            | 7,479,777            | 8,558,412            |
| Community development                                    | 3,559,260            | 4,034,373            | 3,936,251            | 3,730,495            | 3,604,356            | 3,883,971            | 3,930,173            | 3,504,251            | 4,283,676            | 4,819,261            |
| Education                                                | 29,894,763           | 30,418,183           | 32,932,233           | 32,150,370           | 29,443,654           | 30,310,602           | 31,696,712           | 35,308,205           | 35,709,226           | 36,389,604           |
| Debt service:                                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Principal retirements                                    | 18,326,124           | 7,702,865            | 7,812,969            | 8,152,512            | 16,708,675           | 10,354,910           | 9,706,899            | 9,693,099            | 9,359,924            | 9,959,146            |
| Interest payments and other fiscal charges               | 4,273,525            | 4,794,314            | 5,212,231            | 5,121,995            | 5,307,936            | 5,380,142            | 5,225,436            | 4,829,728            | 4,544,745            | 7,276,813            |
| Issuance costs                                           | 146,165              | -                    | 127,866              | -                    | 186,536              | 162,757              | 28,450               | 29,815               | 204,180              | 443,933              |
| <b>Total expenditures</b>                                | <b>140,825,207</b>   | <b>135,314,434</b>   | <b>143,549,632</b>   | <b>150,533,806</b>   | <b>152,522,358</b>   | <b>149,627,210</b>   | <b>149,851,936</b>   | <b>158,463,479</b>   | <b>158,787,391</b>   | <b>167,290,084</b>   |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>4,965,946</b>     | <b>10,795,654</b>    | <b>12,892,157</b>    | <b>4,836,881</b>     | <b>4,602,180</b>     | <b>9,556,893</b>     | <b>12,814,138</b>    | <b>10,844,552</b>    | <b>14,832,132</b>    | <b>9,325,546</b>     |
| <b>Other financing sources (uses):</b>                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Issuance of bonds                                        | 10,644,739           | -                    | 69,980               | -                    | 7,082,817            | -                    | -                    | -                    | 57,468               | 412,470              |
| Premium on debt proceeds                                 | 361,837              | -                    | -                    | -                    | 540,631              | -                    | -                    | -                    | -                    | -                    |
| Issuance of refunding bonds                              | -                    | -                    | 4,106,224            | -                    | 5,929,460            | 16,605,512           | -                    | 4,129,625            | -                    | 22,823,100           |
| Refunded bond principal payments                         | -                    | -                    | (4,048,996)          | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Payments to escrow agent                                 | -                    | -                    | -                    | -                    | (5,872,800)          | (16,418,708)         | -                    | (4,129,625)          | -                    | (22,647,772)         |
| Transfers in                                             | 504,783              | 126,333              | 26,150               | 6,450,066            | 464,020              | 546,826              | 283,272              | 18,524               | 4,761                | 325,036              |
| Transfers out                                            | (6,178,901)          | (15,241,180)         | (11,257,106)         | (8,673,819)          | (4,180,805)          | (10,170,259)         | (11,695,113)         | (9,851,795)          | (10,162,474)         | (11,373,362)         |
| <b>Total other financing sources (uses)</b>              | <b>5,332,458</b>     | <b>(15,114,847)</b>  | <b>(11,103,748)</b>  | <b>(2,223,753)</b>   | <b>3,963,323</b>     | <b>(9,436,629)</b>   | <b>(11,411,841)</b>  | <b>(9,833,271)</b>   | <b>(10,100,245)</b>  | <b>(10,460,528)</b>  |
| <b>Net changes in fund balances</b>                      | <b>10,298,404</b>    | <b>(4,319,193)</b>   | <b>1,788,409</b>     | <b>2,613,128</b>     | <b>8,565,503</b>     | <b>120,264</b>       | <b>1,402,297</b>     | <b>1,011,281</b>     | <b>4,731,887</b>     | <b>(1,134,982)</b>   |
| <b>Fund balance - beginning, as restated (1)</b>         | <b>26,488,145</b>    | <b>37,096,549</b>    | <b>32,777,356</b>    | <b>34,565,765</b>    | <b>37,178,893</b>    | <b>46,880,303</b>    | <b>47,000,567</b>    | <b>48,402,864</b>    | <b>49,414,145</b>    | <b>54,146,032</b>    |
| <b>Fund balance - ending</b>                             | <b>\$ 36,786,549</b> | <b>\$ 32,777,356</b> | <b>\$ 34,565,765</b> | <b>\$ 37,178,893</b> | <b>\$ 45,744,396</b> | <b>\$ 47,000,567</b> | <b>\$ 48,402,864</b> | <b>\$ 49,414,145</b> | <b>\$ 54,146,032</b> | <b>\$ 53,011,050</b> |

(1) Beginning fund balance restated as of June 30, 2006 and June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report, June 30, 2007 and June 30, 2011.

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

|                                                          | Fiscal Year        |                     |                    |                   |                   |                   |                   |                   |                   |                   |
|----------------------------------------------------------|--------------------|---------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                                          | 2006               | 2007                | 2008               | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              |
| <b>Revenues:</b>                                         |                    |                     |                    |                   |                   |                   |                   |                   |                   |                   |
| Intergovernmental                                        | \$ 71,207,508      | \$ 78,033,072       | \$ 82,325,106      | \$ 86,283,375     | \$ 82,233,197     | \$ 71,983,645     | \$ 74,046,427     | \$ 78,946,545     | \$ 80,213,734     | \$ 84,423,859     |
| Revenue from use of money and property                   | 32,611             | 31,600              | 34,279             | 6,748             | 1,314             | 527               | 136               | 106               | -                 | -                 |
| Charges for services                                     | 395,382            | 1,344,909           | 1,380,153          | 1,367,940         | 1,228,196         | 1,504,368         | 1,556,187         | 1,468,451         | 1,471,332         | 1,169,484         |
| Miscellaneous                                            | 343,074            | 159,662             | 208,542            | 111,542           | 230,075           | 804,264           | 1,197,197         | 590,372           | 520,942           | 726,730           |
| Total revenues                                           | 71,978,575         | 79,569,243          | 83,948,080         | 87,769,605        | 83,692,782        | 74,292,804        | 76,799,947        | 81,005,474        | 82,206,008        | 86,320,073        |
| <b>Expenditures:</b>                                     |                    |                     |                    |                   |                   |                   |                   |                   |                   |                   |
| Education:                                               |                    |                     |                    |                   |                   |                   |                   |                   |                   |                   |
| Instruction                                              | 55,484,371         | 60,849,179          | 63,943,555         | 66,182,342        | 61,342,226        | 54,022,173        | 54,189,572        | 57,096,206        | 57,686,592        | 61,909,077        |
| Administration, attendance, and health                   | 2,424,016          | 2,821,351           | 4,301,683          | 4,962,843         | 4,069,394         | 3,820,833         | 3,767,196         | 4,193,846         | 5,581,280         | 4,865,032         |
| Pupil transportation services                            | 3,774,716          | 4,112,219           | 4,698,221          | 4,122,671         | 3,508,602         | 3,786,131         | 4,418,735         | 4,661,286         | 4,690,144         | 4,828,845         |
| Operations and maintenance                               | 8,890,256          | 10,086,015          | 9,876,043          | 10,336,820        | 9,885,883         | 9,347,596         | 9,287,310         | 9,643,581         | 9,497,568         | 10,665,930        |
| Food service and other                                   | -                  | -                   | -                  | 528               | -                 | -                 | -                 | 5,633             | 16,087            | 24,670            |
| Facilities                                               | -                  | -                   | -                  | 55,414            | 64,784            | 48,403            | 40,563            | 87,879            | 20,365            | 10,163            |
| Technology                                               | -                  | -                   | -                  | -                 | 2,048,301         | 2,037,654         | 2,362,774         | 2,049,937         | 3,244,460         | 3,525,049         |
| Capital outlay                                           | 1,956,743          | 1,373,409           | 1,779,204          | 1,942,808         | 1,683,684         | 709,526           | 1,999,266         | 3,253,181         | 862,639           | 742,418           |
| Debt service:                                            |                    |                     |                    |                   |                   |                   |                   |                   |                   |                   |
| Principal retirements                                    | 782,024            | 867,874             | 834,058            | 947,970           | 920,908           | 642,489           | 480,697           | 264,931           | 109,353           | -                 |
| Interest payments                                        | 92,951             | 80,702              | 93,842             | 89,419            | 72,838            | 44,389            | 22,256            | 8,261             | 970               | -                 |
| Total expenditures                                       | 73,405,077         | 80,190,749          | 85,526,606         | 88,640,815        | 83,596,620        | 74,459,194        | 76,568,369        | 81,264,741        | 81,709,458        | 86,571,184        |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(1,426,502)</b> | <b>(621,506)</b>    | <b>(1,578,526)</b> | <b>(871,210)</b>  | <b>96,162</b>     | <b>(166,390)</b>  | <b>231,578</b>    | <b>(259,267)</b>  | <b>496,550</b>    | <b>(251,111)</b>  |
| <b>Other financing sources (uses):</b>                   |                    |                     |                    |                   |                   |                   |                   |                   |                   |                   |
| Capital lease proceeds                                   | 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)                     | 750,000            | 1,000,000           | 1,000,000          | 1,000,000         | (433,046)         | (23,726)          | -                 | (26,655)          | -                 | -                 |
| <b>Net change in fund balances</b>                       | <b>(676,502)</b>   | <b>378,494</b>      | <b>(578,526)</b>   | <b>128,790</b>    | <b>(336,884)</b>  | <b>(190,116)</b>  | <b>231,578</b>    | <b>(285,922)</b>  | <b>496,550</b>    | <b>(251,111)</b>  |
| <b>Fund balance - beginning, as restated</b>             | <b>1,539,683</b>   | <b>863,181</b>      | <b>1,241,675</b>   | <b>663,149</b>    | <b>791,939</b>    | <b>455,055</b>    | <b>264,939</b>    | <b>496,517</b>    | <b>210,595</b>    | <b>707,145</b>    |
| <b>Fund balance - ending</b>                             | <b>\$ 863,181</b>  | <b>\$ 1,241,675</b> | <b>\$ 663,149</b>  | <b>\$ 791,939</b> | <b>\$ 455,055</b> | <b>\$ 264,939</b> | <b>\$ 496,517</b> | <b>\$ 210,595</b> | <b>\$ 707,145</b> | <b>\$ 456,034</b> |

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

|                                                   | Fiscal Year   |               |               |              |
|---------------------------------------------------|---------------|---------------|---------------|--------------|
|                                                   | 2006          | 2007          | 2008          | 2009         |
| <b>Operating revenues:</b>                        |               |               |               |              |
| Charges for services and other operating revenues | \$ 7,219,229  | \$ 7,276,645  | \$ 6,313,555  | \$ -         |
| Total operating revenues                          | 7,219,229     | 7,276,645     | 6,313,555     | -            |
| <b>Operating expenses: (1)</b>                    |               |               |               |              |
| Personal services and benefits                    | 1,780,192     | 1,836,677     | 1,735,135     | -            |
| Operation and maintenance                         | 539,736       | 789,615       | 1,182,370     | -            |
| Supplies and materials                            | 675,795       | 915,039       | 809,041       | -            |
| Administration                                    | 968,816       | 809,909       | 752,468       | -            |
| Landfill closure and postclosure care             | (10,680)      | 492,408       | 1,404,613     | -            |
| Other charges                                     | 45,333        | 62,399        | 58,990        | -            |
| Depreciation                                      | 816,017       | 770,892       | 1,523,214     | -            |
| Total operating expenses                          | 4,815,209     | 5,676,939     | 7,465,831     | -            |
| <b>Operating income (loss)</b>                    | 2,404,020     | 1,599,706     | (1,152,276)   | -            |
| <b>Nonoperating revenues (expenses):</b>          |               |               |               |              |
| Interest income                                   | 464,624       | 788,040       | 714,888       | 363,207      |
| Governmental grants                               | 204,134       | 201,735       | 204,314       | -            |
| Miscellaneous                                     | 43,347        | 65,594        | 81,774        | 889          |
| Gain (loss) on disposition of assets              | (14,922)      | (12,540)      | (805)         | 83,700       |
| Interest on long-term debt                        | (301,809)     | (238,168)     | (243,528)     | (118,078)    |
| Total nonoperating revenues (expenses)            | 395,374       | 804,661       | 756,643       | 329,718      |
| <b>Income before contributions and transfers</b>  | 2,799,394     | 2,404,367     | (395,633)     | 329,718      |
| Transfers in                                      | 732,529       | 732,529       | 1,572,529     | -            |
| Transfers out                                     | (532,855)     | (582,000)     | (813,500)     | (16,494,268) |
| <b>Change in net assets</b>                       | 2,999,068     | 2,554,896     | 363,396       | (16,164,550) |
| <b>Total net assets - beginning</b>               | 10,247,190    | 13,246,258    | 15,801,154    | -            |
| <b>Ending net assets:</b>                         |               |               |               |              |
| Invested in capital assets, net of related debt   | 2,467,438     | 2,543,907     | 4,399,040     | -            |
| Restricted                                        | -             | -             | -             | -            |
| Unrestricted                                      | 10,778,820    | 13,257,247    | 11,765,510    | -            |
| <b>Total net assets - ending</b>                  | \$ 13,246,258 | \$ 15,801,154 | \$ 16,164,550 | \$ -         |

(1) Beginning in FY2005, operation and maintenance expenses reported in more detail.

(2) In FY2009 the Solid Waste Management Fund was closed.



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

|                                                            | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          |
|------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Operating revenues:</b>                                 |               |               |               |               |               |               |               |               |               |               |
| Charges for services and other operating revenues          | \$ 10,352,303 | \$ 10,397,780 | \$ 11,269,882 | \$ 11,705,595 | \$ 12,029,026 | \$ 12,462,594 | \$ 12,314,865 | \$ 12,985,275 | \$ 13,478,920 | \$ 14,703,923 |
| Total operating revenues                                   | 10,352,303    | 10,397,780    | 11,269,882    | 11,705,595    | 12,029,026    | 12,462,594    | 12,314,865    | 12,985,275    | 13,478,920    | 14,703,923    |
| <b>Operating expenses:</b>                                 |               |               |               |               |               |               |               |               |               |               |
| Personal services and benefits                             | 2,953,729     | 3,175,057     | 3,696,365     | 3,886,560     | 4,010,326     | 4,253,120     | 3,835,816     | 4,385,357     | 4,345,690     | 4,350,457     |
| Operation and maintenance                                  | 1,052,595     | 1,086,665     | 1,439,712     | 1,296,658     | 1,839,617     | 1,234,608     | 1,158,818     | 1,460,251     | 1,453,789     | 1,550,252     |
| Supplies and materials                                     | 833,802       | 915,748       | 1,409,039     | 1,451,738     | 1,353,184     | 1,471,159     | 1,296,768     | 1,220,000     | 1,218,645     | 1,210,601     |
| Administration                                             | 1,359,399     | 1,329,083     | 1,299,889     | 1,227,113     | 1,084,407     | 1,174,601     | 1,182,821     | 1,220,437     | 1,308,718     | 1,462,335     |
| Other charges                                              | 68,637        | 57,613        | 55,342        | 61,621        | 52,684        | 67,481        | 60,133        | 65,424        | 60,118        | 77,950        |
| Depreciation                                               | 1,771,749     | 1,796,958     | 2,072,079     | 2,090,517     | 2,468,788     | 2,519,349     | 2,701,356     | 2,711,581     | 2,757,951     | 2,852,246     |
| Total operating expenses                                   | 8,039,911     | 8,361,124     | 9,972,426     | 10,014,207    | 10,809,006    | 10,720,318    | 10,235,712    | 11,063,050    | 11,144,911    | 11,503,841    |
| <b>Operating income</b>                                    | 2,312,392     | 2,036,656     | 1,297,456     | 1,691,388     | 1,220,020     | 1,742,276     | 2,079,153     | 1,922,225     | 2,334,009     | 3,200,082     |
| <b>Nonoperating revenues (expenses):</b>                   |               |               |               |               |               |               |               |               |               |               |
| Interest income                                            | 264,029       | 629,409       | 343,836       | 82,842        | 22,207        | 30,674        | 40,275        | 2,729         | 21,508        | 21,514        |
| Governmental grants                                        | -             | -             | -             | -             | -             | -             | -             | 72,289        | 13,103        | -             |
| Miscellaneous                                              | 3,902         | 8,468         | 28,142        | 25,223        | 29,613        | 19,585        | 10,847        | 16,535        | 2,122         | 2,781         |
| Gain (loss) on disposition of assets                       | (17,683)      | (12,880)      | -             | -             | -             | (293)         | -             | -             | 7,314         | 9,219         |
| Interest on long-term debt                                 | (1,135,500)   | (1,382,240)   | (1,331,124)   | (1,267,391)   | (1,796,575)   | (1,520,334)   | (1,643,503)   | (1,751,114)   | (1,708,765)   | (1,678,042)   |
| IRS interest subsidy - Build America Bonds                 | -             | -             | -             | -             | 243,211       | 125,799       | 251,598       | 251,598       | 231,596       | 233,357       |
| Total nonoperating revenues (expenses)                     | (885,252)     | (757,243)     | (959,146)     | (1,159,326)   | (1,501,544)   | (1,344,569)   | (1,340,783)   | (1,407,963)   | (1,433,122)   | (1,411,171)   |
| <b>Income before contributions and transfers</b>           | 1,427,140     | 1,279,413     | 338,310       | 532,062       | (281,524)     | 397,707       | 738,370       | 514,262       | 900,887       | 1,788,911     |
| Capital contributions                                      | -             | -             | -             | -             | -             | -             | 24,000        | 9,500         | -             | 5,000         |
| Transfers out                                              | (182,846)     | (77,000)      | (215,500)     | -             | -             | -             | -             | -             | -             | -             |
| <b>Change in net position</b>                              | 1,244,294     | 1,202,413     | 122,810       | 532,062       | (281,524)     | 397,707       | 762,370       | 523,762       | 900,887       | 1,793,911     |
| <b>Total net position - beginning, as restated (1) (2)</b> | 31,995,648    | 33,239,942    | 34,442,355    | 34,565,165    | 35,097,227    | 34,815,703    | 35,273,830    | 36,036,200    | 36,559,962    | 31,448,108    |
| <b>Ending net position:</b>                                |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets                           | 27,805,400    | 27,457,812    | 28,835,542    | 29,577,116    | 29,406,782    | 28,353,428    | 28,177,375    | 27,787,795    | 28,010,070    | 28,620,307    |
| Restricted                                                 | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Unrestricted                                               | 5,434,542     | 6,984,543     | 5,729,623     | 5,520,111     | 5,408,921     | 6,859,982     | 7,858,825     | 8,772,167     | 9,450,779     | 4,621,712     |
| <b>Total net position - ending</b>                         | \$ 33,239,942 | \$ 34,442,355 | \$ 34,565,165 | \$ 35,097,227 | \$ 34,815,703 | \$ 35,213,410 | \$ 36,036,200 | \$ 36,559,962 | \$ 37,460,849 | \$ 33,242,019 |

(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) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual Financial Report for FY 2015 for an explanation.

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

|                                                            | 2006          | 2007          | 2008          | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           |
|------------------------------------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Operating revenues:</b>                                 |               |               |               |                |                |                |                |                |                |                |
| Charges for services and other operating revenues          | \$ 15,405,174 | \$ 16,040,587 | \$ 17,861,892 | \$ 17,716,586  | \$ 18,536,169  | \$ 18,023,990  | \$ 18,520,421  | \$ 18,913,651  | \$ 19,763,592  | \$ 20,216,758  |
| Total operating revenues                                   | 15,405,174    | 16,040,587    | 17,861,892    | 17,716,586     | 18,536,169     | 18,023,990     | 18,520,421     | 18,913,651     | 19,763,592     | 20,216,758     |
| <b>Operating expenses:</b>                                 |               |               |               |                |                |                |                |                |                |                |
| Personal services and benefits                             | 1,919,958     | 2,094,012     | 2,497,423     | 2,580,269      | 2,690,817      | 2,821,960      | 2,963,550      | 2,731,139      | 2,871,425      | 2,944,024      |
| Operation and maintenance                                  | 1,942,779     | 1,776,185     | 2,653,861     | 2,922,473      | 2,648,489      | 2,756,734      | 3,054,420      | 2,493,078      | 2,742,797      | 2,697,307      |
| Supplies and materials                                     | 836,684       | 841,857       | 906,778       | 988,444        | 1,120,551      | 1,142,833      | 1,119,265      | 1,040,125      | 1,158,838      | 1,336,709      |
| Administration                                             | 1,798,976     | 1,863,792     | 2,025,740     | 2,370,470      | 2,222,341      | 2,599,513      | 2,337,126      | 2,273,339      | 2,282,628      | 2,573,784      |
| Other charges                                              | 40,887        | 34,347        | 35,078        | 35,903         | 45,466         | 39,915         | 70,699         | 33,447         | 44,651         | 66,946         |
| Depreciation                                               | 3,954,820     | 4,108,561     | 4,296,493     | 4,430,958      | 4,857,843      | 5,035,336      | 5,819,288      | 6,147,918      | 7,049,861      | 7,584,388      |
| Total operating expenses                                   | 10,494,104    | 10,718,754    | 12,415,373    | 13,328,517     | 13,585,507     | 14,396,291     | 15,364,348     | 14,719,046     | 16,150,200     | 17,203,158     |
| <b>Operating income</b>                                    | 4,911,070     | 5,321,833     | 5,446,519     | 4,388,069      | 4,950,662      | 3,627,699      | 3,156,073      | 4,194,605      | 3,613,392      | 3,013,600      |
| <b>Nonoperating revenues (expenses):</b>                   |               |               |               |                |                |                |                |                |                |                |
| Interest income                                            | 456,342       | 858,384       | 691,799       | 363,942        | 182,548        | 173,319        | 167,849        | 102,589        | 108,729        | 73,142         |
| Governmental grants                                        | 38,500        | 38,500        | 38,500        | 38,500         | 93,000         | 93,000         | -              | 93,667         | 10,759         | -              |
| Miscellaneous                                              | 29,183        | 6,558         | 5,800         | 257,943        | 15,985         | 15,936         | 125,336        | 11,999         | 11,170         | 10,400         |
| Gain (loss) on disposition of assets                       | (24,334)      | -             | -             | -              | -              | -              | -              | (160,294)      | 5,653          | 606            |
| Interest on long-term debt                                 | (1,777,407)   | (1,901,244)   | (1,838,986)   | (1,632,263)    | (1,496,908)    | (1,477,230)    | (1,359,726)    | (1,234,971)    | (1,148,525)    | (1,086,336)    |
| IRS interest subsidy - Build America Bonds                 | -             | -             | -             | -              | 44,421         | 22,977         | 45,953         | 45,952         | 42,300         | 42,621         |
| Total nonoperating revenues (expenses)                     | (1,277,716)   | (997,802)     | (1,102,887)   | (971,878)      | (1,160,954)    | (1,171,998)    | (1,020,588)    | (1,141,058)    | (969,914)      | (959,567)      |
| <b>Income before contributions and transfers</b>           | 3,633,354     | 4,324,031     | 4,343,632     | 3,416,191      | 3,789,708      | 2,455,701      | 2,135,485      | 3,053,547      | 2,643,478      | 2,054,033      |
| Capital contributions                                      | 1,534,561     | 766,259       | 2,210,259     | 4,045,756      | 12,542,361     | 8,435,244      | 700,878        | 31,025         | 2,855,237      | 3,207,248      |
| Transfers in (out)                                         | (110,389)     | (452,000)     | (325,000)     | -              | -              | -              | (3,401)        | -              | 126,734        | 126,734        |
| <b>Change in net position</b>                              | 5,057,526     | 4,638,290     | 6,228,891     | 7,461,947      | 16,332,069     | 10,890,945     | 2,832,962      | 3,084,572      | 5,625,449      | 5,388,015      |
| <b>Total net position - beginning, as restated (1) (2)</b> | 82,326,988    | 87,384,514    | 92,022,804    | 98,251,695     | 105,713,642    | 122,045,711    | 132,997,076    | 135,830,038    | 138,914,610    | 140,651,555    |
| <b>Ending net position:</b>                                |               |               |               |                |                |                |                |                |                |                |
| Net investment in capital assets                           | 73,629,641    | 74,801,294    | 78,570,747    | 89,162,429     | 103,867,512    | 118,483,855    | 122,482,265    | 128,264,125    | 133,496,405    | 138,595,419    |
| Unrestricted                                               | 13,754,873    | 17,221,510    | 19,680,948    | 16,551,213     | 18,178,199     | 14,452,801     | 13,347,773     | 10,650,485     | 11,043,654     | 7,444,151      |
| <b>Total net position - ending</b>                         | \$ 87,384,514 | \$ 92,022,804 | \$ 98,251,695 | \$ 105,713,642 | \$ 122,045,711 | \$ 132,936,656 | \$ 135,830,038 | \$ 138,914,610 | \$ 144,540,059 | \$ 146,039,570 |

(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) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual Financial Report for FY 2015 for an explanation.

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

|                                                        | <b>2013</b>         | <b>2014</b>         | <b>2015</b>         |
|--------------------------------------------------------|---------------------|---------------------|---------------------|
| <b>Operating revenues:</b>                             |                     |                     |                     |
| Charges for services and other operating revenues      | \$ 3,355,267        | \$ 3,124,545        | \$ 3,268,776        |
| Intergovernmental                                      | 650,000             | 650,000             | 275,000             |
| Total operating revenues                               | 4,005,267           | 3,774,545           | 3,543,776           |
| <b>Operating expenses:</b>                             |                     |                     |                     |
| Personal services and benefits                         | 281,160             | 414,356             | 362,502             |
| Operation and maintenance                              | 651,189             | 719,470             | 306,678             |
| Supplies and materials                                 | 50,358              | 113,528             | 104,029             |
| Administration                                         | 1,109,817           | 1,340,126           | 1,227,229           |
| Other charges                                          | 4,804               | 8,233               | 11,916              |
| Depreciation                                           | -                   | 4,465               | 33,662              |
| Total operating expenses                               | 2,097,328           | 2,600,178           | 2,046,016           |
| <b>Operating income</b>                                | 1,907,939           | 1,174,367           | 1,497,760           |
| <b>Nonoperating revenue:</b>                           |                     |                     |                     |
| Miscellaneous                                          | 1                   | -                   | 61                  |
| Total nonoperating revenue                             | 1                   | -                   | 61                  |
| <b>Income before contributions and transfers</b>       | 1,907,940           | 1,174,367           | 1,497,821           |
| Capital contributions                                  | -                   | -                   | -                   |
| Transfers out                                          | -                   | (126,734)           | (162,676)           |
| <b>Change in net position</b>                          | 1,907,940           | 1,047,633           | 1,335,145           |
| <b>Total net position - beginning, as restated (1)</b> | -                   | 1,907,940           | 2,428,919           |
| <b>Ending net position:</b>                            |                     |                     |                     |
| Net investment in capital assets                       | 99,062              | 771,687             | 2,002,495           |
| Unrestricted                                           | 1,808,878           | 2,183,886           | 1,761,569           |
| <b>Total net position - ending</b>                     | <u>\$ 1,907,940</u> | <u>\$ 2,955,573</u> | <u>\$ 3,764,064</u> |

The Stormwater Fund was created in FY2013.

(1) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual Financial Report for FY2015 for an explanation.

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

|                                                           | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|-----------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                           | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          |
| <b>Operating revenues:</b>                                |               |               |               |               |               |               |               |               |               |               |
| Charges for services and other operating revenues         | \$ 1,762,826  | \$ 1,848,109  | \$ 1,839,685  | \$ 1,967,871  | \$ 2,152,132  | \$ 2,093,668  | \$ 2,011,159  | \$ 2,124,073  | \$ 2,235,749  | \$ 2,254,531  |
| Intergovernmental                                         | 146,198       | 129,582       | 132,487       | 178,948       | 179,276       | 168,209       | 158,129       | 135,566       | 136,178       | 142,601       |
| Total operating revenues                                  | 1,909,024     | 1,977,691     | 1,972,172     | 2,146,819     | 2,331,408     | 2,261,877     | 2,169,288     | 2,259,639     | 2,371,927     | 2,397,132     |
| <b>Operating expenses: (2)</b>                            |               |               |               |               |               |               |               |               |               |               |
| Personal services and benefits                            | 795,052       | 867,626       | 954,186       | 912,723       | 940,547       | 962,868       | 917,266       | 942,087       | 970,660       | 1,006,709     |
| Operation and maintenance                                 | 695,575       | 751,314       | 710,025       | 825,665       | 962,156       | 993,088       | 979,812       | 1,008,265     | 1,160,643     | 1,166,823     |
| Supplies and materials                                    | 111,521       | 96,152        | 117,270       | 99,852        | 107,755       | 118,586       | 122,848       | 113,371       | 133,670       | 12,803        |
| Administration                                            | 231,161       | 235,657       | 231,223       | 203,813       | 242,702       | 233,300       | 263,522       | 243,385       | 233,277       | 239,614       |
| Other charges                                             | 17,678        | 16,004        | 15,683        | 17,935        | 20,088        | 15,794        | 21,416        | 18,000        | 16,800        | 24,384        |
| Depreciation                                              | 1,545,339     | 1,568,656     | 1,720,304     | 1,911,836     | 1,964,051     | 1,969,925     | 2,035,816     | 1,782,786     | 1,820,883     | 2,115,435     |
| Total operating expenses                                  | 3,396,326     | 3,535,409     | 3,748,691     | 3,971,824     | 4,237,299     | 4,293,561     | 4,340,680     | 4,107,894     | 4,335,933     | 4,565,768     |
| <b>Operating loss</b>                                     | (1,487,302)   | (1,557,718)   | (1,776,519)   | (1,825,005)   | (1,905,891)   | (2,031,684)   | (2,171,392)   | (1,848,255)   | (1,964,006)   | (2,168,636)   |
| <b>Nonoperating revenues (expenses):</b>                  |               |               |               |               |               |               |               |               |               |               |
| Interest income                                           | 63,986        | 106,412       | 33,985        | 15,788        | 3,198         | 2,672         | 2,658         | 3,659         | 2,464         | 2,254         |
| Governmental grants                                       | 26,969        | 29,033        | 30,960        | -             | 24,383        | 34,495        | -             | -             | -             | -             |
| Passenger facility charges (3)                            | 246,981       | 223,331       | 185,815       | 319,360       | 377,504       | 350,002       | 321,031       | -             | -             | -             |
| Miscellaneous                                             | 6,646         | 12,260        | 8,162         | 11,508        | 4,249         | 44,092        | 12,388        | 16,697        | 9,040         | 9,724         |
| Gain (Loss) on disposition of assets                      | -             | 117,431       | -             | -             | -             | (17,651)      | -             | 137,762       | -             | -             |
| Interest on long-term debt                                | (89,365)      | (103,910)     | (108,456)     | (86,964)      | (73,265)      | (64,581)      | (54,416)      | (45,020)      | (39,411)      | (8,061)       |
| Total nonoperating revenues (expenses)                    | 255,217       | 384,557       | 150,466       | 259,692       | 336,069       | 349,029       | 281,661       | 113,098       | (27,907)      | 3,917         |
| <b>Loss before contributions and transfers</b>            | (1,232,085)   | (1,173,161)   | (1,626,053)   | (1,565,313)   | (1,569,822)   | (1,682,655)   | (1,889,731)   | (1,735,157)   | (1,991,913)   | (2,164,719)   |
| Capital contributions                                     | 1,285,354     | 7,928,973     | 5,094,296     | 422,853       | 2,184,294     | 1,685,180     | 961,868       | 2,452,072     | 2,512,162     | 3,065,217     |
| Passenger facility charges (3)                            | -             | -             | -             | -             | -             | -             | -             | 335,209       | 329,951       | 323,963       |
| Transfers in                                              | 398,485       | 367,337       | 359,364       | 295,850       | 261,260       | 259,950       | 421,362       | 336,330       | 218,809       | 96,600        |
| <b>Change in net position</b>                             | 451,754       | 7,123,149     | 3,827,607     | (846,610)     | 875,732       | 262,475       | (506,501)     | 1,388,454     | 1,069,009     | 1,321,061     |
| <b>Total net position - beginning - as restated (1,2)</b> | 23,289,680    | 23,741,434    | 30,864,583    | 34,692,190    | 33,845,580    | 34,721,312    | 35,003,927    | 34,497,426    | 35,885,880    | 35,756,707    |
| <b>Ending net position:</b>                               |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets                          | 21,640,700    | 29,582,661    | 34,351,746    | 33,350,032    | 33,807,415    | 33,495,323    | 32,131,518    | 33,305,694    | 34,631,136    | 35,973,930    |
| Restricted                                                | 312,049       | 1,765         | 4,708         | 8,786         | 5,213         | 10,312        | 119,534       | 25,193        | 8,433         | 7,231         |
| Unrestricted                                              | 1,788,685     | 1,280,157     | 335,736       | 486,762       | 908,684       | 1,478,152     | 2,246,374     | 2,554,993     | 2,315,320     | 1,096,607     |
| <b>Total net position - ending</b>                        | \$ 23,741,434 | \$ 30,864,583 | \$ 34,692,190 | \$ 33,845,580 | \$ 34,721,312 | \$ 34,983,787 | \$ 34,497,426 | \$ 35,885,880 | \$ 36,954,889 | \$ 37,077,768 |

(1) Total net position - beginning, was restated as of June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report for FY2012 for an explanation.

(2) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual Financial Report for FY2015 for an explanation.

(3) Beginning in FY2013, Passenger facility charges are reported with capital contributions and transfers.

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

|                                       | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                       | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  |
| Real Estate                           | \$ 39,116,533         | \$ 40,449,499         | \$ 45,992,171         | \$ 47,630,637         | \$ 50,063,382         | \$ 50,443,704         | \$ 50,575,233         | \$ 54,258,297         | \$ 54,360,607         | \$ 54,894,485         |
| PSC Taxes                             | 2,123,037             | 2,084,337             | 1,859,402             | 2,092,537             | 2,156,835             | 2,231,177             | 2,188,113             | 2,333,580             | 2,313,627             | 2,267,069             |
| Personal Property Tax                 | 18,512,544            | 13,601,986            | 15,404,439            | 14,888,406            | 14,735,238            | 15,452,280            | 16,138,693            | 16,757,814            | 17,578,172            | 17,578,905            |
| Penalties and Interest                | 819,079               | 665,421               | 711,491               | 896,215               | 862,989               | 954,397               | 1,032,498             | 1,142,986             | 1,241,614             | 1,299,858             |
| Sales and Use Tax                     | 13,319,691            | 14,481,096            | 14,266,750            | 13,056,829            | 12,686,171            | 13,290,563            | 13,440,973            | 13,589,747            | 13,842,292            | 15,006,326            |
| Utility Tax (1)                       | 6,870,716             | 5,919,376             | 4,861,021             | 4,813,312             | 4,758,781             | 5,035,929             | 4,817,306             | 4,975,084             | 5,092,859             | 4,925,167             |
| Business License Tax                  | 7,237,403             | 7,569,060             | 7,649,395             | 7,324,838             | 7,297,765             | 6,999,206             | 7,197,936             | 7,463,878             | 8,037,473             | 8,185,869             |
| Franchise License Tax (1)             | 584,346               | 316,824               | 4,277                 | 500                   | 4,527                 | 8,554                 | 4,527                 | 500                   | -                     | -                     |
| Communication Sales and Use Tax (1)   | -                     | 1,669,968             | 3,893,158             | 3,537,283             | 3,552,028             | 3,534,449             | 3,462,621             | 3,471,805             | 3,412,734             | 3,382,915             |
| Motor Vehicle Licenses                | 856,406               | 1,491,186             | 1,511,831             | 1,572,792             | 1,601,123             | 1,621,362             | 1,629,845             | 1,643,420             | 1,672,627             | 1,701,647             |
| Bank Stock Taxes                      | 598,733               | 503,322               | 442,123               | 500,385               | 685,879               | 901,240               | 817,990               | 722,734               | 769,284               | 831,103               |
| Taxes on Recordation and Wills        | 786,799               | 809,424               | 661,671               | 401,833               | 525,417               | 381,719               | 461,835               | 549,056               | 486,321               | 592,113               |
| Tobacco Taxes                         | 972,337               | 1,002,130             | 1,014,759             | 1,044,465             | 953,513               | 936,648               | 974,864               | 1,025,289             | 975,078               | 936,024               |
| Admission and Amusement Taxes         | 368,680               | 409,473               | 407,024               | 400,835               | 576,139               | 610,625               | 644,842               | 660,558               | 662,453               | 667,212               |
| Hotel and Motel Room Taxes            | 1,491,943             | 1,565,191             | 1,698,848             | 1,742,232             | 1,667,064             | 1,738,042             | 1,787,719             | 1,967,393             | 2,125,145             | 2,066,200             |
| Restaurant Food Taxes                 | 9,382,349             | 9,974,012             | 10,289,669            | 10,426,915            | 10,424,786            | 10,904,781            | 11,585,083            | 11,874,579            | 12,666,743            | 13,435,756            |
| Emergency Telephone Service Tax (1)   | 946,241               | 464,582               | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Total General Government Tax Revenues | <u>\$ 103,986,837</u> | <u>\$ 102,976,887</u> | <u>\$ 110,668,029</u> | <u>\$ 110,330,014</u> | <u>\$ 112,551,637</u> | <u>\$ 115,044,676</u> | <u>\$ 116,760,078</u> | <u>\$ 122,436,720</u> | <u>\$ 125,237,029</u> | <u>\$ 127,770,651</u> |

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

- (1) In 2006 the General Assembly of the State of Virginia created a new tax called the Communication Sales & Use Tax. This tax will account for all communication taxes for telephone land line services and wireless services. Therefore, the utility taxes, franchise taxes, and emergency telephone service taxes will be less in FY2007 and future years.

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

| <b>Fiscal<br/>Year</b> | <b>Residential<br/>Property(3)</b> | <b>Commercial<br/>Property</b> | <b>Industrial<br/>Property</b> | <b>Total Taxable<br/>Assessed<br/>Value (2)</b> | <b>Direct<br/>Tax<br/>Rate</b> |
|------------------------|------------------------------------|--------------------------------|--------------------------------|-------------------------------------------------|--------------------------------|
| 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                           |
| 2014                   | 3,323,554,300                      | 1,302,945,700                  | 355,954,900                    | 4,982,454,900                                   | 1.11                           |
| 2015                   | 3,358,581,200                      | 1,312,217,000                  | 356,639,200                    | 5,027,437,400                                   | 1.11                           |

Source: Real Estate Assessor, City of Lynchburg, Virginia

(1) Assessed value is as of July 1 of each fiscal year.

(2) Excludes tax-exempt property.

(3) These figures include assessments that qualify for land use exemptions. Title 58.1-3230 through 3244 of the Code of Virginia provides for the assessment of land based on use value rather than market value. Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by the City of Lynchburg.

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

| Fiscal Year | Real Property (1)           |                            |                            |               |          | Personal Property (3) |                            |                |          | Machinery and Tools     |          | Total Assessed Value of Taxable Property | Total Direct Tax Rate (10) |
|-------------|-----------------------------|----------------------------|----------------------------|---------------|----------|-----------------------|----------------------------|----------------|----------|-------------------------|----------|------------------------------------------|----------------------------|
|             | 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 |                                          |                            |
| 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     | 159,096,582 (5)         | 3.00     | 5,888,827,848                            | 7.85                       |
| 2013        | 3,349,936,800               | 1,636,110,200              | 184,575,507                | 5,170,622,507 | 1.11     | 586,098,054 (5)       | 23,632,441                 | 609,730,495    | 3.80     | 150,157,140 (5)         | 3.00     | 5,930,510,142                            | 7.91                       |
| 2014        | 3,323,554,300               | 1,658,900,600              | 180,026,914                | 5,162,481,814 | 1.11     | 603,981,655 (5)       | 25,839,427                 | 629,821,082    | 3.80     | 152,877,609 (5)         | 3.00     | 5,945,180,505                            | 7.91                       |
| 2015        | 3,358,581,200               | 1,668,856,200              | 175,223,235                | 5,202,660,635 | 1.11     | 524,067,637 (6)       | 25,979,883                 | 550,047,520    | 3.80     | 153,936,598 (6)         | 3.00     | 5,906,644,753                            | 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 FY2006.

(5) These figures have been updated to reflect all billings associated with the levy.

(6) 2015 Personal Property Tax Levy in FY2015. These figures only reflect two of the four billings associated with this levy. These figures will be updated in FY2016 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 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.

(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.

PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO

| Taxpayer                                    | Type of Business                | 2015                      |      |                                                  |                           | 2006                               |                           |      |                                                  |
|---------------------------------------------|---------------------------------|---------------------------|------|--------------------------------------------------|---------------------------|------------------------------------|---------------------------|------|--------------------------------------------------|
|                                             |                                 | Taxable<br>Assessed Value | Rank | Percentage of<br>Total Taxable<br>Assessed Value | 2015<br>Total<br>Tax Levy | Percentage<br>of Total<br>Tax Levy | Taxable<br>Assessed Value | Rank | Percentage of<br>Total Taxable<br>Assessed Value |
| AEP - American Electric Power               | Utility                         | \$ 80,513,404             | 1    | 1.36 %                                           | \$ 906,762                | 1.12 %                             | -                         | -    | %                                                |
| Frito Lay, Inc.                             | Food Manufacturer               | 54,214,901                | 2    | 0.92                                             | 1,144,599                 | 1.41                               | 31,245,896                | 4    | 0.72                                             |
| Areva NP Inc.                               | Nuclear Power Design & Fuel     | 53,326,337                | 3    | 0.90                                             | 1,122,227                 | 1.38                               | 36,015,079                | 3    | 0.83                                             |
| River Ridge, Ltd.                           | Shopping Mall                   | 46,604,400                | 4    | 0.79                                             | 517,309                   | 0.64                               | 44,768,400                | 2    | 1.03                                             |
| Genworth Financial, Inc. (fmr First Colony) | Life Insurance                  | 42,584,249                | 5    | 0.72                                             | 774,495                   | 0.95                               | 30,828,664                | 5    | 0.71                                             |
| Verizon Va, Inc.                            | Utility                         | 39,612,860                | 6    | 0.67                                             | 453,773                   | 0.56                               | -                         | -    | -                                                |
| Wal-Mart Real Estate Business Trust         | Retail                          | 37,819,140                | 7    | 0.64                                             | 491,543                   | 0.60                               | 12,757,200                | 10   | 0.29                                             |
| R R Donnelly (fmr Meredith-Burda)           | Periodical Publication Printing | 32,157,377                | 8    | 0.54                                             | 675,366                   | 0.83                               | 46,218,580                | 1    | 1.07                                             |
| Columbia Gas of Virginia, Inc.              | Utility                         | 28,830,464                | 9    | 0.49                                             | 320,109                   | 0.39                               | -                         | -    | -                                                |
| J Crew Inc.                                 | Clothing                        | 23,410,765                | 10   | 0.40                                             | 382,646                   | 0.47                               | -                         | -    | -                                                |
| C.B. Fleet Co.                              | Pharmaceuticals                 | 20,025,859                | 11   | 0.34                                             | 364,970                   | 0.45                               | 15,367,604                | 9    | 0.36                                             |
| CCRC, Inc.                                  | Nursing Home/Assisted Living    | 18,802,100                | 12   | 0.32                                             | 208,703                   | 0.26                               | 17,671,300                | 8    | 0.41                                             |
| LU Candler Station Holdings LLC             | Shopping Mall                   | 17,588,400                | 13   | 0.30                                             | 195,231                   | 0.24                               | -                         | -    | -                                                |
| Bostic Development at Lynchburg, LLC        | Real Estate                     | -                         | -    | -                                                | -                         | -                                  | 19,438,500                | 7    | 0.45                                             |
| JDN Realty Corp, Inc.                       | Real Estate                     | -                         | -    | -                                                | -                         | -                                  | 20,028,300                | 6    | 0.46                                             |
| Total                                       |                                 | <u>\$ 495,490,256</u>     |      | <u>8.39 %</u>                                    | <u>\$ 7,557,733</u>       | <u>9.30 %</u>                      | <u>\$ 274,339,523</u>     |      | <u>6.33 %</u>                                    |
| Total Assessed Valuation:                   |                                 | <u>\$ 5,906,644,753</u>   |      |                                                  |                           |                                    | <u>\$ 4,325,550,690</u>   |      |                                                  |
| Tax Levy:                                   |                                 |                           |      |                                                  |                           |                                    |                           |      |                                                  |
| Real Estate                                 |                                 | \$ 55,885,616             |      |                                                  |                           |                                    |                           |      |                                                  |
| Railroads and Pipelines                     |                                 | 256,693                   |      |                                                  |                           |                                    |                           |      |                                                  |
| Public Service Corporations                 |                                 | 2,004,480                 |      |                                                  |                           |                                    |                           |      |                                                  |
| Personal Property                           |                                 | <u>23,100,714</u>         |      |                                                  |                           |                                    |                           |      |                                                  |
| Total Tax Levy:                             |                                 | <u>\$ 81,247,503</u>      |      |                                                  |                           |                                    |                           |      |                                                  |

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



**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

| Fiscal Year | Tax Levied for the Fiscal Year (1) | Adjustments (2) | Adjusted Levy | Collected within the Fiscal Year of the Levy |                        | Delinquent Tax Collections (4) | Total Collections to Date |                        |
|-------------|------------------------------------|-----------------|---------------|----------------------------------------------|------------------------|--------------------------------|---------------------------|------------------------|
|             |                                    |                 |               | Amount                                       | Percentage of Levy (3) |                                | Amount                    | Percentage of Levy (3) |
| 2006        | \$ 72,804,276                      | \$ 785,239      | \$ 73,589,515 | \$ 64,525,107                                | 88.63%                 | \$ 9,050,641                   | \$ 73,575,748             | 99.98%                 |
| 2007        | 62,567,703                         | 676,463         | 63,244,166    | 60,579,970                                   | 96.82%                 | 2,642,267                      | 63,222,237                | 99.97%                 |
| 2008        | 69,433,693                         | 425,442         | 69,859,135    | 67,913,137                                   | 97.81%                 | 1,917,835                      | 69,830,972                | 99.96%                 |
| 2009        | 70,416,682                         | (237,506)       | 70,179,176    | 68,912,258                                   | 97.86%                 | 1,224,640                      | 70,136,898                | 99.94%                 |
| 2010        | 73,945,100                         | 366,475         | 74,311,575    | 71,488,683                                   | 96.68%                 | 2,598,447                      | 74,087,130                | 99.70%                 |
| 2011        | 75,304,880                         | 270,304         | 75,575,184    | 72,759,636                                   | 96.62%                 | 2,568,101                      | 75,327,737                | 99.67%                 |
| 2012        | 76,467,417                         | 306,891         | 76,774,308    | 73,256,961                                   | 95.80%                 | 3,161,001                      | 76,417,962                | 99.54%                 |
| 2013        | 80,037,980                         | 348,256         | 80,386,236    | 77,536,743                                   | 96.87%                 | 2,300,923                      | 79,837,666                | 99.32%                 |
| 2014        | 80,297,119                         | 457,580         | 80,754,699    | 78,239,826                                   | 97.44%                 | 1,592,291                      | 79,832,117                | 98.86%                 |
| 2015        | 81,223,917                         | (505,070)       | 80,718,847    | 78,731,871                                   | 96.93%                 | -                              | 78,731,871                | 97.54%                 |

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

(1) Total tax levy is calculated based on the sum of the initial Real Estate Tax and Personal Property Tax levies.

(2) Adjustments include supplemental billings and exonerations attributable to the year the tax was levied. The current year only includes exonerations.

(3) These columns represent the amount and percentage of the tax levy within the respective tax year reporting period.

(4) These columns represent collections in subsequent years for the tax levied in the noted fiscal year.

Notes:

a) The increase in the FY2006 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.

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

|                                                | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Real Estate                                    |             |             |             |             |             |             |             |             |             |             |
| Locally Assessed                               | \$ 1.11     | \$ 1.11     | \$ 1.05     | \$ 1.05     | \$ 1.05     | \$ 1.05     | \$ 1.05     | \$ 1.11     | \$ 1.11     | \$ 1.11     |
| Personal Property                              |             |             |             |             |             |             |             |             |             |             |
| Locally Assessed                               | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        |
| Machinery and Tools                            | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        |
| Automobiles, Trucks, and<br>Business Equipment | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        |
| Public Service Corporations                    |             |             |             |             |             |             |             |             |             |             |
| Equalized                                      | 1.11        | 1.11        | 1.05        | 1.05        | 1.05        | 1.05        | 1.05        | 1.11        | 1.11        | 1.11        |
| Automobiles and Trucks                         | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        |
| Total Direct Tax Rate                          | 7.91        | 7.91        | 7.85        | 7.85        | 7.85        | 7.85        | 7.85        | 7.91        | 7.91        | 7.91        |

Note: There is no overlapping government taxation.

Source: Information was obtained from Official Statements related to bond issuance for April 26, 2006, and July 19, 2007.  
City of Lynchburg Adopted Budget Fiscal Year 2015  
Commissioner of the Revenue for City of Lynchburg, Virginia [www.lynchburgva.gov](http://www.lynchburgva.gov)

## RATIOS OF OUTSTANDING DEBT BY TYPE

## LAST TEN FISCAL YEARS

(dollars expressed in thousands, except for per capita amounts)

| Fiscal Year | Governmental Activities  |                |                          |              |                |                                     | Business-type Activities |                          |                              |                                     | Total Primary Government (Principal Only) | Total Primary Government - Net Outstanding Debt Ratios         |                                              |                                                                      |
|-------------|--------------------------|----------------|--------------------------|--------------|----------------|-------------------------------------|--------------------------|--------------------------|------------------------------|-------------------------------------|-------------------------------------------|----------------------------------------------------------------|----------------------------------------------|----------------------------------------------------------------------|
|             | General Obligation Bonds | Literary Bonds | General Obligation Notes | Note Payable | Capital Leases | Net Deferred Amounts <sup>(1)</sup> | General Obligation Bonds | General Obligation Notes | Public Utility Revenue Bonds | Net Deferred Amounts <sup>(1)</sup> |                                           | Total Primary Government - Net (Includes Net Deferred Amounts) | Percentage of Personal Income <sup>(2)</sup> | Total Primary Government - Net Bonded Debt Per Capita <sup>(2)</sup> |
| 2006        | \$ 116,709               | \$ 87          | \$ -                     | \$ 3,200     | \$ 7,287       | \$ 2,302                            | \$ 57,532                | \$ 16,500                | \$ 70,543                    | \$ 758                              | \$ 271,858                                | \$ 274,918                                                     | 12.45%                                       | 3,900                                                                |
| 2007        | 108,593                  | 68             | -                        | 3,020        | 6,810          | 2,171                               | 52,295                   | 16,500                   | 74,985                       | 707                                 | 262,271                                   | 265,149                                                        | 11.25%                                       | 3,666                                                                |
| 2008        | 117,407                  | 49             | 1,343                    | 2,840        | 6,316          | 2,211                               | 63,550                   | -                        | 84,426                       | 806                                 | 275,931                                   | 278,948                                                        | 11.26%                                       | 3,778                                                                |
| 2009        | 112,011                  | 30             | 7,500                    | 2,660        | 5,804          | 2,186                               | 56,831                   | 4,000                    | 100,328                      | 637                                 | 289,164                                   | 291,987                                                        | 11.66%                                       | 3,883                                                                |
| 2010        | 139,180                  | 11             | -                        | 2,480        | 5,274          | 2,168                               | 71,749                   | -                        | 109,907                      | 1,162                               | 328,601                                   | 331,931                                                        | 13.14%                                       | 4,378                                                                |
| 2011        | 129,807                  | -              | -                        | 2,300        | 4,723          | 3,251                               | 68,005                   | -                        | 125,601                      | 2,150                               | 330,436                                   | 335,837                                                        | 12.71%                                       | 4,393                                                                |
| 2012        | 120,078                  | -              | -                        | 2,120        | 4,285          | 3,007                               | 63,936                   | 80                       | 127,973                      | 2,000                               | 318,472                                   | 323,479                                                        | 11.73%                                       | 4,190                                                                |
| 2013        | 114,209                  | -              | -                        | 1,940        | -              | 2,763                               | 59,864                   | 5,194                    | 122,876                      | 1,849                               | 304,083                                   | 308,695                                                        | 11.03%                                       | 3,990                                                                |
| 2014        | 114,519                  | -              | -                        | 1,760        | -              | 2,424                               | 56,083                   | 7,159                    | 117,270                      | 1,711                               | 296,791                                   | 300,926                                                        | 10.68%                                       | 3,864                                                                |
| 2015        | 186,515                  | -              | -                        | 1,580        | -              | 11,087                              | 70,415                   | -                        | 111,236                      | 2,871                               | 369,746                                   | 383,704                                                        | 13.62%                                       | 10,605                                                               |

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

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

The City of Lynchburg is autonomous and entirely independent of any county or any other political subdivision of the Commonwealth of Virginia.

Therefore, there is no direct and no overlapping debt related to governmental activities.

(1) Net Deferred Amounts include Premiums and Discounts.

(2) See Table 23 for population and per capita personal income information. For FY2014 and FY2015, the FY2013 amount for per capita personal income of \$36,183 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)*

| <b>Fiscal Year</b> | <b>Population (1)</b> | <b>Assessed<br/>Valuation<br/>(in thousands) (1)</b> | <b>Gross<br/>Bonded Debt (2)</b> | <b>Bonded Debt<br/>Payable From<br/>Enterprise<br/>Revenues (3)</b> | <b>Net Bonded<br/>Debt (3)</b> | <b>Net Deferred<br/>Amounts (4)</b> | <b>Net Bonded Debt<br/>(Includes Net<br/>Deferred<br/>Amounts)</b> | <b>Net Bonded<br/>Debt To<br/>Assessed Value<br/>(Includes Net<br/>Deferred<br/>Amounts)</b> | <b>Net Bonded Debt<br/>Per Capita<br/>(Includes Net<br/>Deferred<br/>Amounts)</b> |
|--------------------|-----------------------|------------------------------------------------------|----------------------------------|---------------------------------------------------------------------|--------------------------------|-------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| 2006               | 70,491                | \$ 4,935,723                                         | \$ 190,828                       | \$ 74,032                                                           | \$ 116,796                     | \$ 3,060                            | \$ 119,856                                                         | 2.43%                                                                                        | \$ 1,700                                                                          |
| 2007               | 72,331                | 4,501,102                                            | 177,456                          | 68,795                                                              | 108,661                        | 2,878                               | 111,539                                                            | 2.48%                                                                                        | 1,542                                                                             |
| 2008               | 73,834                | 5,330,939                                            | 182,350                          | 63,550                                                              | 118,800                        | 3,017                               | 121,817                                                            | 2.29%                                                                                        | 1,650                                                                             |
| 2009               | 75,204                | 5,463,547                                            | 180,372                          | 60,831                                                              | 119,541                        | 2,823                               | 122,364                                                            | 2.24%                                                                                        | 1,627                                                                             |
| 2010               | 75,826                | 5,764,489                                            | 210,940                          | 71,749                                                              | 139,191                        | 3,330                               | 142,521                                                            | 2.47%                                                                                        | 1,880                                                                             |
| 2011               | 76,448                | 5,864,104                                            | 197,812                          | 68,005                                                              | 129,807                        | 5,401                               | 135,208                                                            | 2.31%                                                                                        | 1,769                                                                             |
| 2012               | 77,203                | 5,888,828 (5)                                        | 184,094                          | 64,016                                                              | 120,078                        | 5,007                               | 125,085                                                            | 2.12%                                                                                        | 1,620                                                                             |
| 2013               | 77,376                | 5,930,510 (5)                                        | 179,267                          | 65,058                                                              | 114,209                        | 4,612                               | 118,821                                                            | 2.00%                                                                                        | 1,536                                                                             |
| 2014               | 77,874                | 5,945,181 (5)                                        | 177,761                          | 63,242                                                              | 114,519                        | 4,135                               | 118,654                                                            | 2.00%                                                                                        | 1,524                                                                             |
| 2015               | 77,874                | 5,906,645 (6)                                        | 256,930                          | 70,415                                                              | 186,515                        | 13,958                              | 200,473                                                            | 3.39%                                                                                        | 2,574                                                                             |

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

(1) See Table 15 for Assessed Valuations and Table 23 for population information.

(2) Includes governmental and business type activity general obligation principal only and excludes City of Lynchburg Public Utility revenue bonds.

(3) Enterprise fund general obligation debt is removed from net bonded debt because this debt is paid for through user charges of the respective Enterprise funds and not tax revenues.

(4) Net Deferred Amounts include Premiums and Discounts.

(5) These figures have been updated to reflect all billings associated with the personal property tax levy.

(6) These figures only reflect two of the four billings associated with the personal property tax levy.

These figures will be updated in FY2016 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 2015**

|                                                          |                          |
|----------------------------------------------------------|--------------------------|
| Real Property Assessed Value                             | \$ 5,027,438             |
| Public Service Corporations Real Property Assessed Value | 175,223                  |
| Total Real Property Assessed Value (1)                   | <u>5,202,661</u>         |
| Debt limit (10% of assessed value)                       | 520,266                  |
| Debt applicable to limit:                                |                          |
| Less: General Obligation Debt                            | (256,930)                |
| <b>Legal Debt Margin</b>                                 | <u><u>\$ 263,336</u></u> |

| Description                                                                 | Fiscal Years      |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|-----------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                             | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              |
| Debt limit                                                                  | \$ 372,512        | \$ 383,509        | \$ 462,181        | \$ 479,591        | \$ 506,924        | \$ 514,821        | \$ 513,186        | \$ 517,062        | \$ 516,248        | \$ 520,266        |
| Total net debt applicable to limit                                          | <u>190,828</u>    | <u>177,456</u>    | <u>182,350</u>    | <u>180,372</u>    | <u>210,940</u>    | <u>197,812</u>    | <u>184,094</u>    | <u>179,267</u>    | <u>177,761</u>    | <u>256,930</u>    |
| Legal debt margin                                                           | <u>\$ 181,684</u> | <u>\$ 206,053</u> | <u>\$ 279,831</u> | <u>\$ 299,219</u> | <u>\$ 295,984</u> | <u>\$ 317,009</u> | <u>\$ 329,092</u> | <u>\$ 337,795</u> | <u>\$ 338,487</u> | <u>\$ 263,336</u> |
| Total net debt applicable to the limit<br>as a percentage of the debt limit | 51.23%            | 46.27%            | 39.45%            | 37.61%            | 41.61%            | 38.42%            | 35.87%            | 34.67%            | 34.43%            | 49.38%            |

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

(1) See Table 15 for Real Property Assessed Value information.

Note: The Constitution of Virginia, Article 7, Section 10(a) sets forth the City's legal debt limit at ten percent (10%) of its assessed valuation of real estate subject to taxation for the City's issuance of any bonds or other interest-bearing obligations. In August 1999, City Council adopted a Debt Management Policy that limits tax-supported debt to five percent (5%) of its assessed valuation of real estate subject to taxation. In December 2006, City Council amended the Debt Management Policy that limits tax-supported debt to four and a half percent (4.5%) of its assessed valuation of real estate subject to taxation. All debt information included in this Table includes principal only as required by Virginia law.

**PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

|                                                  | 2006                | 2007                 | 2008                 | 2009                | 2010                 | 2011                | 2012                 | 2013                 | 2014                 | 2015                 |
|--------------------------------------------------|---------------------|----------------------|----------------------|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Sewer Fund Operating Income</b>               | \$ 4,911,070        | \$ 5,321,833         | \$ 5,446,519         | \$ 4,388,069        | \$ 4,950,662         | \$ 3,627,699        | \$ 3,156,073         | \$ 4,194,605         | \$ 3,613,392         | \$ 3,013,600         |
| Plus:                                            |                     |                      |                      |                     |                      |                     |                      |                      |                      |                      |
| Depreciation and amortization                    | 3,954,820           | 4,108,561            | 4,296,493            | 4,430,958           | 4,857,843            | 5,035,336           | 5,819,288            | 6,147,918            | 7,049,861            | 7,584,388            |
| Interest income received                         | 456,342             | 858,384              | 691,799              | 363,942             | 226,969              | 173,319             | 167,849              | 102,589              | 108,729              | 73,142               |
| Capital contributions from members               |                     |                      |                      |                     |                      |                     |                      |                      |                      |                      |
| Regional Sewerage Treatment Plant                | 384,746             | 385,623              | 386,530              | 394,761             | 431,486              | 474,581             | 451,645              | 480,922              | 614,353              | 1,015,339            |
| Governmental grants and miscellaneous income     | 67,683              | 45,058               | 44,300               | 296,443             | 108,985              | 108,936             | 125,336              | 105,666              | 21,929               | 10,400               |
| Intergovernmental transfer (4)                   | -                   | -                    | -                    | -                   | -                    | -                   | 688,036              | -                    | 126,734              | 126,734              |
| Capitalized cost (3)                             | -                   | -                    | -                    | -                   | -                    | 229,662             | 258,186              | 220,691              | 159,026              | 151,044              |
| <b>Net Revenue per Indenture (1)</b>             | <u>\$ 9,774,661</u> | <u>\$ 10,719,459</u> | <u>\$ 10,865,641</u> | <u>\$ 9,874,173</u> | <u>\$ 10,575,945</u> | <u>\$ 9,649,533</u> | <u>\$ 10,666,413</u> | <u>\$ 11,252,391</u> | <u>\$ 11,694,024</u> | <u>\$ 11,974,647</u> |
| <b>Debt Service</b>                              |                     |                      |                      |                     |                      |                     |                      |                      |                      |                      |
| General obligation bonds                         |                     |                      |                      |                     |                      |                     |                      |                      |                      |                      |
| Principal (2)                                    | \$ 2,210,090        | \$ 2,386,638         | \$ 4,207,969         | \$ 1,810,056        | \$ 2,103,851         | \$ 2,259,476        | \$ 2,061,150         | \$ 2,053,469         | \$ 1,860,166         | \$ 1,962,544         |
| Interest                                         | 1,204,587           | 1,445,911            | 1,411,626            | 1,233,745           | 1,128,126            | 1,139,108           | 1,053,216            | 961,054              | 908,213              | 1,058,566            |
| Total                                            | 3,414,677           | 3,832,549            | 5,619,595            | 3,043,801           | 3,231,977            | 3,398,584           | 3,114,366            | 3,014,523            | 2,768,379            | 3,021,110            |
| Revenue bonds                                    |                     |                      |                      |                     |                      |                     |                      |                      |                      |                      |
| Principal (5)                                    | 2,433,438           | 2,557,922            | 2,909,118            | 3,097,845           | 3,520,797            | 3,757,168           | 4,627,820            | 5,096,949            | 5,597,966            | 6,034,143            |
| Interest                                         | 537,820             | 455,333              | 427,360              | 398,518             | 368,782              | 338,122             | 306,510              | 273,917              | 240,312              | 210,084              |
| Total                                            | 2,971,258           | 3,013,255            | 3,336,478            | 3,496,363           | 3,889,579            | 4,095,290           | 4,934,330            | 5,370,866            | 5,838,278            | 6,244,227            |
| <b>Total Debt Service Principal and Interest</b> | <u>\$ 6,385,935</u> | <u>\$ 6,845,804</u>  | <u>\$ 8,956,073</u>  | <u>\$ 6,540,164</u> | <u>\$ 7,121,556</u>  | <u>\$ 7,493,874</u> | <u>\$ 8,048,696</u>  | <u>\$ 8,385,389</u>  | <u>\$ 8,606,657</u>  | <u>\$ 9,265,337</u>  |
| <b>Debt Coverage</b>                             | <u>1.53</u>         | <u>1.57</u>          | <u>1.21</u>          | <u>1.51</u>         | <u>1.49</u>          | <u>1.29</u>         | <u>1.33</u>          | <u>1.34</u>          | <u>1.36</u>          | <u>1.29</u>          |

(1) On August 19, 1994, the Virginia Department of Environmental Quality (VDEQ) issued the City a discharge permit and a special Consent Order which established a compliance schedule and project priorities for implementation of a Combined Sewer Overflow (CSO) Control Plan. The compliance schedule did not contain fixed dates for finished CSO Control Plan Projects for achieving complete sewer system separation, but rather provided implementation that reflects the City's financial capability. On July 31, 2015, VDEQ issued a revised Consent Special Order which significantly changed the CSO Long-Term Control Plan that includes an alternate list of projects. The former Consent Order included a debt coverage requirement for determining City's financial capability within an annual range of 1.1 to 1.5. The revised Consent Order includes a debt coverage ratio requirement within a range of 1.1 to 1.5 computed under a rolling three year average.

(2) For FY2008 General obligation bond principal payments exclude \$6,500,000 from an August 2, 2007 current refunding bond issue that permanently financed the May 9, 2006 General obligation bond anticipation notes (BANS).

(3) Capitalizable cost includes internal labor charges applicable to time spent on capital project activities.

(4) For FY2012, the General Fund transferred \$688,036 to the Sewer Fund for maintenance and operation of the City's storm sewer system. For FY2014 and FY2015, the Stormwater Operating Fund transferred \$126,734 to the Sewer Operating Fund which are the first and second of three annual installments to reimburse the Sewer Operating Fund for Stormwater Operating Fund's set up costs.

(5) For FY2014 the deletions in Note 9 for Public utility revenue bonds are comprised of debt service payments of \$5,597,966 and a write down of \$7,779 for revenue bond debt.

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

| <b>Fiscal Year</b> | <b>Population<br/>(1)</b> | <b>Personal Income<br/>(thousands of<br/>dollars) (2)</b> | <b>Per Capita<br/>Personal<br/>Income (3)</b> | <b>Median Age<br/>(4)</b> | <b>School<br/>Enrollment<br/>(5)</b> | <b>Unemployment<br/>Rate (6)</b> |
|--------------------|---------------------------|-----------------------------------------------------------|-----------------------------------------------|---------------------------|--------------------------------------|----------------------------------|
| 2006               | 70,491                    | 2,191,424                                                 | \$ 31,314                                     | 35.1                      | 8,808                                | 4.0                              |
| 2007               | 72,331                    | 2,356,689                                                 | 32,582                                        | 35.1                      | 8,883                                | 4.3                              |
| 2008               | 73,834                    | 2,476,245                                                 | 33,538                                        | 35.1                      | 8,715                                | 5.6                              |
| 2009               | 75,204                    | 2,504,368                                                 | 33,301                                        | 35.1                      | 8,634                                | 9.3                              |
| 2010               | 75,826                    | 2,525,157                                                 | 33,302                                        | 30.3                      | 8,597                                | 9.2                              |
| 2011               | 76,448                    | 2,643,342                                                 | 34,577                                        | 30.3                      | 8,646                                | 9.1                              |
| 2012               | 77,203                    | 2,757,382                                                 | 35,716                                        | 30.3                      | 8,688                                | 8.9                              |
| 2013               | 77,376                    | 2,799,696                                                 | 36,183                                        | 30.3                      | 8,576                                | 8.2                              |
| 2014               | 77,874                    | *                                                         | *                                             | 30.3                      | 8,583                                | 7.1                              |
| 2015               | 77,874                    | *                                                         | *                                             | 30.3                      | 8,577                                | 7.0                              |

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

(1) Weldon Cooper Center for Public Service, University of Virginia [www.coopercenter.org](http://www.coopercenter.org)

Figures given are the final estimate for that year. Since the estimate for the current fiscal year is not available at this time, the prior year data is given. 2011, 2012, and 2013 are all based on a July 1st estimate published on January 27, 2014.

(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](http://www.bea.gov/regional/docs/income)

The information was last updated November 20, 2014. Estimates for 2010-2012 reflect population estimates available as of March 2014. The Table has been revised to reflect these changes.

(4) United States Census - 2010

(5) Virginia Department of Education reported by Lynchburg City Schools. Enrollment as of September 30 for each year presented. These figures were previously reported based on preliminary information provided by Lynchburg City Schools and have been updated with the information available from the Virginia Department of Education. The figures given are as of September 30 of the prior year.

(6) Virginia Employment Commission & U.S. Department of Labor, Bureau of Labor Statistics, as of June 2015. 2014 Unemployment Rate has been adjusted to reflect the most current data available.

\* Information unavailable

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

| <b>Employer</b>                                                                           | <b>2015</b>      |                      | <b>2006</b>      |                      |
|-------------------------------------------------------------------------------------------|------------------|----------------------|------------------|----------------------|
|                                                                                           | <b>Ownership</b> | <b>Employees (5)</b> | <b>Ownership</b> | <b>Employees (6)</b> |
| Liberty University (4)                                                                    | Private          | 8000 +               |                  |                      |
| Centra Health, Inc.                                                                       | Public           | 6000-6999            | Public           | 4,500                |
| Areva (2)                                                                                 | Public           | 1500-1999            | Public           | 1,512                |
| Lynchburg City Schools                                                                    | Local Government | 1500-1999            | Local Government | 1,500                |
| City of Lynchburg                                                                         | Local Government | 1000-1499            | Local Government | 1,309                |
| Genworth Financial Inc. (1)                                                               | Public           | 1000-1499            | Public           | 1,240                |
| J. Crew Outfitters                                                                        | Private          | 1000-1499            | Private          | 800                  |
| Central Virginia Community College                                                        | Private          | 500-999              |                  |                      |
| Harris Corp. (8)                                                                          | Public           | 500-999              |                  |                      |
| Horizon Behavioral Health (3)                                                             | Local Government | 500-999              |                  |                      |
| Kroger                                                                                    | Public           | 500-999              | Public           | 619                  |
| Southern Air, Inc                                                                         | Private          | 500-999              |                  |                      |
| Walmart                                                                                   | Public           | 500-999              |                  |                      |
| Lynchburg College                                                                         | Private          | 250-499              | Private          | 599                  |
| Tri-Tech Laboratories, Inc.                                                               | Private          | 250-499              |                  |                      |
| Frito Lay                                                                                 | Public           | 250-499              |                  |                      |
| R.R. Donnelley                                                                            | Public           | 250-499              | Public           | 550                  |
| Nationwide Insurance Company                                                              | Public           | 0-249                | Public           | 585                  |
| Thomas Road Baptist Church (7)                                                            |                  |                      | Private          | 3,321                |
| Employed Civilian Labor Force (June 2015) Lynchburg City - Virginia Employment Commission |                  |                      |                  | 33,538               |
| Employed Civilian Labor Force (June 2006) Lynchburg City - Virginia Employment Commission |                  |                      |                  | 30,413               |

Source: FY2015 numbers are derived from Office of Economic Development, City of Lynchburg, VA, or employer contact, as of June 30, 2015.

Source: FY2006 numbers are derived from City of Lynchburg CAFR.

(1) Formerly First Colony Life Insurance Co. and GE Financial Assurance

(2) Formerly Framatome

(3) Formerly Central Virginia Community Services

(4) Liberty University operates an online higher education institution, and as a result a number of employees live outside of the City.

(5) Beginning in FY2013 ranges were used for employee count due to privacy issues, as well as availability of data from employers.

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

(7) Combined numbers for TRBC and Liberty University for 2006

(8) Formerly M/A-Com



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

| Functions/Programs                                         | Full-Time Equivalent Employees as of June 30 |        |        |        |        |        |         |         |         |                     |
|------------------------------------------------------------|----------------------------------------------|--------|--------|--------|--------|--------|---------|---------|---------|---------------------|
|                                                            | Actual                                       | Actual | Actual | Actual | Actual | Actual | Actual  | Actual  | Actual  | Adopted             |
|                                                            | 2006                                         | 2007   | 2008   | 2009   | 2010   | 2011   | 2012    | 2013    | 2014    | 2015 <sup>(1)</sup> |
| Primary government:                                        |                                              |        |        |        |        |        |         |         |         |                     |
| Council Manager Offices                                    | 7                                            | 9      | 8      | 9      | 8      | 8      | 8.0     | 6.0     | 6.0     | 6.0                 |
| Parking Division <sup>(5)</sup>                            | -                                            | -      | -      | -      | 3      | 4      | 4.5     | 5.0     | 5.0     | 5.0                 |
| City Assessor                                              | 13                                           | 12     | 12     | 12     | 12     | 10     | 10.0    | 10.0    | 9.6     | 9.6                 |
| City Attorney                                              | 7                                            | 7      | 7      | 7      | 7      | 7      | 6.9     | 6.9     | 6.9     | 6.9                 |
| Commissioner of Revenue                                    | 16                                           | 16     | 15     | 15     | 13     | 12     | 10.4    | 10.4    | 10.4    | 10.4                |
| Communications and Marketing                               | 3                                            | 3      | 3      | 4      | 4      | 4      | 4.0     | 4.0     | 4.0     | 4.0                 |
| Local Government Channel                                   | -                                            | -      | 2      | 2      | 2      | 2      | 2.0     | 2.0     | 2.0     | 2.0                 |
| Citizens First                                             | 2                                            | 2      | 4      | 4      | 4      | 3      | 3.5     | 3.5     | 3.0     | 3.0                 |
| Financial Services                                         | 49                                           | 49     | 47     | 46     | 44     | 42     | 42.0    | 42.0    | 41.7    | 41.7                |
| Financial Services-Human Services                          | -                                            | 12     | 12     | 12     | 10     | 10     | 8.8     | 7.8     | 6.0     | 5.7                 |
| Human Resources                                            | 11                                           | 12     | 13     | 11     | 11     | 10     | 10.0    | 10.0    | 10.0    | 9.6                 |
| Information Technology                                     | 28                                           | 28     | 28     | 29     | 30     | 31     | 31.0    | 30.0    | 30.0    | 30.0                |
| Internal Audit                                             | 3                                            | 2      | 2      | 2      | 2      | 2      | 2.0     | -       | -       | -                   |
| Registrar and Electoral Board                              | 3                                            | 3      | 3      | 3      | 2      | 2      | 2.3     | 2.3     | 2.5     | 2.5                 |
| State Treasurer (State)                                    | 2                                            | 2      | 2      | 2      | 2      | 2      | 2.0     | 2.0     | 2.0     | 2.0                 |
| Risk Management Fund                                       | 3                                            | 3      | 3      | 3      | 3      | 3      | 3.0     | 3.0     | 3.0     | 3.0                 |
|                                                            |                                              |        |        |        |        |        |         |         |         |                     |
| Circuit Court Clerk (State)                                | 13                                           | 13     | 13     | 13     | 13     | 13     | 13.0    | 13.0    | 13.0    | 13.0                |
| Circuit Court Judges                                       | 2                                            | 2      | 2      | 2      | 2      | 2      | 2.0     | 2.0     | 2.0     | 2.0                 |
| Commonwealth Attorney                                      | 35                                           | 14     | 16     | 16     | 17     | 17     | 16.7    | 17.7    | 17.7    | 16.8                |
| Sheriff                                                    | 31                                           | 31     | 31     | 31     | 31     | 29     | 30.4    | 30.4    | 30.6    | 30.6                |
| Regional Juvenile Detention Center Fund                    | 48                                           | 50     | 50     | 50     | 50     | 47     | 47.3    | 46.1    | 45.1    | 45.1                |
|                                                            |                                              |        |        |        |        |        |         |         |         |                     |
| Police Department                                          | 200                                          | 198    | 207    | 204    | 204    | 203    | 202.7   | 197.9   | 199.8   | 199.8               |
| Emergency Communications                                   | 31                                           | 31     | 31     | 31     | 36     | 35     | 32.0    | 35.0    | 35.6    | 35.6                |
| Fire Department                                            | 180                                          | 180    | 185    | 186    | 186    | 187    | 187.0   | 185.0   | 187.5   | 187.5               |
|                                                            |                                              |        |        |        |        |        |         |         |         |                     |
| Public Works Administration                                | 6                                            | -      | -      | 11     | 11     | 11     | 11.0    | 10.0    | 10.0    | 10.0                |
| Buildings and Grounds Maintenance                          | 92                                           | 88     | 88     | 83     | 78     | 74     | 76.3    | 71.8    | 72.3    | 72.3                |
| Engineering Division <sup>(2)</sup>                        | 35                                           | -      | -      | -      | 38     | 31     | 32.8    | 30.8    | 30.7    | 31.2                |
| Geographic Information System                              | 3                                            | -      | -      | -      | -      | -      | -       | -       | -       | -                   |
| Street, Traffic & Refuse Maintenance <sup>(3)</sup>        | 42                                           | 36     | 38     | 57     | 53     | 50     | 52.4    | 52.2    | 47.5    | 48.5                |
|                                                            |                                              |        |        |        |        |        |         |         |         |                     |
| Health and Human Services                                  | 181                                          | 188    | 188    | 184    | 175    | 169    | 169.9   | 164.4   | 170.1   | 165.5               |
| Cultural and recreational                                  | 101                                          | 102    | 101    | 99     | 99     | 99     | 96.7    | 91.3    | 97.4    | 97.2                |
| Community Planning and Economic Development <sup>(2)</sup> | 38                                           | 78     | 77     | 84     | 33     | 32     | 26.8    | 25.1    | 25.1    | 25.0                |
| Tourism and Visitor Center <sup>(7)</sup>                  | -                                            | -      | -      | -      | -      | -      | -       | -       | 3.9     | 11.8                |
| Fleet Services Fund                                        | 13                                           | 13     | 12     | 12     | 13     | 11     | 11.0    | 11.5    | 10.5    | 10.5                |
| Business-type activities:                                  |                                              |        |        |        |        |        |         |         |         |                     |
| Airport Fund                                               | 18                                           | 21     | 21     | 20     | 18     | 18     | 17.7    | 17.7    | 17.7    | 17.7                |
| Water Fund                                                 | 64                                           | 65     | 68     | 65     | 68     | 67     | 68.4    | 66.2    | 69.1    | 69.0                |
| Sewer Fund                                                 | 47                                           | 47     | 46     | 46     | 50     | 50     | 55.0    | 50.5    | 52.5    | 52.5                |
| Stormwater Fund <sup>(6)</sup>                             | -                                            | -      | -      | -      | -      | -      | -       | 5.8     | 5.8     | 6.8                 |
| Solid Waste Fund <sup>(4)</sup>                            | 46                                           | 43     | 43     | -      | -      | -      | -       | -       | -       | -                   |
| Total                                                      | 1,373                                        | 1,360  | 1,378  | 1,355  | 1,332  | 1,297  | 1,299.5 | 1,269.3 | 1,286.0 | 1,289.8             |

Source: Budget Office, City of Lynchburg, Virginia

(1) FY2015 actual will be available with the FY2016 adopted budget.

(2) During FY2007 the Engineering Division was moved to Community Planning and Economic Development.

(3) Refuse Collection was moved to Public Works Division.

(4) Solid Waste Fund Closed July 1, 2008.

(5) The Parking Division was formed in FY2010.

(6) The Stormwater Fund began in FY2013.

(7) Tourism and Visitor Center were formed in FY2014.

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

| Function/Program                                                     | Fiscal Year |         |        |         |         |         |         |         |         |         |
|----------------------------------------------------------------------|-------------|---------|--------|---------|---------|---------|---------|---------|---------|---------|
|                                                                      | 2006        | 2007    | 2008   | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    |
| Police                                                               |             |         |        |         |         |         |         |         |         |         |
| Physical Arrests                                                     | 6,996       | 6,634   | 6,813  | 6,662   | 6,605   | 7,039   | 6,879   | 6,835   | 5,927   | 5,435   |
| Traffic Violations                                                   | 10,926      | 10,634  | 11,327 | 14,489  | 12,672  | 11,437  | 12,506  | 12,483  | 10,366  | 10,344  |
| Parking Violations                                                   | 6,306       | 7,741   | 7,786  | 6,370   | 4,599   | 3,943   | 6,338   | 4,481   | 4,854   | 6,812   |
| Fire (5)                                                             |             |         |        |         |         |         |         |         |         |         |
| Number of fire calls answered (per month)                            | 463 (est)   | 501     | 517    | 506     | 518     | 574     | 511     | 315     | 268     | 241     |
| Number of inspections conducted (3) (6)                              | 293         | 253     | 368    | 641     | 567     | 767     | 469     | 254     | 291     | 192     |
| Number of EMS calls                                                  | 13,032      | 13,764  | 14,660 | 15,279  | 15,124  | 14,731  | 14,393  | 20,612  | 20,113  | 19,426  |
| Sanitation and Refuse                                                |             |         |        |         |         |         |         |         |         |         |
| Refuse collected (tons/day) (1)                                      | 70.74       | 72.22   | 69.68  | 69.03   | 69.35   | 69.74   | 70.14   | 72.96   | 65.58   | 55.70   |
| Recyclables collected (tons/day)                                     | 5.34        | 5.34    | 6.73   | 7.45    | 7.23    | 7.31    | 6.85    | 6.46    | 5.26    | 4.10    |
| Airport                                                              |             |         |        |         |         |         |         |         |         |         |
| Total number of passengers                                           | 124,093     | 115,560 | 98,423 | 142,569 | 178,387 | 169,174 | 152,064 | 157,450 | 157,074 | 153,729 |
| Sewage                                                               |             |         |        |         |         |         |         |         |         |         |
| Number of service connections (4)                                    | 18,179      | 18,310  | 18,486 | 18,549  | 18,606  | 18,706  | 18,785  | 18,916  | 19,057  | 19,060  |
| Average daily treatment in million gallons (2)                       | 12.20       | 12.35   | 10.86  | 10.68   | 12.99   | 11.09   | 10.57   | 10.35   | 12.20   | 11.33   |
| 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)                                    | 21,930      | 22,044  | 22,158 | 22,290  | 22,265  | 22,361  | 22,422  | 22,517  | 22,628  | 22,640  |
| Average daily consumption of plant in million gallons                | 11          | 10      | 12     | 11      | 12      | 11      | 10      | 10      | 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 FY2004-2006 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 FY2004-2007 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 FY2012 have been revised to exclude stormwater accounts.

(5) The City implemented an enhanced reporting system in FY2013. The new system more accurately reports fire calls, inspections, and EMS calls.

(6) In FY2012, number of inspectors in the Fire Marshal's Office dropped from 4 to 3 and in FY 2015 the number dropped from 3 to 2 due to retirement.

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

| Function/Program                                           | Fiscal Year |            |            |            |            |            |            |            |            |            |
|------------------------------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                                            | 2006        | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       | 2015       |
| Police                                                     |             |            |            |            |            |            |            |            |            |            |
| Stations                                                   | 1           | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| Number of patrol units                                     | 54          | 55         | 57         | 57         | 57         | 57         | 57         | 57         | 57         | 60         |
| Fire                                                       |             |            |            |            |            |            |            |            |            |            |
| Stations                                                   | 8           | 8          | 8          | 8          | 8          | 8          | 8          | 8          | 8          | 8          |
| Refuse collection                                          |             |            |            |            |            |            |            |            |            |            |
| Collection Trucks                                          | 16          | 16         | 16         | 16         | 16         | 16         | 16         | 22         | 22         | 20         |
| Highways and Streets                                       |             |            |            |            |            |            |            |            |            |            |
| Street (miles) (1)                                         | 373.28      | 374.42     | 374.42     | 377.37     | 378.26     | 378.26     | 378.61     | 378.61     | 379.36     | 378.10     |
| Streetlights (2)                                           | 9,822       | 9,899      | 9,926      | 9,990      | 9,966      | 9,982      | 9,982      | 10,167     | 10,287     | 10,347     |
| Traffic signals                                            | 117         | 117        | 118        | 119        | 119        | 119        | 119        | 120        | 120        | 121        |
| Culture and Recreation                                     |             |            |            |            |            |            |            |            |            |            |
| Community centers                                          | 7           | 7          | 7          | 7          | 7          | 7          | 7          | 6          | 7          | 7          |
| Senior centers                                             | 1           | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| Parks (10)                                                 | 20          | 20         | 20         | 20         | 20         | 21         | 21         | 21         | 21         | 21         |
| Parks acreage (3) (10)                                     | 917         | 917        | 917        | 917        | 917        | 948        | 948        | 948        | 948        | 948        |
| Swimming pools                                             | 1           | 1          | 1          | 1          | 1          | 2          | 2          | 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                                              | 2,799       | 2,800      | 2,887      | 2,892      | 3,080      | 3,111      | 3,156      | 3,177      | 3,204      | 3,210      |
| Storage capacity (thousands of gallons)                    | 33,000      | 33,000     | 33,000     | 31,000     | 33,000     | 33,000     | 33,000     | 33,000     | 33,000     | 33,000     |
| Sewer                                                      |             |            |            |            |            |            |            |            |            |            |
| Average daily sewage treatment (MGD) (6)                   | 12.20       | 12.35      | 10.86      | 10.68      | 12.99      | 11.09      | 10.57      | 10.35      | 12.20      | 11.33      |
| Maximum daily sewage treatment (MGD)                       | 27.11       | 33.44      | 26.37      | 28.65      | 33.69      | 29.54      | 31.68      | 31.03      | 39.07      | 30.47      |
| Transit - route service buses (7)                          | 29          | 29         | 37         | 37         | 38         | 38         | 39         | 39         | 39         | 39         |
| Transit - paratransit service buses (8)                    | -           | -          | 7          | 11         | 11         | 11         | 10         | 14         | 14         | 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                                     | 587         | 587        | 575        | 575        | 513        | 519        | 519        | 519        | 519        | 519        |

Source: City Departments, City of Lynchburg, Virginia

- (1) The numbers stated for FY2003-2006 differ from previously reported and reflect the actual data based on the information provided by Public Works Department.
- (2) The numbers stated for FY2002-2006 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 FY1999-2007 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 paratransit 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 FY2002-2010 differ from previously reported and reflect the actual data based on the information provided by the Parks & Recreation Department.

**CITY OF LYNCHBURG, VIRGINIA  
LYNCHBURG CITY SCHOOLS  
STUDENT ENROLLMENT, EMPLOYEES AND SCHOOLS BY FISCAL YEAR  
LAST TEN YEARS**

| <b>Student Enrollment, Employees and Schools by Fiscal Year</b> |             |             |             |             |             |             |             |             |             |             |
|-----------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Description</b>                                              | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
| Elementary School Membership                                    | 3,793       | 3,877       | 3,916       | 3,937       | 3,934       | 3,968       | 3,987       | 3,975       | 4,020       | 3,921       |
| Secondary School Membership                                     | 4,809       | 4,745       | 4,447       | 4,583       | 4,438       | 4,359       | 4,317       | 4,133       | 4,171       | 4,216       |
| Total Membership                                                | 8,602       | 8,622       | 8,363       | 8,520       | 8,372       | 8,327       | 8,304       | 8,108       | 8,191       | 8,137       |
| Teachers and Administrators (1)                                 | 776         | 772         | 774         | 780         | 759         | 977         | 851         | 836         | 850         | 967         |
| Other Employees                                                 | 470         | 482         | 482         | 482         | 449         | 250         | 223         | 195         | 219         | 193         |
| Total Employees                                                 | 1,246       | 1,254       | 1,256       | 1,262       | 1,208       | 1,227       | 1,074       | 1,031       | 1,069       | 1,160       |
| 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)**

| <b>Grade</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| K            | 670         | 722         | 732         | 732         | 718         | 696         | 740         | 735         | 732         | 567         |
| 1            | 655         | 675         | 673         | 673         | 702         | 726         | 705         | 720         | 738         | 719         |
| 2            | 634         | 629         | 648         | 648         | 648         | 670         | 676         | 662         | 692         | 696         |
| 3            | 628         | 629         | 653         | 653         | 632         | 620         | 643         | 643         | 619         | 658         |
| 4            | 593         | 625         | 606         | 608         | 639         | 629         | 615         | 601         | 642         | 638         |
| 5            | 613         | 597         | 604         | 622         | 595         | 627         | 608         | 614         | 597         | 643         |
| 6            | 707         | 618         | 613         | 635         | 598         | 605         | 621         | 609         | 604         | 615         |
| 7            | 664         | 694         | 581         | 604         | 619         | 593         | 586         | 608         | 607         | 608         |
| 8            | 687         | 662         | 625         | 614         | 581         | 622         | 593         | 567         | 613         | 585         |
| 9            | 823         | 867         | 777         | 797         | 706         | 642         | 669         | 629         | 599         | 639         |
| 10           | 726         | 661         | 647         | 732         | 719         | 666         | 580         | 623         | 609         | 596         |
| 11           | 669         | 621         | 654         | 702         | 619         | 672         | 625         | 534         | 606         | 612         |
| 12           | 533         | 622         | 550         | 499         | 596         | 559         | 643         | 563         | 533         | 561         |
| Total        | 8,602       | 8,622       | 8,363       | 8,519       | 8,372       | 8,327       | 8,304       | 8,108       | 8,191       | 8,137       |

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 (the "City"), as of and for the year ended June 30, 2015, 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 13, 2015.

Our report includes reference to other auditors who 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 important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed no instance of noncompliance or other matters that is required to be reported under *Governmental Auditing Standards*.**

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
November 13, 2015



**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 (the "City") 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, 2015. 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. (the "Centre"), which received \$516,212 in federal awards which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2015. Our audit, as 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.

### ***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, 2015.

### **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 13, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PASSENGER FACILITY  
CHARGE PROGRAM AUDIT GUIDE**

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

**Report on Compliance**

We have audited the City of Lynchburg, Virginia's (the "City") compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, for its passenger facility program (the "Program") for the year ended June 30, 2015.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Compliance***

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that are applicable to the Program for the year ended June 30, 2015.

## Report on Internal Control over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
November 13, 2015

**CITY OF LYNCHBURG, VIRGINIA**  
**SUMMARY OF COMPLIANCE MATTERS**  
**June 30, 2015**

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, 2015**

**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:

| <u>Name of Program</u>                                        | <u>CFDA #</u> |
|---------------------------------------------------------------|---------------|
| Adoption Assistance                                           | 93.659        |
| 21 <sup>st</sup> Century Learning Centers                     | 84.287        |
| Supplemental Nutrition Assistance Program                     | 10.561        |
| Social Services Block Grant                                   | 93.667        |
| TANF Block Grant                                              | 93.558        |
| Community Development Block Grant Program, Entitlement Grants | 14.218        |
| Medicaid Assistance                                           | 93.778        |

8. The **threshold for** distinguishing Type A and B programs was **\$817,430**.
9. The City of Lynchburg was determined to be a **low-risk auditee**.
10. Passenger Facility Charge Program:
  - a. **No significant deficiencies** relating to the audit of the Passenger Facility Charge Program were reported in the Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance in Accordance with the *Passenger Facility Charge Program Audit Guide*.
  - b. The auditor's report on compliance for the Passenger Facility Program expresses an **unmodified opinion**.
  - c. The audit disclosed **no audit findings relating to the Passenger Facility Charge Program**.

**CITY OF LYNCHBURG, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS – COMMONWEALTH OF VIRGINIA**

None.

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

None.

**E. FINDINGS AND QUESTIONED COSTS – PASSENGER FACILITY CHARGE PROGRAM**

None.

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **December 8, 2015**

AGENDA ITEM NO.: 1

CONSENT:

REGULAR:

WORK SESSION: **X**

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: **X**

ITEM TITLE: **Presentation of the FY 2015 Comprehensive Annual Financial Report (CAFR) 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 City Council.

PRIOR ACTION(S): N/A

FISCAL IMPACT: N/A

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

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

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

REVIEWED BY: lkp

136K





# The City of Lynchburg, Virginia

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

FINANCIAL SERVICES  
OFFICE OF THE DIRECTOR

To: City Council

From: Donna Witt, Director of Financial Services 

CC: L. Kimball Payne, City Manager  
Bonnie Svrcek, Deputy City Manager

Date: December 4, 2014

Re: FY 2014 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 2014 Comprehensive Annual Financial Report (CAFR)
- Audit Committee Letter – Required Communication with those Charged with Governance
- Independent Auditor's Report on Agreed –Upon Procedures – City of Lynchburg's Sheriff's Office
- Independent Auditor's Report on Census Data submitted to the Virginia Retirement System-City of Lynchburg and Lynchburg City Schools
- Accounting and Other Matters – Lynchburg City Schools
- Audit Committee Letter – Required Communication with those Charged with Governance – Lynchburg City Schools

Representatives from Brown Edwards, LLC will be presenting this information in the December 8<sup>th</sup> work session. Hard copies of these documents will be distributed at that time.

Thank you.

Attachments (7)

## REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia, ("City") for the year ended June 30, 2015. 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 June 8, 2015. 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. As described in Note 20 to the financial statements, the City adopted a new accounting standard in 2015: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The cumulative effect of the accounting change has been reported as of the beginning of the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- The useful lives of the capital assets is based on management's experience, historical experience, and understanding of those assets.
- Health insurance claims incurred but not reported as of June 30, 2015, is based on data provided by the health insurance plan administrator.
- The allowance for uncollectible ambulance accounts receivable is based on management's evaluation of the balance and their review and evaluation of aged uncollectible accounts. The allowances for all other uncollectible accounts are based on management's knowledge of the nature of the receivable and historical experience.
- The liability for other post-employment benefits is based on actuarial calculations and a variety of assumptions as disclosed in the notes to the financial statements.
- The net pension liability is based on an actuarial study provided by actuaries engaged by the Virginia Retirement System.

## Significant Audit Findings (Continued)

### *Qualitative Aspects of Accounting Practices (Continued)*

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

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

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

### *Difficulties Encountered in Performing the Audit*

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

### *Corrected and Uncorrected Misstatements*

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

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

|                                                                                          | Business-Type             |                |                             |              |                               |                  |
|------------------------------------------------------------------------------------------|---------------------------|----------------|-----------------------------|--------------|-------------------------------|------------------|
|                                                                                          | Governmental Activities   |                | Activities/Enterprise Funds |              | Governmental Funds            |                  |
|                                                                                          | Effect on                 |                |                             |              |                               |                  |
|                                                                                          | Change in<br>Net Position | Net Position   | Change in<br>Net Position   | Net Position | Change in<br>Fund<br>Balances | Fund<br>Balances |
| Additional accounts payable                                                              | \$ -                      | \$ -           | \$ -                        | \$ -         | \$ (155,000)                  | \$ (155,000)     |
| Write-off of previously uncollectible<br>meals and lodging tax penalties<br>and interest | 488,000                   | -              | -                           | -            | 488,000                       | -                |
| Landfill post-closure liability                                                          | -                         | (452,000)      | -                           | -            | -                             | -                |
| Allen Morrison cleanup estimate                                                          | -                         | (350,000)      | -                           | -            | -                             | -                |
| OPEB liability (see below)                                                               | -                         | (648,000)      | -                           | (50,000)     | -                             | -                |
|                                                                                          | \$ 488,000                | \$ (1,450,000) | \$ -                        | \$ (50,000)  | \$ 333,000                    | \$ (155,000)     |

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 position of the governmental and business-type activities by approximately \$1,215,000 and \$2,283,000, 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)*

Management elected in past years to record the OPEB liability using the actuarially determined calculation that assumes the City has prefunded the liability. However, while the City is considering prefunding the liability, to date they have not. As such the OPEB liability is currently understated. All disclosures of actuarially accrued liabilities have, however been reported using accurate calculations.

### *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 13, 2015, a copy of which is attached.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

### *Other Matters*

We applied certain limited procedures to the required supplementary information (RSI) as listed in the table of contents that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

## Significant Audit Findings (Continued)

### *Other Matters (Continued)*

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

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

### *Restriction on Use*

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
November 13, 2015

Attachment



## 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 13, 2015

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

This representation letter is provided in connection with your audit of the financial statements of City of Lynchburg, Virginia (the "City"), which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the year 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 13, 2015, 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 8, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.



Government Finance  
Officers Association

- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed.
- 11) We have provided the planning communication letter to all members of those charged with governance as requested.

#### **Information Provided**

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

#### **Government—specific**

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

(Continued)

- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) The entity has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 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) As part of your audit, you assisted with preparation of the School Board's portions of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- 30) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 31) The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 32) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 34) 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.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 36) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 37) Provisions for uncollectible receivables have been properly identified and recorded.
- 38) Construction Work in Progress has been properly classified as either a capital asset or an expense.
- 39) 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.
- 40) 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.

(Continued)



- 41) With respect to the EDA Revolving Loan program at the Business Development Center, Inc., the entity does not retain liability on loans defaulted on by businesses that benefit from the program.
- 42) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 43) Special and extraordinary items are appropriately classified and reported, if applicable.
- 44) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 45) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 46) 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.
- 47) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board (GASBS) Statements that are not yet effective, as discussed in the notes to financial statements. The entity is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.
- 48) We agree with the findings of specialists in evaluating the pension and OPEB liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 49) We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 50) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 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.
  - 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 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

(Continued)

have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133, and have included in the SEFA 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.
- e) 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.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with 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.
- g) 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.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB 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 direct and material compliance requirements of federal awards.
- j) 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.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB 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*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or

(Continued)

material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.

- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have monitored subrecipients 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.
- u) 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.
- v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.
- w) We have charged costs to federal awards in accordance with applicable cost principles.
- x) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- y) We are responsible for preparing and implementing a corrective action plan for each audit finding.
- z) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations, if applicable.

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

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

(Continued)

for Public Agencies, relating to the PFC program and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of the PFC program.

- h) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
  - i) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
  - j) Amounts claimed or used for matching were determined in accordance with the Passenger Facility Charge Audit Guide for Public Agencies.
  - k) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
  - l) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to the PFC program financial reports and claims for advances and reimbursements.
  - m) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
  - n) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
  - o) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
  - p) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
  - q) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
  - r) We have charged costs to the PFC program in accordance with applicable cost principles.
- 55) We have evaluated and classified any subsequent events as recognized or not recognized through the date of this letter.
- 56) No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements, the schedule of federal expenditures of awards, or the schedule of findings and questioned costs.
- 57) We reaffirm the representations made to you in our letter dated November 7, 2014 regarding your audit for the fiscal year ended June 30, 2014.

(Continued)

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

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

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

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

Signed: Scott Brabrand  
Scott Brabrand, Superintendent  
Lynchburg City Schools

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

**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, 2015. The Sheriff is responsible for compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified above. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

Court Support Services

1. Select two months' bank reconciliations to review for timely preparation and review by a supervisor. Additionally, determine if all items over \$1,000 that have been outstanding for more than 90 days or are unusual in nature are followed up on by the reviewer.
2. Select two of the monthly transmittal forms from the Sheriff 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.)
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, 2015, the Sheriff has represented to us that there were no Sheriff's sales or levies or any sales or retention of unclaimed property.*

*Findings: None noted.*

### Credit Cards/Small Purchase Cards

1. Obtain the sign-out log and credit card statements for the year, select one statement from each department card account and determine the following:
  - a. Statement was reviewed by supervisor or other designated individual.
  - b. Receipts, invoices, or other applicable documentation was obtained for all charges to the card.
  - c. Charge card purchase was within established limits (dollar and type of purchase) of the Sheriff and/or locality credit card/purchasing card policy.
  - d. Requests for cards are required to be approved before card is issued for use (form, space on sign-out log, or some other documentation) to ascertain that all established purchasing and procurement policies are followed.
  - e. Card was returned prior to end of the business day (unless signed-out and approved to be kept for after hours or overnight travel or other afterhours activity). Ideally, card and receipts are returned to the individual with custody of the cards at the same time. That individual can then give the receipts to the appropriate person for statement reconciliation.
  - f. Determine that the card is issued in the name of the Sheriff's office or the name of the Sheriff or deputy, with the locality name included. A card should never be issued in just the name of the individual Sheriff or deputy.

*Findings: None noted.*

### Procurement and Personnel

In performing the procedures above, we noted no non-compliance with the Virginia Public Procurement Act, or unusual personnel incentives, bonuses, etc. Our inquiries of the City's finance department and 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 19, 2015





## INDEPENDENT ACCOUNTANT'S REPORT

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

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

We have examined the census data reported to the Virginia Retirement System by the City of Lynchburg, Virginia during the year ended June 30, 2015. Management of the City of Lynchburg, Virginia is responsible for the census data. Our responsibility is to express an opinion on the census data based on our examination.

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

Our examination disclosed the following matters that resulted in material deviations from the criteria:

- Due to new software implementation, monthly contribution confirmations were not prepared for the months of February 2015 through June 2015.
- We noted on new hire that was erroneously excluded from the vNav system.

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
September 24, 2015

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*Your Success is Our Focus*

## Appendix A

We identified one control environments during this review for which the City of Lynchburg, Virginia was responsible.

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

| <b>Required Audit Procedure</b>                              | <b>Population Size</b> | <b>Sample Size</b> | <b>Risks and Other Considerations Used to Determine Sample Size</b>                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------|------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Review of Census Data Elements                               | 1,166                  | 40                 | AICPA Audit Sampling Audit Guide dated March 1, 2014, Chapter 3, <i>Nonstatistical and Statistical Audit Sampling in Tests of Controls</i> , Table 3-4, <i>Limited Effect of Population Size on Sample Size</i> , using parameters of 5% Risk of Overreliance, 10% Tolerable Rate of Deviation, and no expected deviations. |
| Review of Eligible Members Reported to the VRS               | 1,444                  | 40                 | Same as above                                                                                                                                                                                                                                                                                                               |
| Review of New Hires Reported to the VRS                      | 214                    | 39                 | Same as above                                                                                                                                                                                                                                                                                                               |
| Review of Monthly myVRS Navigation Contribution Confirmation | 12                     | 3                  | AICPA Audit Sampling Audit Guide dated March 1, 2014, Chapter 3, <i>Nonstatistical and Statistical Audit Sampling in Tests of Controls</i> , Table 3-5, <i>Testing Operating Effectiveness of Small Populations</i> , population size 1 to 52.                                                                              |
| Review of myVRS Navigation System Access                     | 4                      | 2                  | Same as above                                                                                                                                                                                                                                                                                                               |



## INDEPENDENT ACCOUNTANT'S REPORT

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

Management and the School Board of  
Lynchburg City Schools

We have examined management's assertion that the census data reported to the Virginia Retirement System by Lynchburg City Schools during the year ended June 30, 2015 is complete and accurate based on the criteria set forth by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated by the *Code of Virginia* in Section 51.1-136. Management of Lynchburg City Schools is responsible for the assertion. Our responsibility is to express an opinion on the assertion based on our examination.

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
September 24, 2015

## Appendix A

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

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

| <b>Required Audit Procedure</b>                              | <b>Population Size</b> | <b>Sample Size</b> | <b>Risks and Other Considerations Used to Determine Sample Size</b>                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------|------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Review of Census Data Elements                               | 1,340                  | 39                 | AICPA Audit Sampling Audit Guide dated March 1, 2014, Chapter 3, <i>Nonstatistical and Statistical Audit Sampling in Tests of Controls</i> , Table 3-4, <i>Limited Effect of Population Size on Sample Size</i> , using parameters of 5% Risk of Overreliance, 10% Tolerable Rate of Deviation, and no expected deviations. |
| Review of Eligible Members Reported to the VRS               | 1,632                  | 39                 | Same as above                                                                                                                                                                                                                                                                                                               |
| Review of New Hires Reported to the VRS                      | 245                    | 39                 | Same as above                                                                                                                                                                                                                                                                                                               |
| Review of Monthly myVRS Navigation Contribution Confirmation | 12                     | 3                  | AICPA Audit Sampling Audit Guide dated March 1, 2014, Chapter 3, <i>Nonstatistical and Statistical Audit Sampling in Tests of Controls</i> , Table 3-5, <i>Testing Operating Effectiveness of Small Populations</i> , population size 1 to 52.                                                                              |
| Review of myVRS Navigation System Access                     | 15                     | 7                  | Same as above                                                                                                                                                                                                                                                                                                               |



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

During the audit of the financial statements of the Lynchburg City Schools (the "Schools") for the year ended June 30, 2015, 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
November 13, 2015

Attachment

## ACCOUNTING AND OTHER MATTERS

### **GASB STATEMENT NO. 72**

**GASB Statement No. 72**, *Fair Value Measurement and Application* addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

**GASB Statement No. 72** will be effective for the year ending June 30, 2016.

### **GASB STATEMENT NO. 74**

**GASB Statement No. 74**, *Financial Reporting for Postemployment Benefit Plans Other than Pensions* improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

**GASB Statement No. 75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans — defined benefit and defined contribution — administered through trusts that meet the following criteria:

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

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

**GASB Statement No. 74** will be effective for the year ending June 30, 2017.

## ACCOUNTING AND OTHER MATTERS (Continued)

### GASB STATEMENT NO. 75

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

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

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

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

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

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

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

## ACCOUNTING AND OTHER MATTERS (Continued)

### **GASB STATEMENT NO. 76**

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* identifies — in the context of the current governmental financial reporting environment — the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

**GASB Statement No. 76** is effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

### **GASB STATEMENT NO. 77**

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments to disclose information about the nature and magnitude of tax abatements granted to a specific taxpayer, typically for the purpose of economic development. This does not cover programs that reduce the tax liabilities of broad classes of taxpayers, such as senior citizens or veterans, and which are not the product of individual agreements with each taxpayer. The Statement does not consider issues related to recognition.

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

This Statement requirements disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government’s tax revenues.

Governments entering into tax abatement agreements are required to disclose the following information about the agreements, organized by major tax abatement program, with the option to include disclosure of individual significant agreements in each program:

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



## ACCOUNTING AND OTHER MATTERS (Continued)

### GASB STATEMENT NO. 77 (Continued)

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

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

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

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

OMB released final guidance related to federal awards in December 2013. The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") consolidates previous guidance into a streamlined format that aims to improve both its clarity and accessibility, lessen administrative burdens for federal award recipients, and reduce the risk of waste, fraud, and abuse (Thomson Reuters "OMB Finalizes Federal Award Changes"). The most significant changes are as follows:

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

**Changes to major determination process.** The criteria to be considered a high-risk Type A program will include failure to have an unmodified opinion on the program, a material weakness in internal controls, or questioned costs exceeding five percent of the program's expenditures. In addition, there will 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.** Per Thomas Reuters PPC Update, "OMB'S original proposal included reducing the number of types of compliance requirements from 14 to 6, with several of the compliance requirements combined. The discussion of major policy reforms in the Uniform Guidance notes that because the compliance supplement is published as part of a separate process, no final changes were made at the time the Uniform Guidance was finalized. However, the Council of Financial Assistance Reform (COFAR) has recommended that any future changes made to the compliance supplement be based on available evidence on past findings and the potential impact of noncompliance for each type of compliance requirement. The COFAR further recommended that additional public outreach be conducted prior to making any structural changes to the format of the compliance supplement in order to mitigate an inadvertent increase in administrative burden."

Nonfederal entities are required to comply with the Uniform Guidance once the new regulations are in effect which is expected by December 2014. Audit requirements would apply to fiscal years beginning on or after December 26, 2014 (FY ending June 30, 2016).

## ACCOUNTING AND OTHER MATTERS (Continued)

### CURRENT GASB PROJECTS

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

- ***Asset Retirement Obligations.*** The objective of this project would be to improve financial reporting by developing requirements on recognition for asset retirement obligations (ARO), other than landfills. The achievement of this objective would reduce inconsistency in current reporting and, therefore, enhance comparability between governments. The project also will improve the usefulness of information for decisions and analysis of various users of external financial reports of governments by developing disclosure requirements for AROs. An exposure draft document is expected to be issued for public comment in December 2015, with a final statement expected in October 2016.
- ***Blending Requirements for Certain Business-Type Activities.*** The objective of this project is to improve financial reporting by addressing issues related to inconsistent presentation of component units in financial reporting of governments engaged only in business-type activities (BTA). The stated focus of the objective would need to be balanced against the information needs of financial statement users by considering what information is deemed essential to assess accountability, comparability, and transparency in these circumstances. An exposure draft document was issued for public comment in June 2015, with a final statement expected in January 2016.
- ***Comprehensive Implementation Guide Update.*** The objective of this project is to update implementation guidance for the effects of new pronouncements and for additional issues that have come to the attention of the staff. In addition, this project will result in issuance of an annual update to the *Comprehensive Implementation Guide*. An exposure draft document is expected to be issued for public comment in September 2015, with a final statement expected in January 2016.
- ***Conceptual Framework—Recognition.*** The project's objective is to develop recognition criteria for *whether* information should be reported in state and local governmental financial statements and *when* that information should be reported. This project ultimately will lead to a Concepts Statement on recognition of elements of financial statements. Further developments on an Exposure Draft for recognition concepts was put on hold in August 2013 pending research being conducted pursuant to the reexamination of the financial reporting model.
- ***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.

**ACCOUNTING AND OTHER MATTERS**  
**(Continued)**

**CURRENT GASB PROJECTS (Continued)**

- ***Fiduciary Responsibilities.*** The primary objective of this project would be to develop guidance regarding the application of the fiduciary responsibility criterion in deciding whether and how governments should report fiduciary activities in their general purpose external financial reports. Other objectives of this project include assessing whether additional guidance should be developed to (1) clarify the difference between a private-purpose trust fund and an agency fund, (2) clarify whether a business-type activity engaging in fiduciary activities should present fiduciary fund financial statements, and (3) consider requiring a combining statement of changes in assets and liabilities for agency funds. An exposure draft document is expected to be issued for public comment in December 2015, with a final statement in October 2016.
- ***Lease Accounting – Reexamination of NCGA Statement 5 and GASB Statement No. 13.*** The objective of this project is to reexamine issues associated with lease accounting, considering improvements to existing guidance. This project will provide a basis for the Board to consider whether current operating leases meet the definitions of assets or liabilities. This project would provide an opportunity for a fresh look at the existing guidance for any improvements not contemplated by the FASB/IASB project given the unique nature of governmental entities and the complexities of their leasing transactions. An exposure draft document was issued for public comment in January 2015, with a final statement expected in November 2016.



## REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

As part of our audit of the City of Lynchburg, Virginia we have audited the financial statements of Lynchburg City Schools (the "Schools") for the year ended June 30, 2015. 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 June 8, 2015. 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. As described in Note 20 to the financial statements, the Schools adopted a new accounting standard in 2015: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The cumulative effect of the accounting change has been reported as of the beginning of the year. In addition, during 2015, based in instruction from legal counsel, the Schools also began reporting certain funds, as listed in Note 1, from school funds to agency funds. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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### **Significant Audit Findings (Continued)**

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

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

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

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

### *Difficulties Encountered in Performing the Audit*

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

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no such misstatements.

### *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 13, 2015, 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.

## Significant Audit Findings (Continued)

### *Other Matters*

We applied certain limited procedures to the required supplementary information (RSI), as listed in the table of contents, that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

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

### *Restriction on Use*

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
November 13, 2015

Attachment



## THE CITY OF LYNCHBURG, VIRGINIA

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

### FINANCIAL SERVICES DEPARTMENT

November 13, 2015

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

This representation letter is provided in connection with your audit of the financial statements of City of Lynchburg, Virginia (the "City"), which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the year 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 13, 2015, 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 8, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.



Government Finance  
Officers Association

- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed.
- 11) We have provided the planning communication letter to all members of those charged with governance as requested.

#### **Information Provided**

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

#### **Government—specific**

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

(Continued)



- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) The entity has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 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) As part of your audit, you assisted with preparation of the School Board's portions of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- 30) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 31) The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 32) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 34) 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.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 36) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 37) Provisions for uncollectible receivables have been properly identified and recorded.
- 38) Construction Work in Progress has been properly classified as either a capital asset or an expense.
- 39) 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.
- 40) 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.

(Continued)

- 41) With respect to the EDA Revolving Loan program at the Business Development Center, Inc., the entity does not retain liability on loans defaulted on by businesses that benefit from the program.
- 42) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 43) Special and extraordinary items are appropriately classified and reported, if applicable.
- 44) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 45) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 46) 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.
- 47) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board (GASBS) Statements that are not yet effective, as discussed in the notes to financial statements. The entity is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.
- 48) We agree with the findings of specialists in evaluating the pension and OPEB liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 49) We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 50) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 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.
  - 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 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

(Continued)

have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133, and have included in the SEFA 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.
- e) 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.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with 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.
- g) 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.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB 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 direct and material compliance requirements of federal awards.
- j) 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.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB 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*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or

(Continued)

material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.

- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have monitored subrecipients 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.
- u) 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.
- v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.
- w) We have charged costs to federal awards in accordance with applicable cost principles.
- x) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- y) We are responsible for preparing and implementing a corrective action plan for each audit finding.
- z) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations, if applicable.

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

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

(Continued)

for Public Agencies, relating to the PFC program and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of the PFC program.

- h) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
  - i) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
  - j) Amounts claimed or used for matching were determined in accordance with the Passenger Facility Charge Audit Guide for Public Agencies.
  - k) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
  - l) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to the PFC program financial reports and claims for advances and reimbursements.
  - m) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
  - n) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
  - o) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
  - p) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
  - q) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
  - r) We have charged costs to the PFC program in accordance with applicable cost principles.
- 55) We have evaluated and classified any subsequent events as recognized or not recognized through the date of this letter.
- 56) No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements, the schedule of federal expenditures of awards, or the schedule of findings and questioned costs.
- 57) We reaffirm the representations made to you in our letter dated November 7, 2014 regarding your audit for the fiscal year ended June 30, 2014.

(Continued)

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

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

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

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

Signed: Scott Brabrand  
Scott Brabrand, Superintendent  
Lynchburg City Schools

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

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **December 8, 2015**

AGENDA ITEM NO.: 2

CONSENT:                REGULAR:                WORK SESSION: **X**

CLOSED SESSION:  
(Confidential)

ACTION:                                INFORMATION: **X**

**ITEM TITLE: Presentation from the University of Virginia Demographics Research Group on Poverty Data**

**RECOMMENDATION:** Hear a presentation on poverty data from the University of Virginia Demographics Research Group.

**SUMMARY:** On May 26, 2015 City Council heard a presentation on poverty in Lynchburg by the City Manager. Following discussion, City Council agreed that the next step in discussing poverty was to gain an understanding of the data that is behind the U.S. Census Bureau's 2013 poverty rate for Lynchburg of 24.7%.

On September 8, 2015, City Council approved the allocation of designated funds to engage the University of Virginia Demographics Research Group in an analysis of the City's poverty rate for a cost of \$18,088.

The Demographics Research Group has completed its work and will present their findings to Council at the December 8, 2015 Work Session.

Area non-profits, as well as Lynchburg City Schools staff and the School Board, have been invited to hear the presentation and City Council discussion.

### **PRIOR ACTIONS:**

May 26, 2015:                        Work Session: Poverty Presentation and Discussion  
Regular Meeting: Adoption of a Resolution Appropriating FY 2016 General Fund Non-Departmental Poverty Initiative funds of \$50,000 and noting that funds may only be spent upon approval by a majority vote of City Council.

September 8, 2015:                Approved the use of \$28,088 of FY 2016 General Fund Non-Departmental Poverty Initiative funds with \$18,088 allocated to The Demographics Group and \$10,000 for continued training on the "Bridges Out of Poverty" model.

**FISCAL IMPACT:**                None

**CONTACT:**                        Bonnie Svrcek, Deputy City Manager, 455-3990

**ATTACHMENTS:**                Poverty in Lynchburg, Virginia – A demographic analysis of Lynchburg with a focus on poverty indicators prepared by University of Virginia Demographics Research Group

Presentation: Poverty in Lynchburg, Virginia, December 8, 2018 prepared by prepared by University of Virginia Demographics Research Group

**REVIEWED BY:** lkp

# Poverty in Lynchburg, Virginia

An analysis presented to Lynchburg City Council

December 8, 2015



UNIVERSITY  
*of* VIRGINIA

THE DEMOGRAPHICS  
RESEARCH GROUP

WELDON COOPER CENTER FOR PUBLIC SERVICE



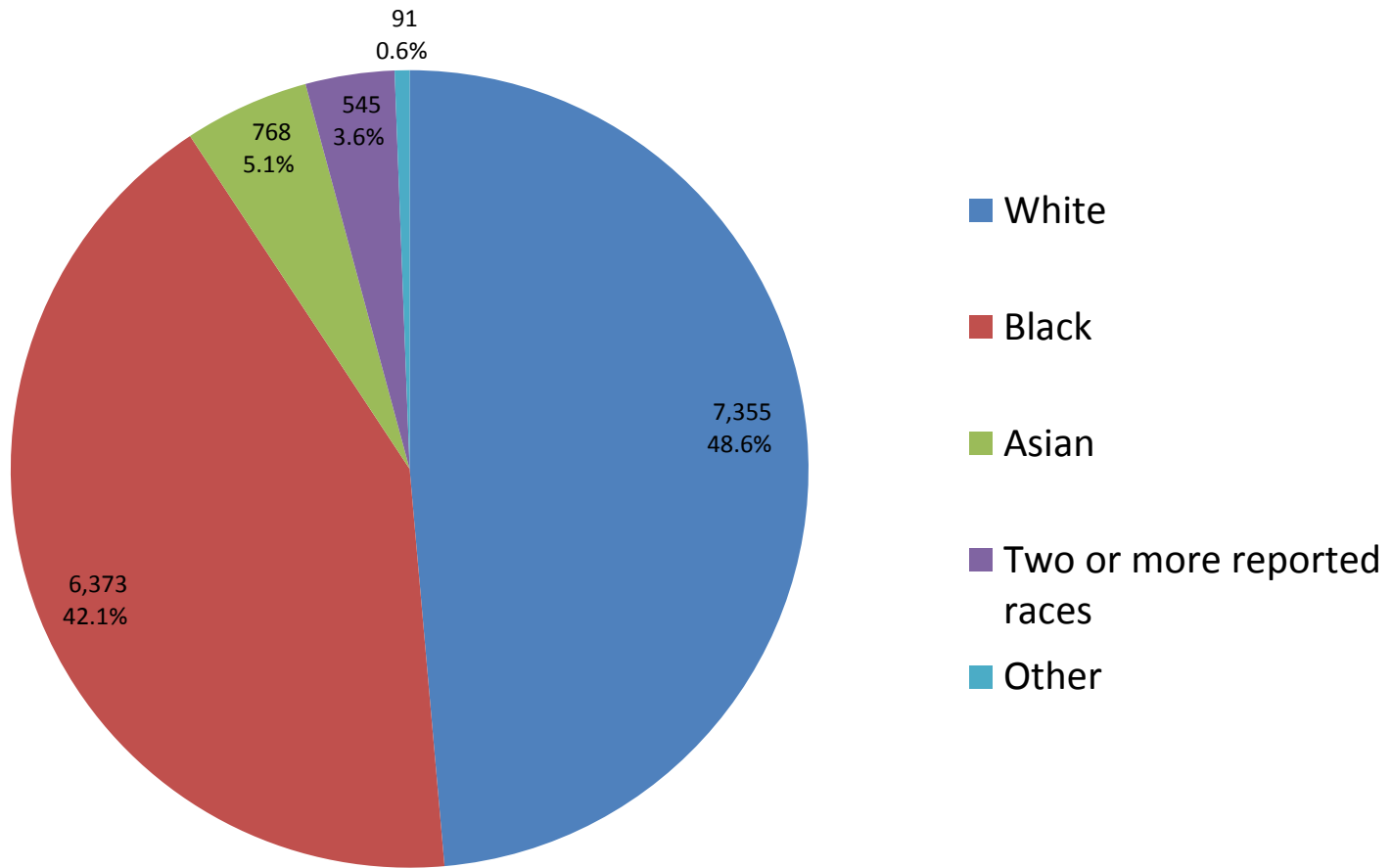
# Overview

- Measuring poverty
- Poverty among Lynchburg subgroups
- Accounting for postsecondary students
- Lynchburg in statewide context

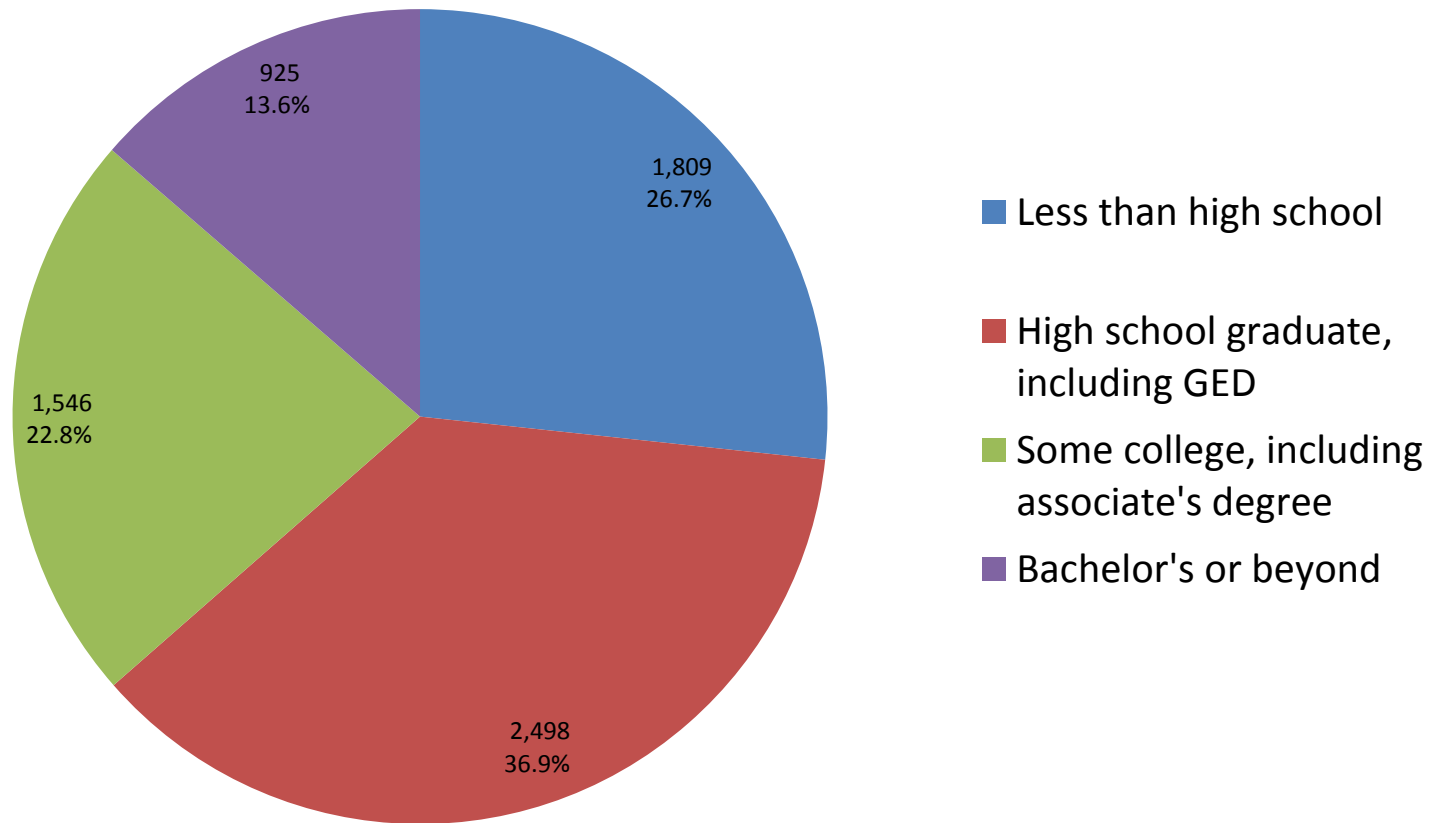
# Measuring poverty

- Measured by household—excludes group quarters
- Income thresholds differ depending on household size
- Sample data required → error

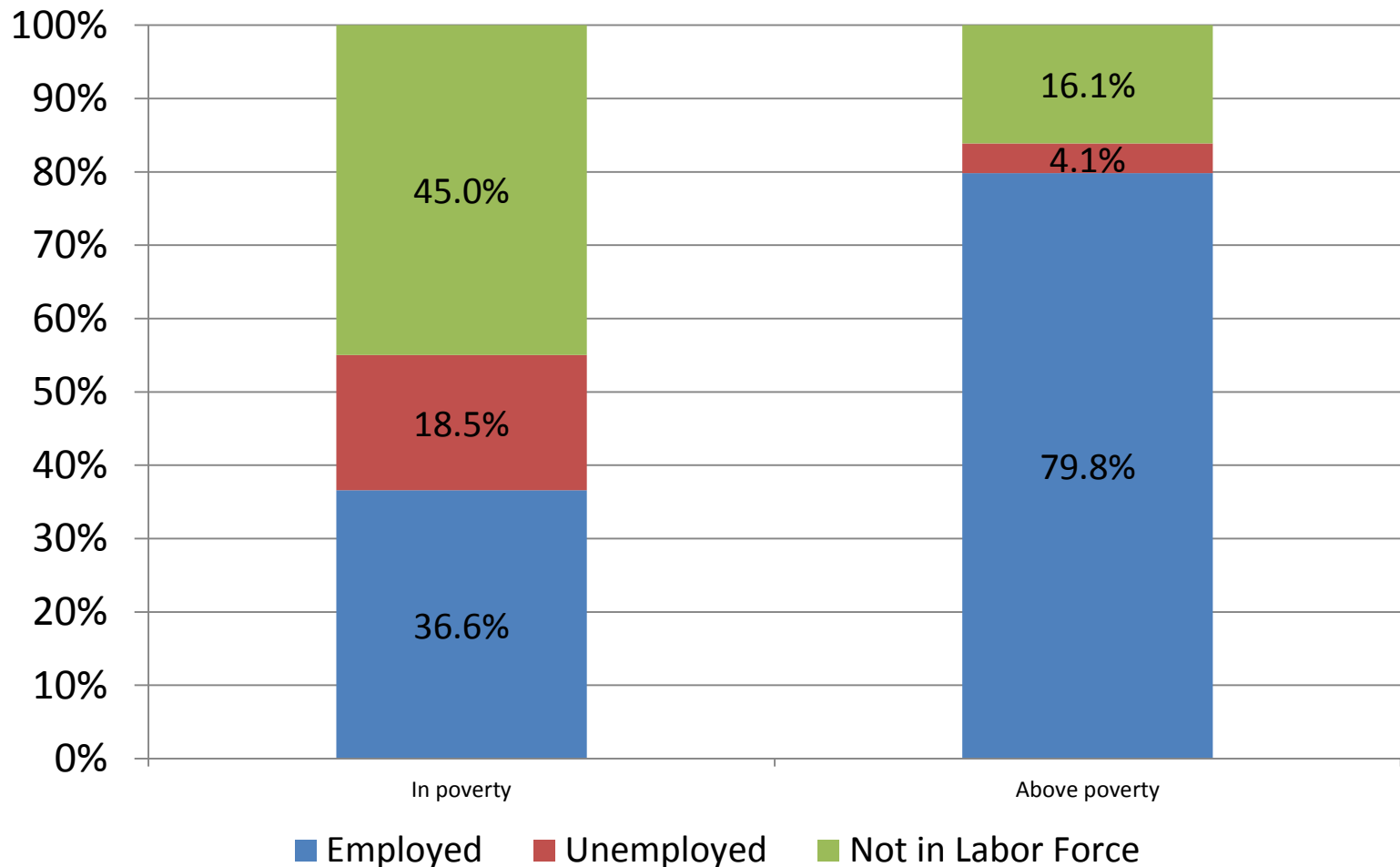
# Poverty among Lynchburg subgroups: Race



# Poverty among Lynchburg subgroups: Educational attainment

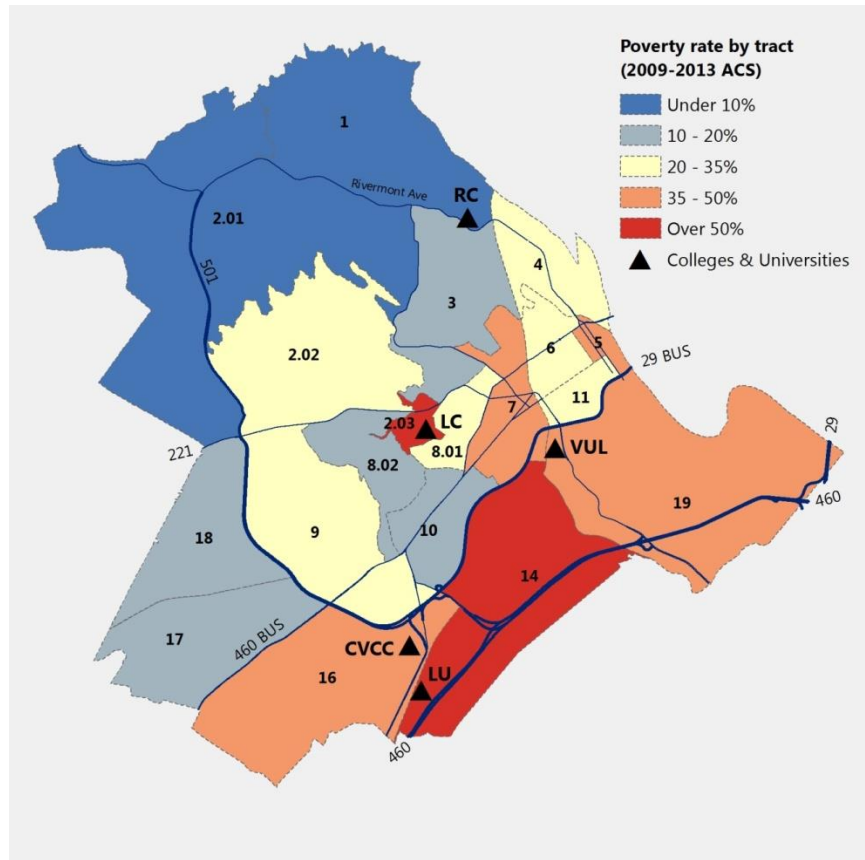


# Poverty among Lynchburg subgroups: Employment



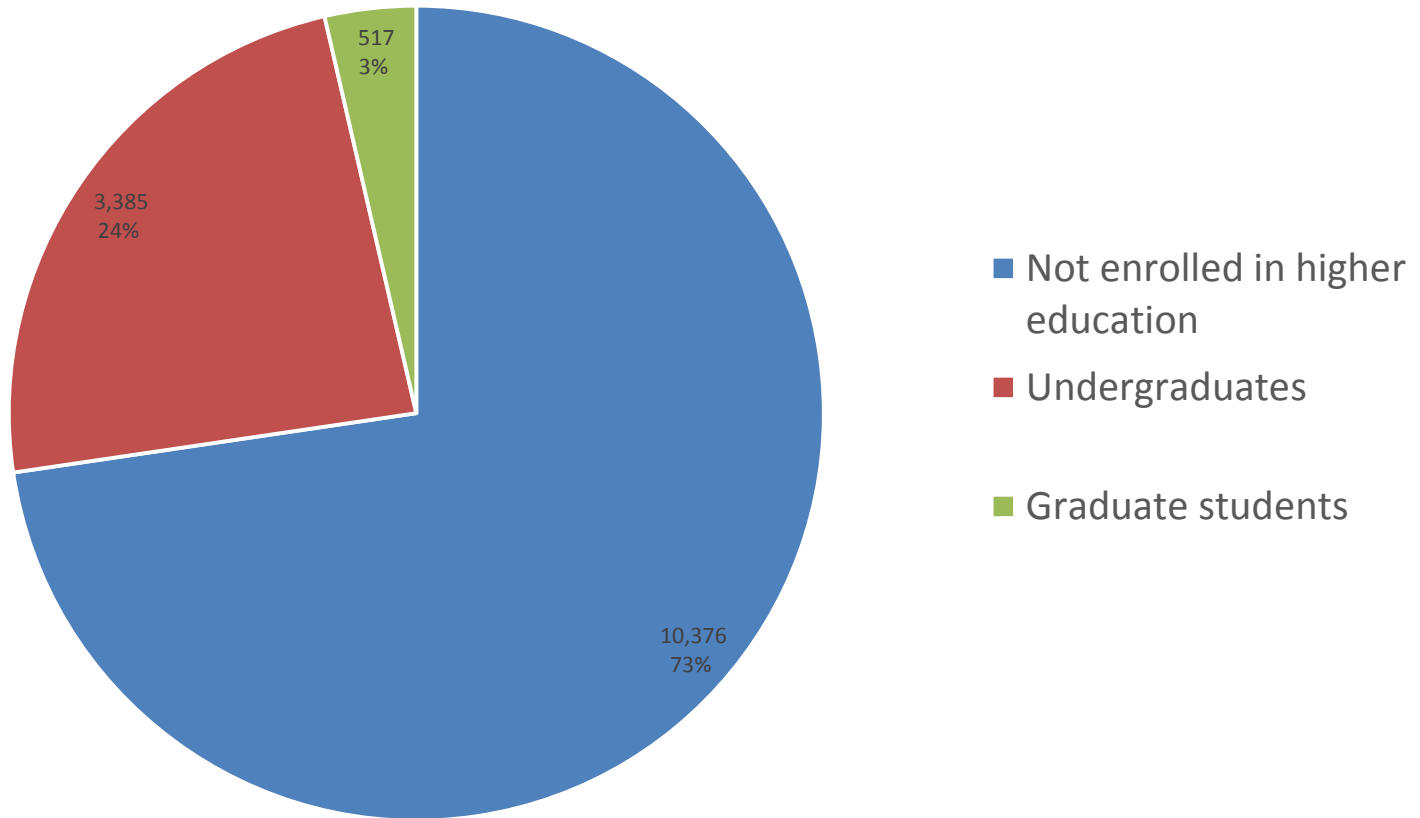
# Poverty among Lynchburg subgroups:

## Census tracts



| Tract number             | Proportion of population for whom poverty status is determined | Poverty rate | Proportion of poor population enrolled in postsecondary education |
|--------------------------|----------------------------------------------------------------|--------------|-------------------------------------------------------------------|
| Census Tract 1           | 87.1%                                                          | 8.1%         | 32.5%                                                             |
| Census Tract 2.01        | 99.6%                                                          | 8.9%         | 6.9%                                                              |
| Census Tract 2.02        | 99.7%                                                          | 25.6%        | 16.5%                                                             |
| <b>Census Tract 2.03</b> | <b>16.7%</b>                                                   | <b>62.9%</b> | <b>91.1%</b>                                                      |
| Census Tract 3           | 91.7%                                                          | 18.1%        | 12.4%                                                             |
| Census Tract 4           | 98.4%                                                          | 24.3%        | 12.9%                                                             |
| Census Tract 5           | 100.0%                                                         | 43.1%        | 4.4%                                                              |
| Census Tract 6           | 85.2%                                                          | 34.5%        | 0.9%                                                              |
| Census Tract 7           | 99.1%                                                          | 36.7%        | 5.4%                                                              |
| Census Tract 8.01        | 96.8%                                                          | 32.0%        | 35.4%                                                             |
| Census Tract 8.02        | 99.4%                                                          | 14.5%        | 43.6%                                                             |
| Census Tract 9           | 96.8%                                                          | 23.4%        | 56.6%                                                             |
| Census Tract 10          | 100.0%                                                         | 15.5%        | 28.6%                                                             |
| Census Tract 11          | 84.7%                                                          | 29.4%        | 3.7%                                                              |
| <b>Census Tract 14</b>   | <b>6.3%</b>                                                    | <b>71.7%</b> | <b>54.0%</b>                                                      |
| Census Tract 16          | 98.5%                                                          | 40.7%        | 44.0%                                                             |
| Census Tract 17          | 98.6%                                                          | 12.4%        | 65.5%                                                             |
| Census Tract 18          | 99.6%                                                          | 10.4%        | 44.7%                                                             |
| Census Tract 19          | 98.4%                                                          | 37.5%        | 6.6%                                                              |

# Accounting for postsecondary student poverty

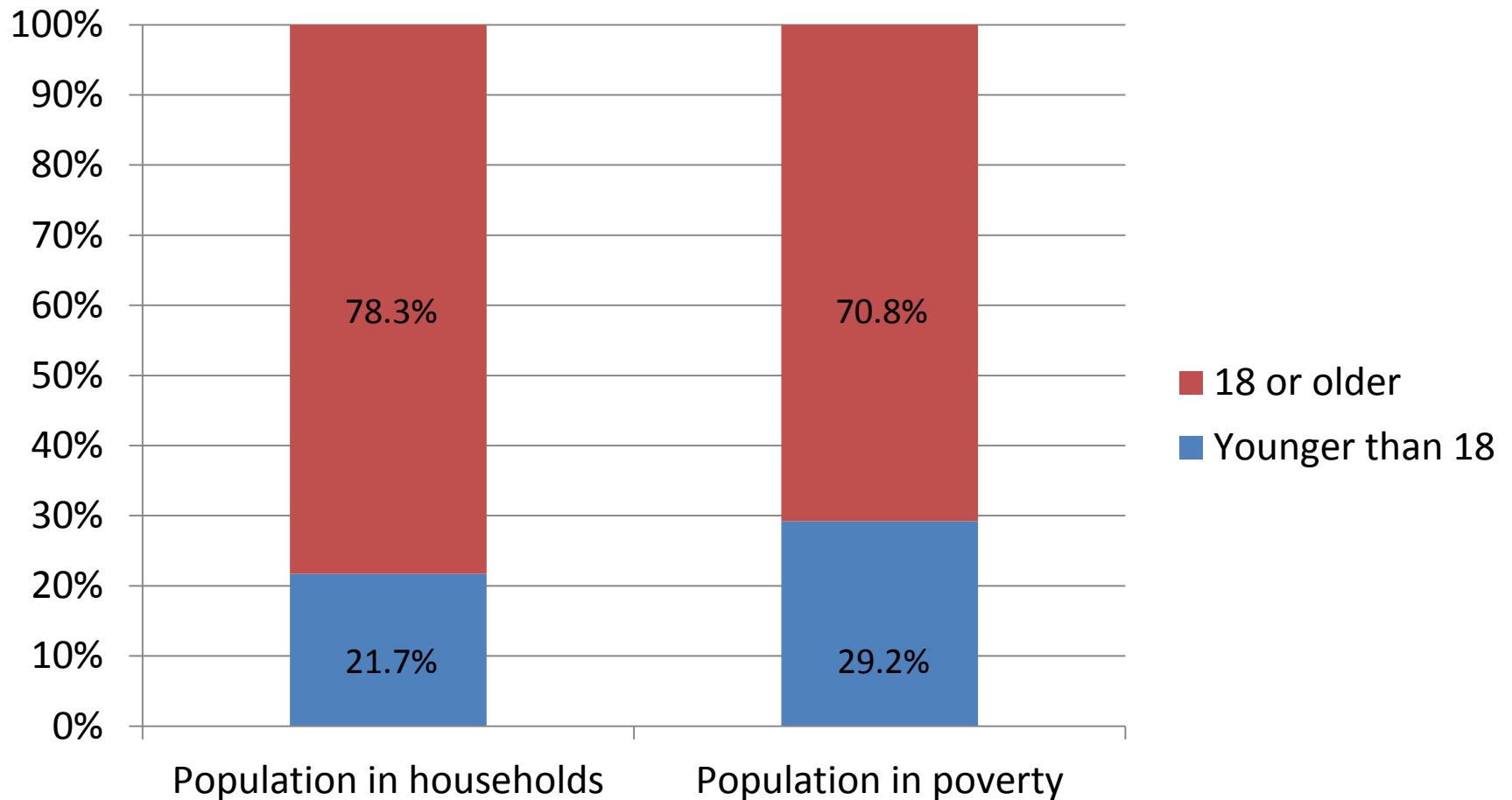


# Accounting for postsecondary student poverty

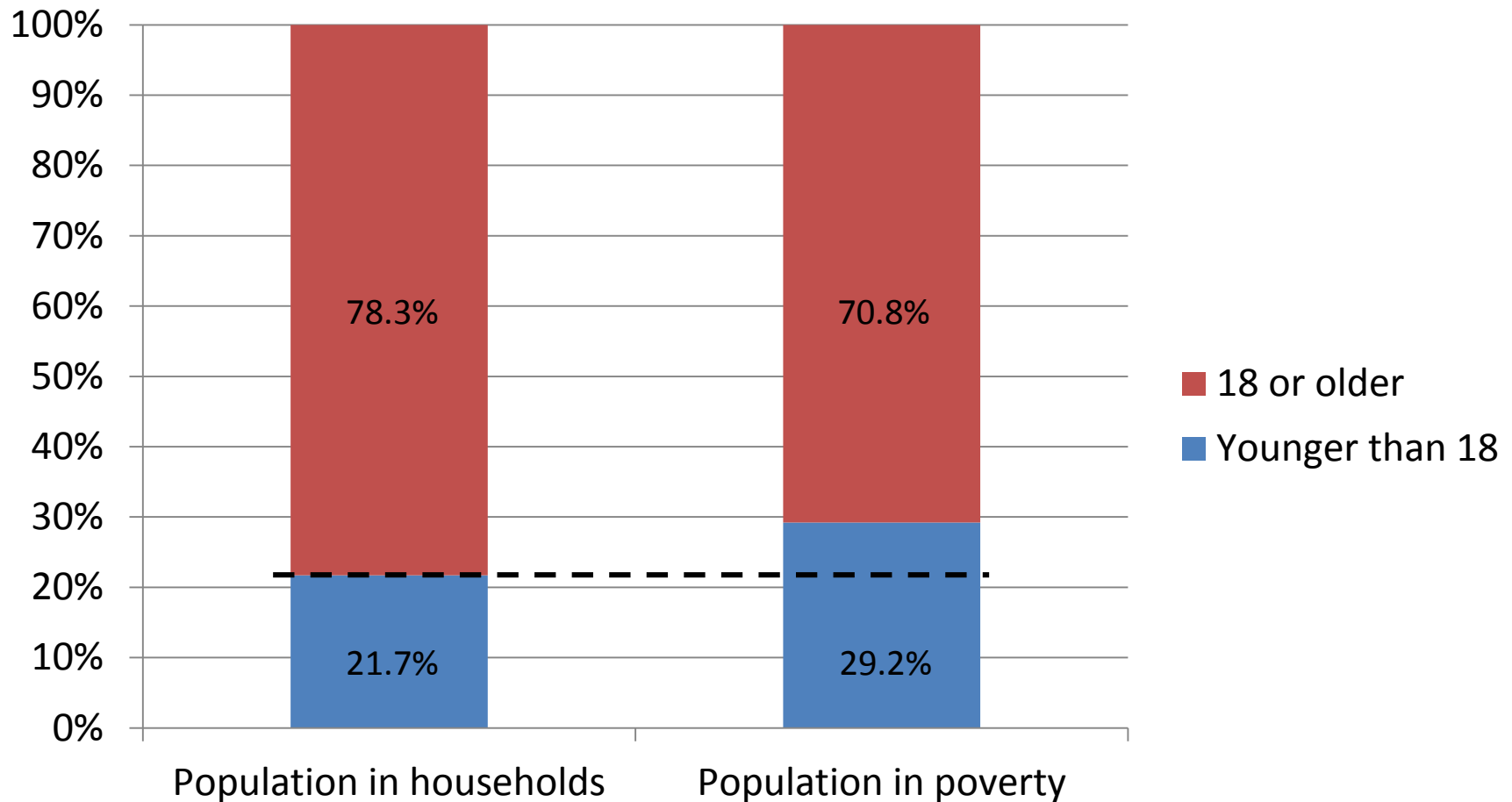
After removing all postsecondary students from poverty calculations, **poverty in Lynchburg still exceeds 20 percent.**



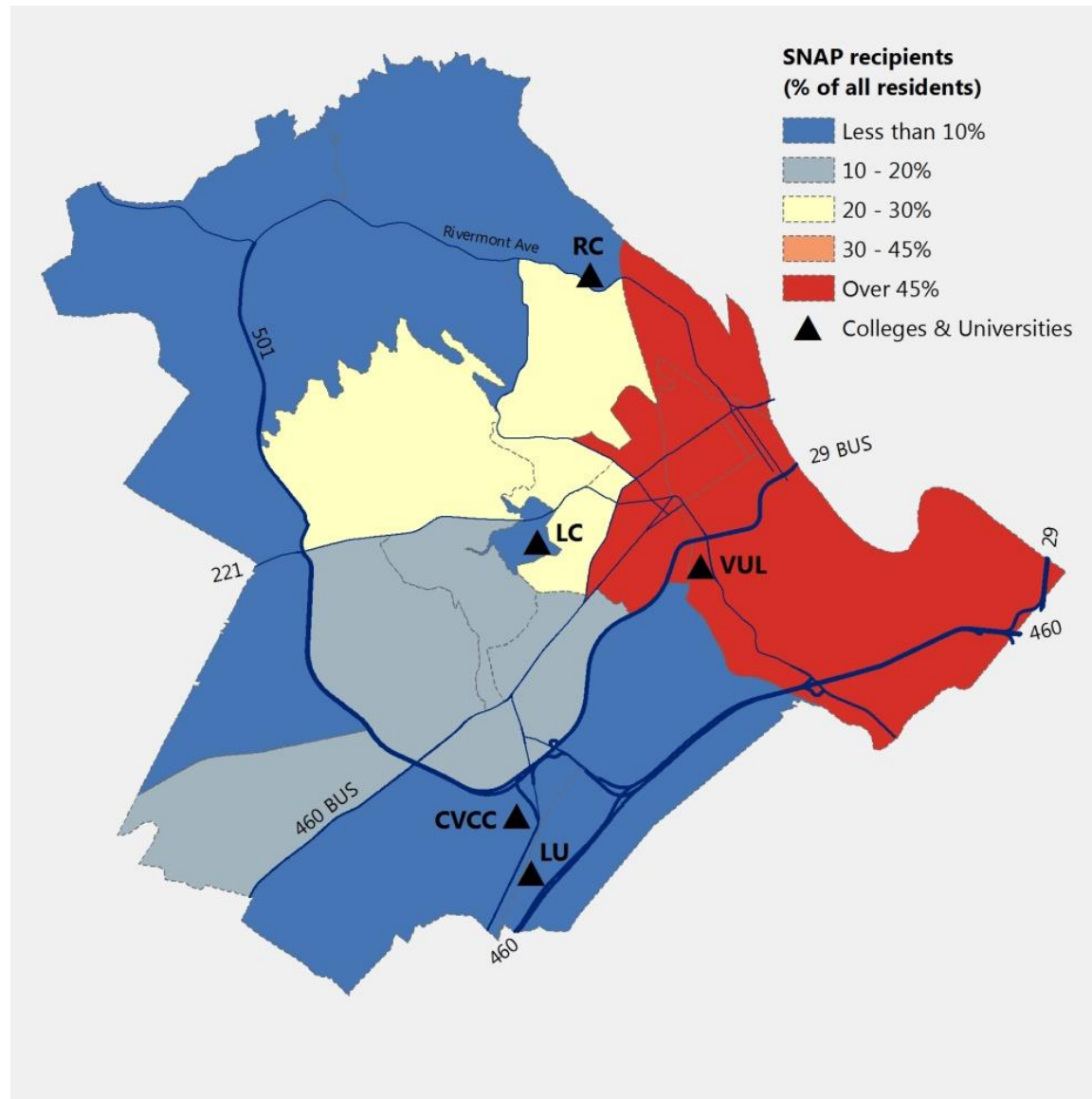
# Accounting for postsecondary student poverty



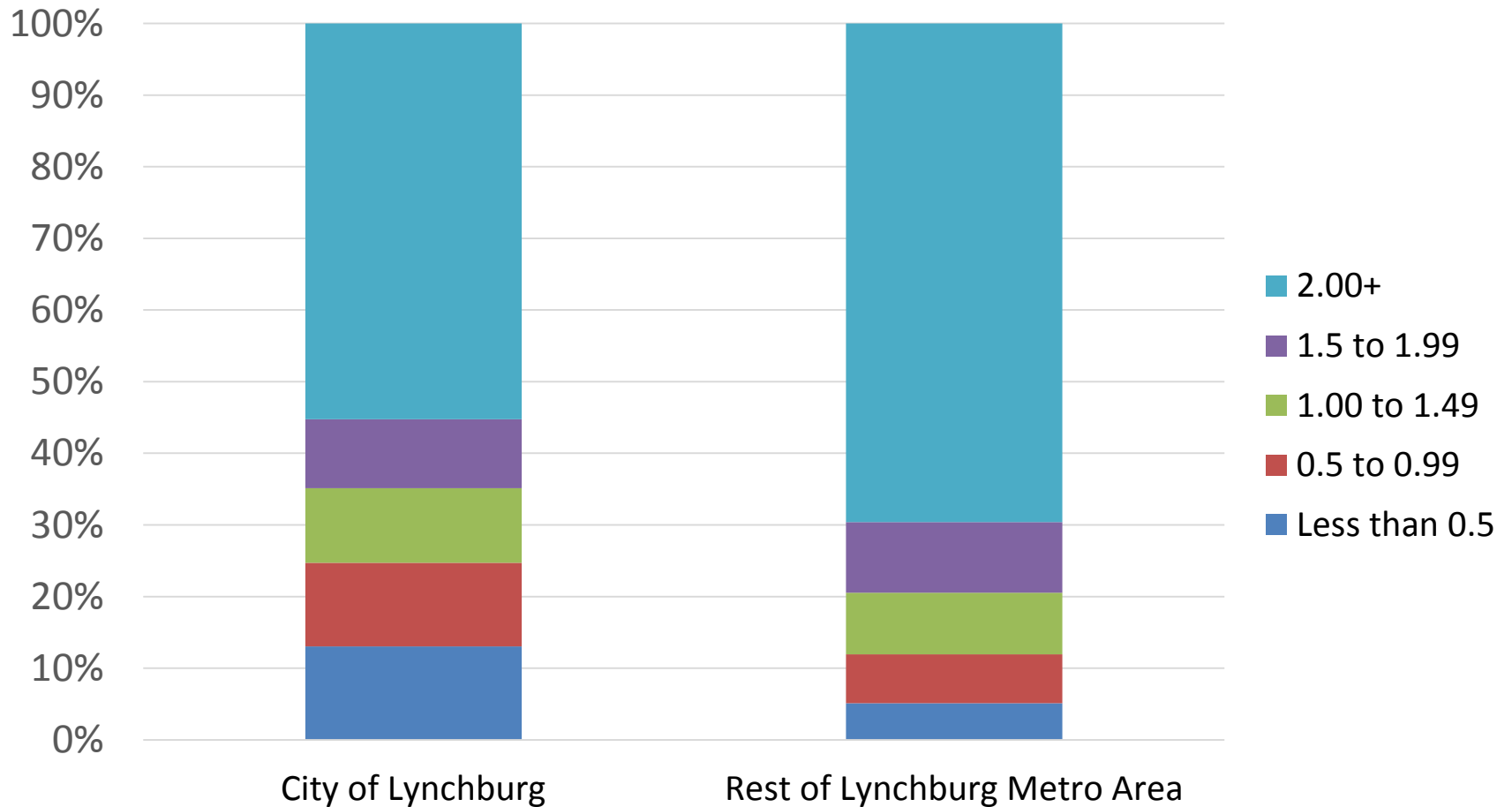
# Accounting for postsecondary student poverty



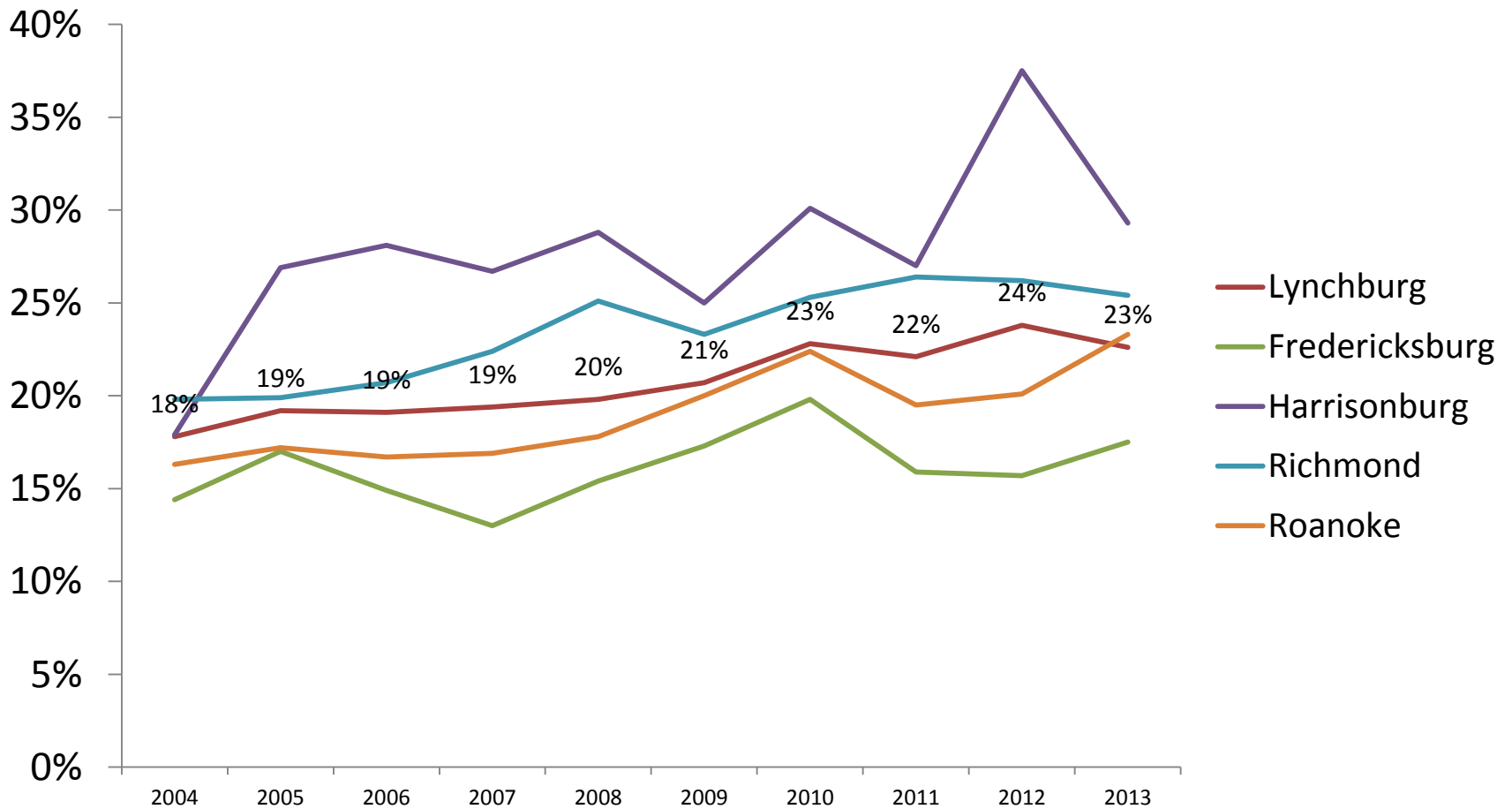
# Accounting for postsecondary student poverty



# Lynchburg in context: Metro area

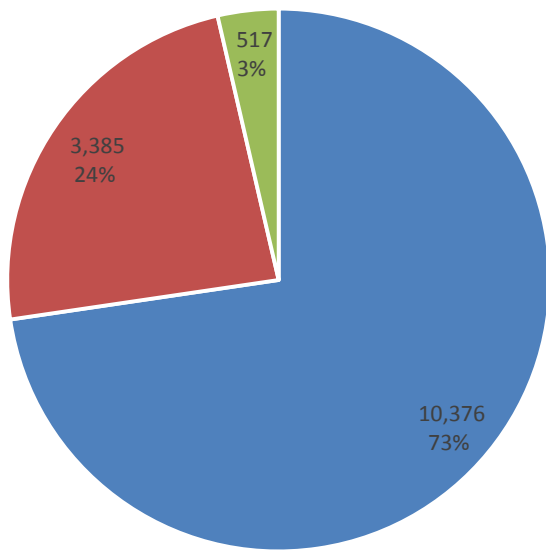


# Lynchburg in context: Peer cities

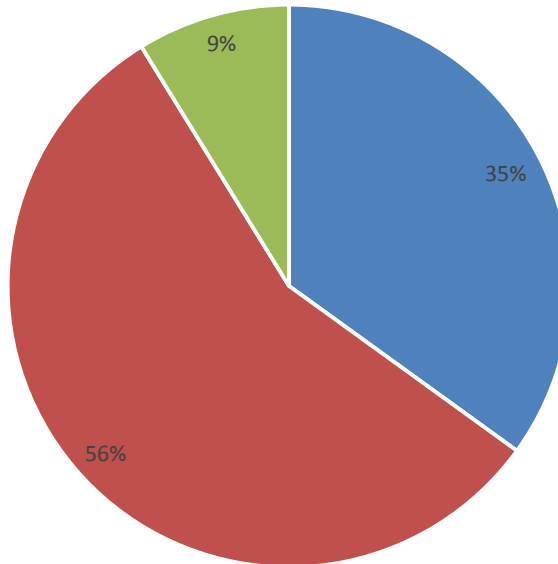


# Lynchburg in context: College towns

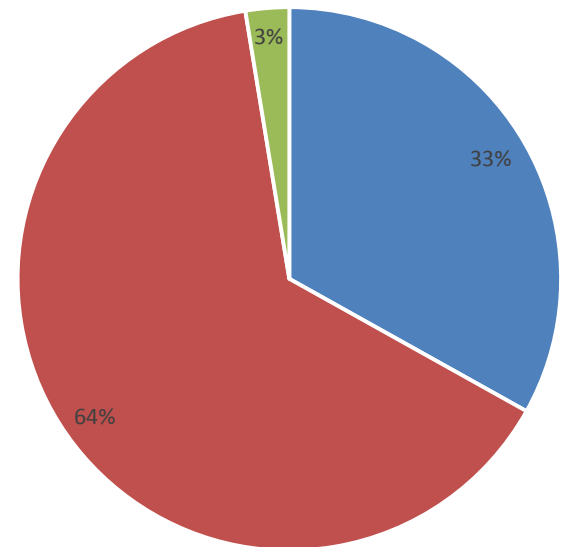
Population in poverty by enrollment  
in higher education  
**Lynchburg city**



Population in poverty by enrollment  
in higher education  
**Montgomery County**



Population in poverty by enrollment  
in higher education  
**City of Harrisonburg**



- Not enrolled in higher education
- Undergraduates
- Graduate students

# Conclusion

- ▶ Lynchburg is distinct from other college towns in Virginia.
- ▶ Poverty remains high even after accounting for postsecondary students.
- ▶ Consider *targeted* efforts to encourage employment and educate residents about social safety net programs, and *city-wide* efforts to create job opportunities.

# Thank you

Annie Rorem

[annie.rorem@virginia.edu](mailto:annie.rorem@virginia.edu)

Luke Juday

[ljuday@virginia.edu](mailto:ljuday@virginia.edu)



UNIVERSITY  
*of*  
VIRGINIA

THE DEMOGRAPHICS  
RESEARCH GROUP

WELDON COOPER CENTER FOR PUBLIC SERVICE



# Poverty in Lynchburg, Virginia

*A demographic analysis of Lynchburg with a focus on poverty indicators*

Prepared for the City of Lynchburg  
Presented to City Council, December 8, 2015



UNIVERSITY of VIRGINIA  
DEMOGRAPHICS RESEARCH GROUP

Weldon Cooper Center for Public Service  
[www.coopercenter.org/demographics](http://www.coopercenter.org/demographics)  
Charlottesville, Virginia

## **Executive Summary**

Lynchburg, Virginia has a poverty rate of 22.6 percent, approximately double the state average of 11.2 percent. Due to the presence of both Liberty University and other postsecondary institutions located in the city, 21 percent of all city residents are postsecondary students, many of whom are believed to contribute to the city's high poverty.

The following report reveals the extent to which *intergenerational* poverty—as distinct from postsecondary student poverty—affects the city, by not only highlighting overall poverty trends and statistics in Lynchburg, but also explicitly accounting for poor postsecondary students' effect on the overall poverty rate. This analysis offers an explanation of the measurement of poverty, and the most reliable sources of data to use; a detailed description of poverty among Lynchburg subgroups; recommendations for how to distinguish student poverty from intergenerational poverty; and a comparison of Lynchburg and three groups of other Virginia localities.

**Poverty in Lynchburg remains high, even after discounting the effects of the postsecondary student population.** In particular, after eliminating postsecondary students from poverty estimates in Lynchburg, over one in five residents remain in poverty. This is in sharp contrast to other Virginia localities with strong college student populations. However, Lynchburg already distinguishes itself from these other localities due, in part, to its multiple public and private postsecondary institutions, as well as the rapid growth of Liberty University, founded fewer than 50 years ago. Therefore, this contrast is consistent with an existing understanding of the city as an atypical “college town.”

Efforts to boost employment—either through economic investment in local industry, increased emphasis on workforce development programs, or explicit efforts to match individuals to openings—will specifically benefit those in intergenerational poverty.

In 2014, the city began the work of turning an existing and broad conversation about local poverty into concrete goals. The timing of this decision reflected hardships caused by the recent recession, other cities' poverty initiatives, the focus on the topic in the most recent City Council election, and overarching concern for citizens of the city.

In 2015, City Council identified data analysis as a priority, not only because of the general need to understand the nature and extent of existing poverty, but also due to the concern of an inflated estimate of poverty in Lynchburg caused by postsecondary students whose household incomes may understate their available resources. The city has contracted with the Demographics Research Group of Weldon Cooper Center for Public Service at University of Virginia to conduct this work.

The result of this work is presented in this report, organized in four sections and a conclusion.

**I:** Explanation of the measurement of poverty, and of the most reliable sources of data to use

**II:** Description of poverty in Lynchburg

**III:** Recommendations for how to distinguish student poverty from intergenerational poverty

**IV:** Comparison between Lynchburg and three groups of Virginia localities

## **I. What is poverty, and how is it measured?**

The Federal poverty level, the phrase frequently applied when describing the poverty rate for a given population, results from a concept of poverty first formalized in the early 1960s. The phrase *Federal poverty level* is somewhat deceiving because it implies that there is a single income value that serves as a consistent benchmark for poverty. The measurement of poverty actually calls for a more detailed understanding of individuals' living situations, in addition to income, and requires researchers to make use of survey data. This section defines what poverty is, describes concerns with the inclusion of some individuals (i.e. postsecondary students) in poverty calculations, and introduces the various data sources used in this report.

### ***Defining poverty through family size, income, and ages***

Poverty status is determined by comparing total family income—the income of all individuals living in the same household *and* related to the householder by birth, adoption, or marriage—to a threshold value. Families<sup>1</sup> whose incomes are below this defined value are deemed to be in poverty. "Income" includes salary and wage earnings as well as cash benefits, such as Social Security or unemployment compensation; retirement income; earnings from investments; court-mandated assistance (e.g. alimony and childcare); and other miscellaneous cash sources.

Family unit size and age of family members define the threshold value with which income is compared. For example, the poverty income level for a parent living with two children (\$18,769 in 2013) differs from that of a single adult over the age of 65 living alone (\$11,173 in 2013). The threshold values for 2013, the most recent year of the majority of data referenced in this report, may be found in Appendix A.

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<sup>1</sup> Note that individuals living alone or with others to whom they are not related are considered single-person family units. For example, three unrelated individuals sharing a house (such as an unmarried couple and their friend) are understood to have three independent poverty statuses, while related individuals (such as a married couple and one partner's sibling) comprise a family with a single poverty status.

### ***Students included in poverty universe***

Because poverty is determined only for individuals living in households, certain groups are excluded from the *poverty universe*—the population among which poverty is calculated.<sup>2</sup> For instance, poverty status is not determined for individuals living in group quarters, such as college dormitories or nursing homes. However, individuals living in informal group housing arrangements are considered part of the poverty universe. This is a particularly important group to keep in mind, as this type of living arrangement is common among college students between the ages of 18 and 25. College students living in informal group or individual housing apart from their families of origin, yet who remain financially dependent on these families, may report personal incomes low enough to be counted among the population in poverty, even while their financial needs (tuition, rent, or day-to-day expenses) are met. While this inclusion may be technically correct, such individuals differ from others in poverty in two notable ways:

- (1) College students who have access to resources from their families are less likely to struggle to satisfy necessary needs, such as food, shelter, clothing, and medical expenses.
- (2) College students are actively developing future earning potential, and are less likely to report poverty-level incomes after graduation.<sup>3</sup>

In order to understand the population living in intergenerational poverty—individuals likely to have been raised in, or to raise others, in households in which daily needs are not consistently met, and/or those who remain in poverty over a lifetime—it is important to develop a holistic view of poverty through a variety of applicable measurements.

### ***Data sources***

This report relies on three primary sources of data. Each source brings important information to the analysis, but all are subject to certain limitations. Consequently, this report uses a combination of data from sources described below to develop a full, reliable picture.

- (1) The *American Community Survey* (ACS) is a sample-based data product maintained by the U.S. Census Bureau. The American Community Survey is a high quality source of data, and is unique in its availability for small areas. In particular, data from the American Community Survey are available at the Census tract level—that is, for geographic groupings of 1,200 to 8,000 people.

Because the American Community Survey relies on self-reported responses to questions about income, measurements are subject to some uncertainty. Furthermore, uncertainty increases as the size of the surveyed population gets smaller, resulting in wider ranges for the estimates. In order to minimize the effect of this error, it is necessary to consider survey responses from a period of five years. However, note that—particularly for small populations, such as Census tracts or small population subgroups—even five-year estimates are best understood as ranges, not single numbers.

All American Community Survey data referenced in this report comes from the five year sample between 2009 and 2013.

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<sup>2</sup> Please see Appendix B for details on the poverty universe, as well as other sample universes, for Lynchburg.

<sup>3</sup> Please see Table 4 and Figure 3 for an illustration of the correlation between educational attainment and poverty rate.

- (2) *Administrative data* refers to data reported to local, state, or Federal agencies for the purposes of program participation. Thanks to the cooperation and assistance of Virginia Department of Social Services, as well as publicly available information provided by the Virginia Department of Education, this report includes state fiscal year 2015 participation data for Temporary Assistance for Needy Families (TANF), Medicaid, and the Supplemental Nutrition Assistance Program (SNAP), as well as school year 2014-2015 eligibility data for Community Eligibility Provision (CEP), a program that provides free lunches in qualifying public schools.

A particular benefit to administrative data is that it functions as a census, or individual count, of program participants. No error need be calculated. Therefore, analysis of program participation data allows for an accurate picture of individuals who have demonstrated need.

Note, however, that although administrative data reflect a full count of program participants, there is not a one-to-one relationship between poverty and program participation. First, many programs provide for individuals beyond immediate poverty, but still within a low-income range. Furthermore, income alone does not guarantee program eligibility—typically, participants need to meet employment, caregiving, or age requirements. Finally, fully eligible individuals may not participate for a variety of reasons, such as reluctance to receive benefits, insufficient knowledge of the programs, or lack of eligibility due to immigration status, among others. These constraints on the data will be more fully addressed in Section III.

- (3) Model-based *Small Area Income and Poverty Estimates* (SAIPE) are poverty-related calculations developed and reported by the U.S. Census Bureau for small geographies, such as counties. These estimates incorporate both survey and administrative data; the inclusion of administrative data reduces sample error, allowing for the reporting of single-year estimates. According to the Census Bureau, “[f]or counties and school districts, particularly those with populations below 65,000, the SAIPE program provides the most accurate subnational estimates of poverty.”<sup>4</sup> However, SAIPE data are neither available for sub-county geographies, such as Census tracts, nor for population subgroups, such as categories of educational attainment.

## **II. Poverty in Lynchburg**

In order to understand *within-Lynchburg* poverty trends, it is necessary to not only consider the city’s overall rate of poverty, but also to describe the Lynchburg subgroups that comprise the population in poverty. This section reveals patterns of Lynchburg poverty by Census tract, as well as by race and ethnicity, labor force status, and educational attainment.

### ***Overall poverty in Lynchburg***

The poverty rate in Lynchburg, as reported by SAIPE, is 22.6 percent; incorporating a 90 percent margin of error for this measurement gives a plausible range of 19.1 to 26.1 percent poverty. In other words, nine out of 10 times, SAIPE estimates of Lynchburg’s poverty rate will lie within this range. The American Community

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<sup>4</sup> United States Census Bureau. *Description of Income and Poverty Data Sources*. Accessed via <http://www.census.gov/hhes/www/poverty/about/datasources/description.html>

Survey reports a rate of 24.7 percent; with the ACS-reported margin of error, the range of 90 percent certainty lies between 22.7 and 26.7 percent.

As previously noted, SAIPE is typically considered a more reliable source of poverty estimates at the sub-state level. Therefore, when reporting population counts for measurements which require the use of American Community Survey (such as estimates of the size of various city subgroups in poverty), we will typically assume that the total population in poverty falls at the lower bound of the range offered by ACS. This rate (22.7 percent) indicates an annual population of 15,146 residents of Lynchburg living in poverty between the years 2009 and 2013, inclusive. This closely reflects the total population estimated by SAIPE to be in poverty in Lynchburg in 2013, alone: 15,332.<sup>5</sup>

Table 1: Comparison of Lynchburg city poverty estimates

|                               | Small Area Income and Poverty Estimates, 2013 | American Community Survey, 2009-2013 |
|-------------------------------|-----------------------------------------------|--------------------------------------|
| Poverty rate [Range]          | 22.6 [19.1-26.1]                              | 24.7 [22.7-26.7]                     |
| Population in poverty [Range] | 15,332 [12,954-17,710]                        | 16,550 [15,146-17,954]               |

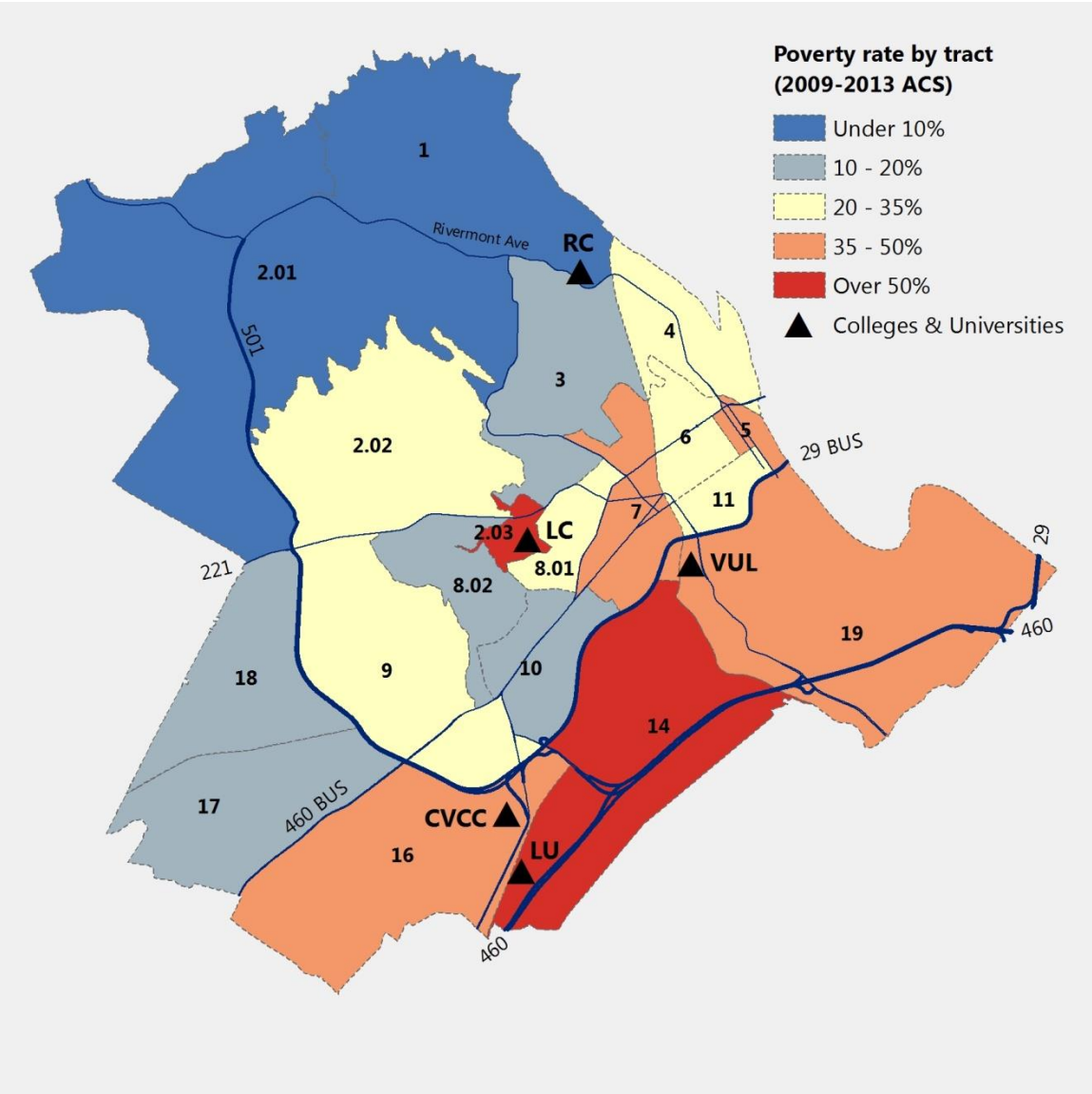
### ***Poverty by Census tract***

In the Census tracts comprising and surrounding downtown Lynchburg (Tracts 5, 6, 7, 8.01, 11, and 19), poverty rates are considerably higher than the city-wide average of 22.6 percent. The majority of the individuals in these tracts live in households, indicating that it is possible to determine their poverty status (see Table 1). This high rate of household-living, as well as the distance of these tracts from the most populous university and colleges in the city, suggests that the high rates of poverty estimated here are likely to be intergenerational.

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<sup>5</sup> Note that the poverty universe of each estimate differs slightly: SAIPE's poverty universe represents 67,841 residents of Lynchburg, while ACS makes its calculations from a universe of 66,225 to 67,637 residents.

Figure 1: Poverty by Census tract, Lynchburg city



Over half of the poor populations in Census tracts 2.03, 9, 14, and 17 are postsecondary students. Tract 14, immediately to the east of Liberty University, shows the highest rate of poverty in the city (72 percent). Tract 2.03—the tract containing Lynchburg College—also shows high poverty, at 63 percent. However, Tracts 2.03 and 14 have the lowest proportions of household populations in the city, indicating a high density of group quarters housing in these areas. This is consistent with the presence of formal student housing in these tracts.

Table 2: Tract universe coverage and poverty rates, Lynchburg city

| Tract number      | Proportion of population for whom poverty status is determined | Poverty rate | Proportion of poor population enrolled in postsecondary education |
|-------------------|----------------------------------------------------------------|--------------|-------------------------------------------------------------------|
| Census Tract 1    | 87.1%                                                          | 8.1%         | 32.5%                                                             |
| Census Tract 2.01 | 99.6%                                                          | 8.9%         | 6.9%                                                              |
| Census Tract 2.02 | 99.7%                                                          | 25.6%        | 16.5%                                                             |
| Census Tract 2.03 | 16.7%                                                          | 62.9%        | 91.1%                                                             |
| Census Tract 3    | 91.7%                                                          | 18.1%        | 12.4%                                                             |
| Census Tract 4    | 98.4%                                                          | 24.3%        | 12.9%                                                             |
| Census Tract 5    | 100.0%                                                         | 43.1%        | 4.4%                                                              |
| Census Tract 6    | 85.2%                                                          | 34.5%        | 0.9%                                                              |
| Census Tract 7    | 99.1%                                                          | 36.7%        | 5.4%                                                              |
| Census Tract 8.01 | 96.8%                                                          | 32.0%        | 35.4%                                                             |
| Census Tract 8.02 | 99.4%                                                          | 14.5%        | 43.6%                                                             |
| Census Tract 9    | 96.8%                                                          | 23.4%        | 56.6%                                                             |
| Census Tract 10   | 100.0%                                                         | 15.5%        | 28.6%                                                             |
| Census Tract 11   | 84.7%                                                          | 29.4%        | 3.7%                                                              |
| Census Tract 14   | 6.3%                                                           | 71.7%        | 54.0%                                                             |
| Census Tract 16   | 98.5%                                                          | 40.7%        | 44.0%                                                             |
| Census Tract 17   | 98.6%                                                          | 12.4%        | 65.5%                                                             |
| Census Tract 18   | 99.6%                                                          | 10.4%        | 44.7%                                                             |
| Census Tract 19   | 98.4%                                                          | 37.5%        | 6.6%                                                              |

Note: The data above reflect American Community Survey estimates between 2009 and 2013

Note that because the population among which poverty is estimated is quite small (less than 400) in Tracts 2.03 and 14, it is difficult to calculate poverty for these tracts with precision. Moreover—again, due to the small size of the population for which poverty may be determined—the high rates of estimated poverty in these tracts do not drive the overall poverty rate of the city.

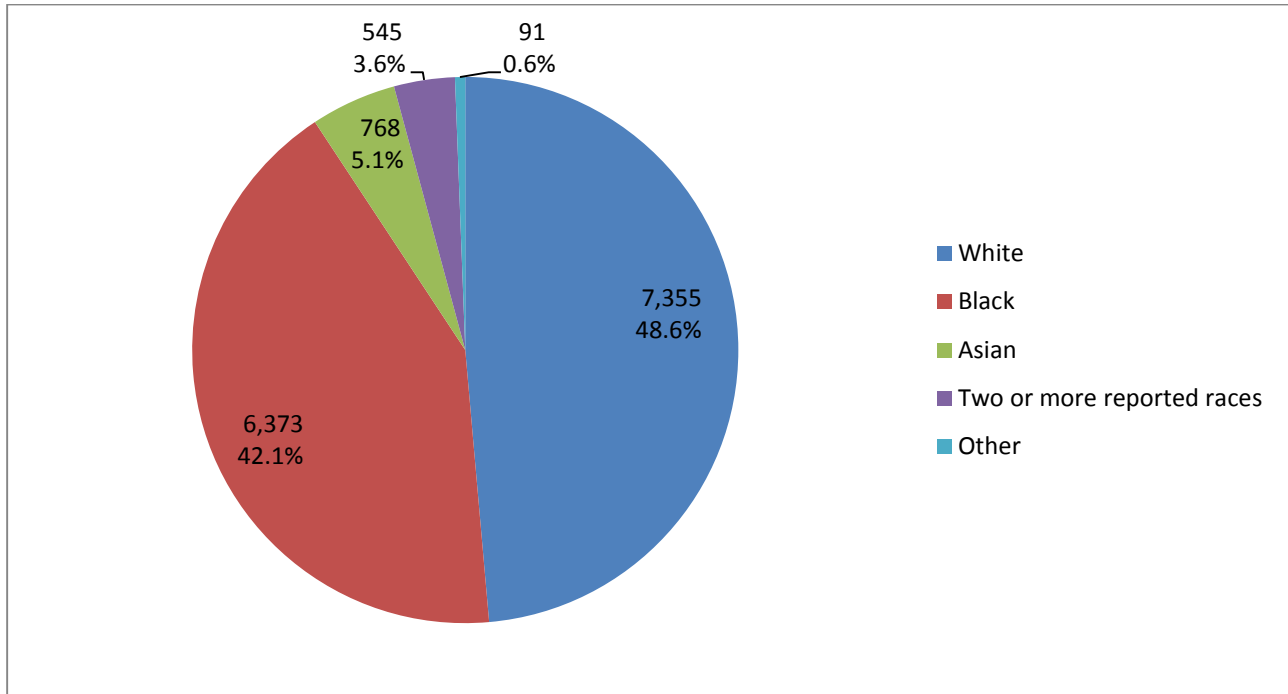
Please see Appendix C for estimate ranges, and Section 3 for extensive commentary on student populations.

### ***Poverty by race***

Nearly two-thirds of all Lynchburg residents self-report their race as white, while less than one-third report being Black/African-American. However, nearly equal numbers of Blacks and Whites in Lynchburg are poor: about 42 percent of all those in poverty self-report as Black, and slightly fewer than 49 percent report their race as White.



Figure 2: Poverty composition by race, Lynchburg city



Note: The data above reflect American Community Survey estimates between 2009 and 2013

The disparity between the racial composition of the city overall and the racial composition of its poverty reflects differential rates of poverty between racial groups. In other words, because White residents substantially outnumber Black residents, the fact that these two groups have nearly equal *numbers* in poverty suggests that they experience quite different *rates* of poverty, as demonstrated below.

Table 3: Poverty by race and ethnicity, Lynchburg city

|           |                              | Proportion of overall population | Poverty rate among this group [Range] |
|-----------|------------------------------|----------------------------------|---------------------------------------|
| Race      | White                        | 63.1%                            | 19.0% [16.9-21.1]                     |
|           | Black                        | 30.0%                            | 34.7% [32.4-37.0]                     |
|           | Asian                        | 2.8%                             | 45.3% [31.7-58.9]                     |
|           | Two or more reported races   | 3.1%                             | 29.3% [18.2-40.4]                     |
|           | Other                        | 1.1%                             | 14.5% [1.8-27.2]                      |
| Ethnicity | Hispanic or Latino, any race | 3.1%                             | 14.3% [6.7-21.9]                      |

Note: The data above reflect American Community Survey estimates between 2009 and 2013

The poverty rates for the above groups represent the midpoints of estimated ranges, and it is likely, for reasons previously outlined, that the true poverty rates fall at the lower end of these ranges. Even so, because the range of poverty rate estimates for Whites does not at any point overlap with poverty estimates for Blacks or Asians, we may state with high certainty that the poverty rate among Whites is significantly lower than rates among Blacks and Asians in the city.

### Poverty by educational attainment

As is frequently demonstrated in analyses of education and poverty, higher levels of education correlate with lower rates of poverty. In fact, the poverty rate among Lynchburg residents with less than a high school degree is between four and five times greater than among those with a Bachelor's or beyond.

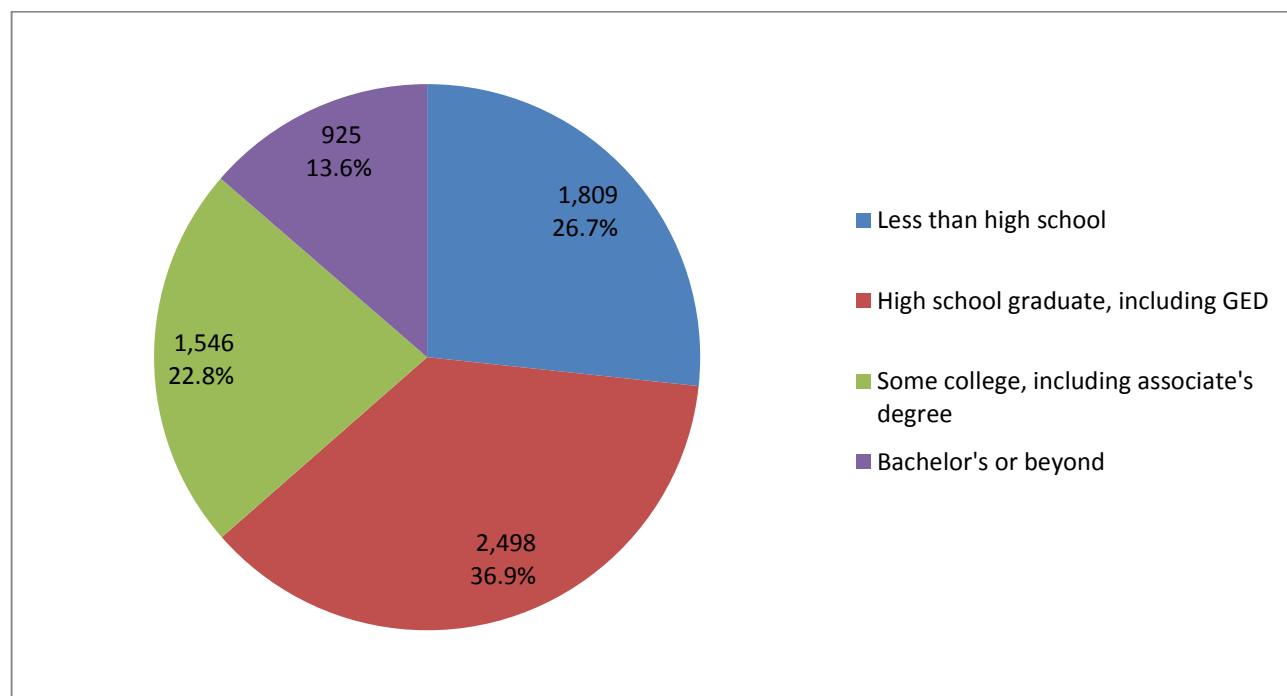
Table 4: Poverty by educational attainment among residents over the age of 24, Lynchburg city

| Educational attainment                     | Proportion of overall population | Poverty rate among this group [Range] |
|--------------------------------------------|----------------------------------|---------------------------------------|
| Less than high school                      | 13.1%                            | 32.8% [27.6-38.0]                     |
| High school graduate, including GED        | 26.2%                            | 22.7% [19.7-25.7]                     |
| Some college, including associate's degree | 28.9%                            | 12.7% [10.4-15.0]                     |
| Bachelor's or beyond                       | 31.8%                            | 6.9% [5.3-8.5]                        |

Note: The data above reflect American Community Survey estimates between 2009 and 2013

Due to the low proportion of the Lynchburg population without a high school degree, the plurality of Lynchburg's poor population is in the group with a high school degree, but without further education.

Figure 3: Poverty by educational attainment for the population aged 25+, Lynchburg city

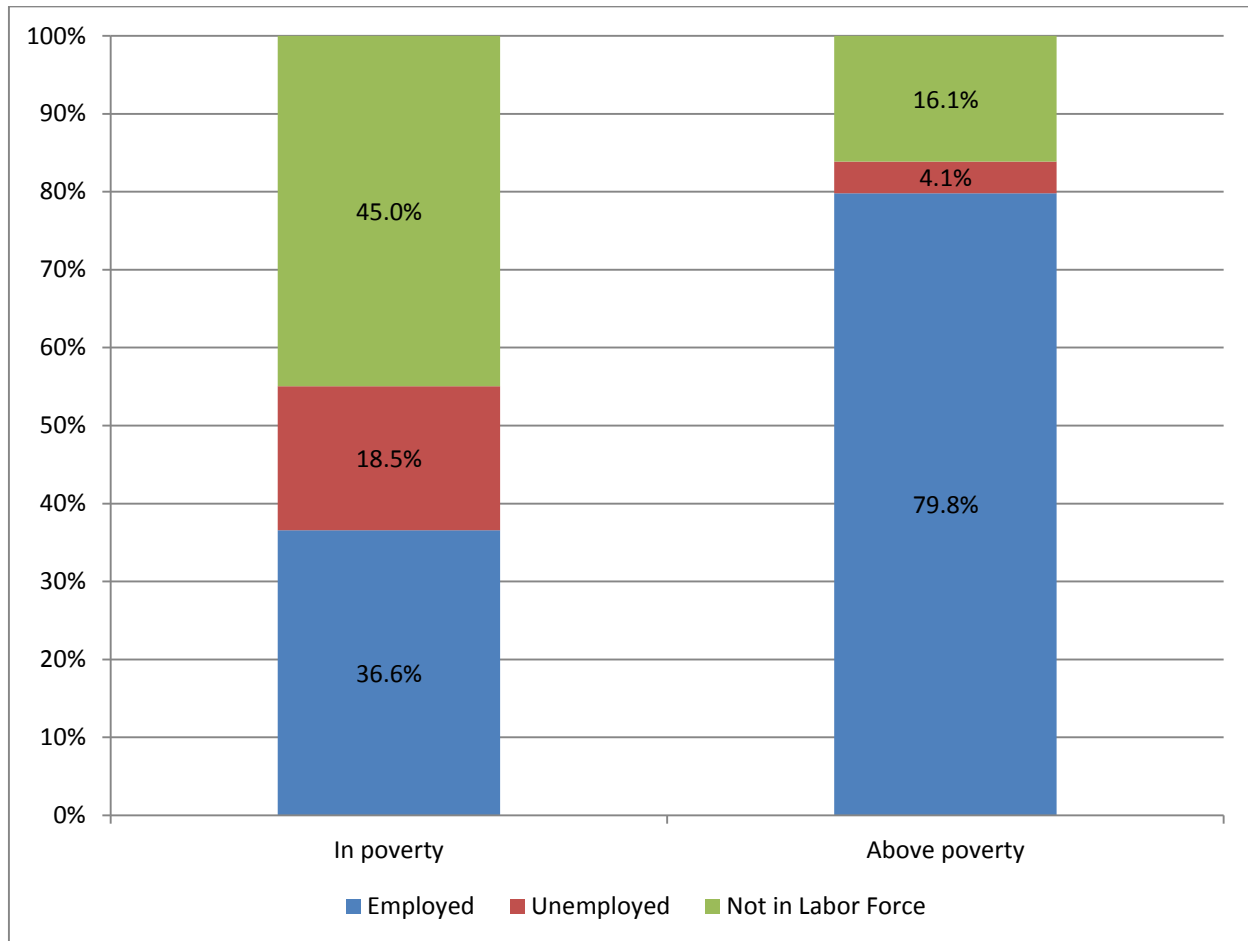


Note: The data above reflect American Community Survey estimates between 2009 and 2013

### ***Poverty by labor force status***

Given the role of employment in determining income, it is not surprising that a majority of Lynchburg's poor (nearly 64 percent) are not currently working.<sup>6</sup>

Figure 4: Poverty by labor force status for ages 20 through 64, Lynchburg city



Note: The data above reflect American Community Survey estimates between 2009 and 2013

The unemployment rate among those living in poverty is over four times the rate for those above poverty (18.5 vs. 4.1 percent), while the rate of being out of the labor force among those in poverty is slightly less than three times what it is for those above poverty (45.0 vs. 16.1 percent).

Note that among full-time postsecondary students in poverty, it is likely that many will report being out of the labor force. The subpopulation of postsecondary students will be more fully explored in the following section.

### **III. Students' influence on poverty rate in Lynchburg**

Poverty status determination relies on household-level data. This results in a methodologically correct but conceptually distorting inclusion of college students in informal household-living arrangements among the

<sup>6</sup> Note the distinction between *unemployed* and *out of the labor force*: Unemployed individuals report currently looking for a job, while individuals out of the labor force are not actively seeking employment.

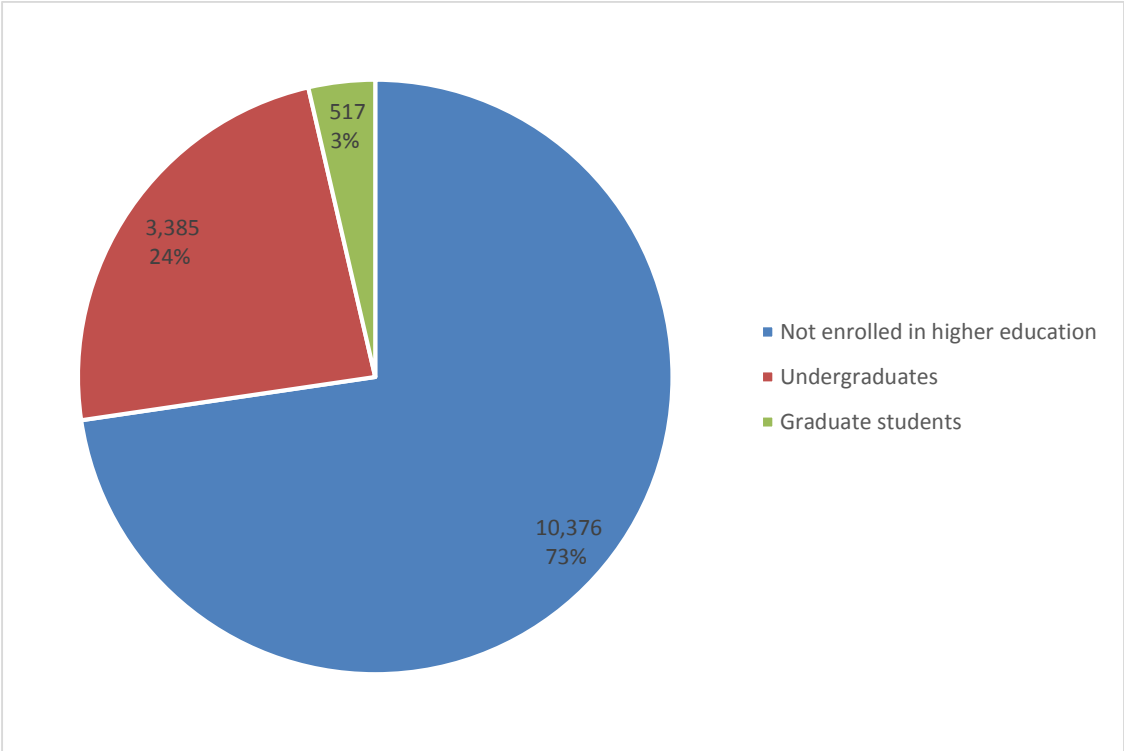
population in poverty. Many of these individuals are likely to have access to additional financial resources through their families of origin. Furthermore, this group is on track to join the population with a Bachelor’s degree or beyond—the educational category with the lowest rates of poverty not only within Lynchburg, but also nationally. Therefore, the inclusion of undergraduate students in poverty among the overall poverty population may (1) inflate the overall poverty rate of the city and (2) make it difficult to understand the population in persistent, or intergenerational, poverty.

In this section, we present three techniques for understanding poverty in Lynchburg, each of which takes student populations into explicit account.

**Poverty by school enrollment**

U.S. Census Bureau methodology, as outlined in the 2013 report *Examining the Effect of Off-Campus College Students on Poverty Rates*, suggests that researchers use American Community Survey data on poverty by education enrollment status to account for the effect of off-campus postsecondary students on poverty measurements. Not only does poverty by education enrollment data permit researchers to identify the proportion of postsecondary students in the poor population, as demonstrated in Figure 5, but it also allows researchers to calculate poverty among the population *not* enrolled in postsecondary education, as reported below.

Figure 5: Population in poverty by enrollment in higher education, Lynchburg city



Note: The data above reflect American Community Survey estimates between 2009 and 2013.

While nearly one out of every eight Lynchburg residents for whom poverty status is determined is a postsecondary student, a much larger proportion of the poor population—more than *two* in eight Lynchburg

residents in poverty—reports current postsecondary status. This means that, as expected, postsecondary students are disproportionately represented among the population in poverty.

An exclusion of postsecondary students from poverty calculations—the methodology recommended by the Census Bureau—permits a calculation of the poverty rate among the remaining population and, therefore, a clearer assessment of intergenerational poverty. By excluding all postsecondary students, we are likely to *underestimate* the rate of intergenerational poverty in Lynchburg, because some of these students may be reporting poverty-level incomes for their families, with whom they live. In other words, some of the excluded students may be, in fact, in intergenerational poverty. **However, the underestimated poverty rate of 20.4 percent—a figure that excludes all postsecondary students from the poverty universe—serves as a helpful measurement of the city’s intergenerational poverty rate.**

### ***Child poverty rate***

Child poverty is a useful indicator when examining postsecondary students’ effect on city poverty, because we may use childhood poverty rate as a proxy for overall family household poverty rate—and, therefore, as a good measure of intergenerational poverty.

Children under the age of 18 are estimated to account for 21.7 percent of the poverty universe in Lynchburg. Children account for a higher share of the Lynchburg population in poverty; approximately 3 in 10 (29.2 percent) of Lynchburg’s poor residents are children. This elevated share is, in part, a product of the higher *rate* of poverty among Lynchburg children (30.0 percent) than among the overall population (22.6 percent).

That the child-to-overall poverty ratio in Lynchburg is roughly commensurate with—in fact, higher than—children’s share of the overall population underscores that poverty among postsecondary students is not dramatically inflating overall poverty in the city. In other words, children’s overrepresentation among the poor serves as further evidence for a high rate of intergenerational poverty. A comparison of child poverty shares among other cities of interest is featured in Section IV.

Note that the high need among children is also demonstrated through the 41.2 percent of Lynchburg public school students identified as low-income through the certification process required by a newly-implemented school lunch program in the city, the Community Eligibility Provision.<sup>7</sup> More information about this program may be found in Appendix D.

### ***Social safety net participation***

One cost associated with poverty results from federal and state government spending on so-called “social safety net programs,” such as the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) or Medicaid. For the first 11 months of state fiscal year 2015, TANF expenditures in Lynchburg alone totaled to approximately \$1,151,140, while Lynchburg SNAP costs for the entirety of state fiscal year 2015 amounted to slightly more than \$18,632,000.<sup>8</sup>

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<sup>7</sup> School Nutrition Program Statistics & Reports, 2015-2016 Report of School Divisions and Sites Potentially Eligible for CEP, Virginia Department of Education. Accessed via <http://doe.virginia.gov/support/nutrition/statistics/index.shtml>.

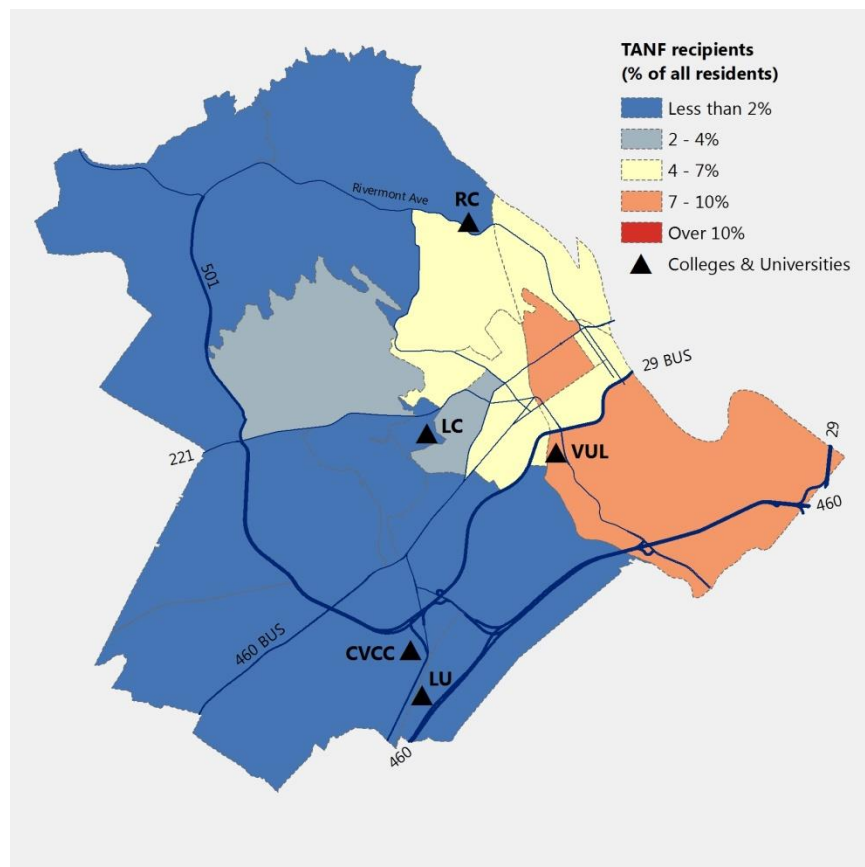
<sup>8</sup> TANF Reports: TANF, TANF UP Cases and Expenditures = 10/2009 – 08/2015, Virginia Department of Social Services. Accessed via [http://www.dss.virginia.gov/geninfo/reports/financial\\_assistance/tanf.cgi](http://www.dss.virginia.gov/geninfo/reports/financial_assistance/tanf.cgi); SNAP Participation Reports, 10-2014 to 09-2015, Virginia Department of Social Services. Accessed via [http://www.dss.virginia.gov/geninfo/reports/financial\\_assistance/fs.cgi](http://www.dss.virginia.gov/geninfo/reports/financial_assistance/fs.cgi).

While some programs are available to people living slightly above poverty, postsecondary students are unlikely to be the recipients of social safety net programs unless they are living in a poor family household. Therefore, social safety net participation is a good measure of intergenerational poverty.

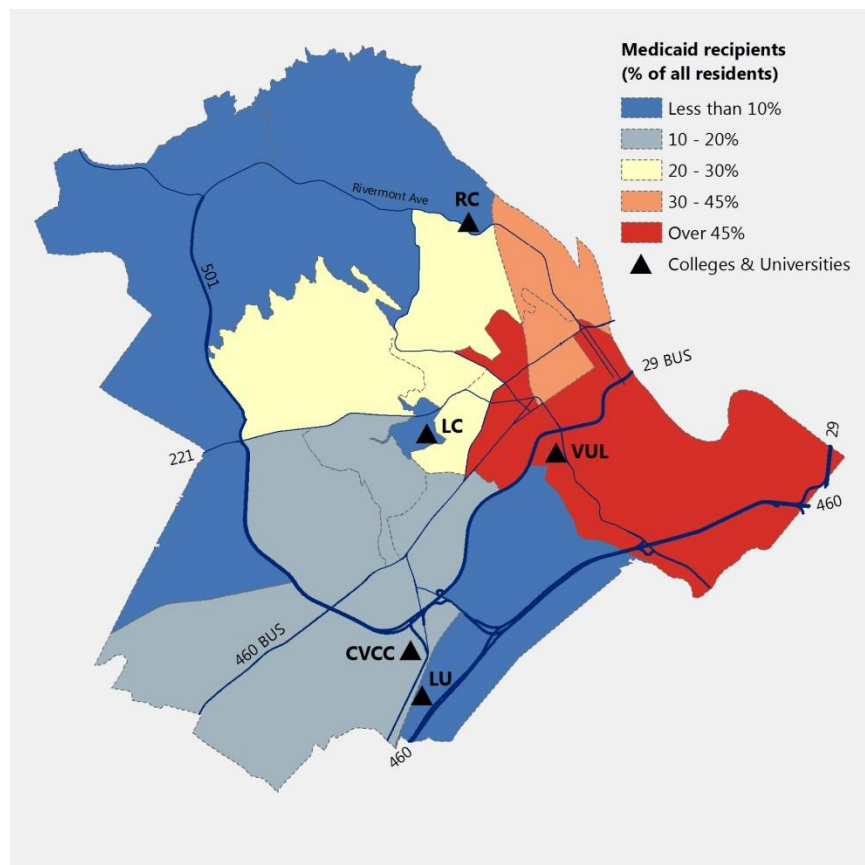
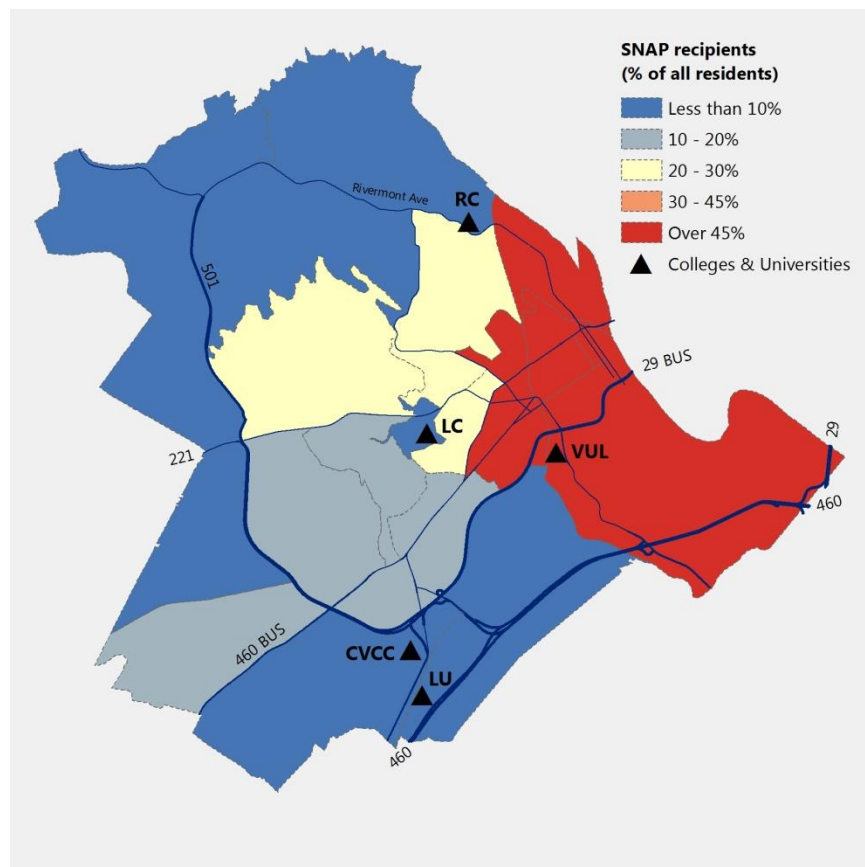
While the rules for eligibility differ across these three programs, each is designed to address particular needs of individuals or, more commonly, families living in or near poverty. It is difficult for single individuals without dependents to demonstrate eligibility for these programs; for example, eligibility requirements for Medicaid in Virginia require an individual to be either “pregnant[;] a parent or relative caretaker of a dependent child(ren) under age 19[;] under age 21 and in foster care, adoption assistance or a nursing facility[;] blind[;] disabled[;] or...65 years of age or older.”<sup>9</sup> Therefore, participation in one or more of these programs is a strong indicator of genuine, and perhaps long-term, need—particularly among families.

The following figure—which illustrates participation rates in TANF, Medicaid, and SNAP, respectively—identifies the Census Tracts with the highest uptake ratios in the city. Note that in each of these three cases, tracts 2.03 (the location of Lynchburg College) and 14 and 16 (adjacent to Liberty University) have among the lowest participation rates in the city.

Figure 6: Social Safety Net participation by Census tract, Lynchburg city



<sup>9</sup> Benefit Details, Virginia Medicaid. Accessed via <http://www.benefits.gov/benefits/benefit-details/1643>.

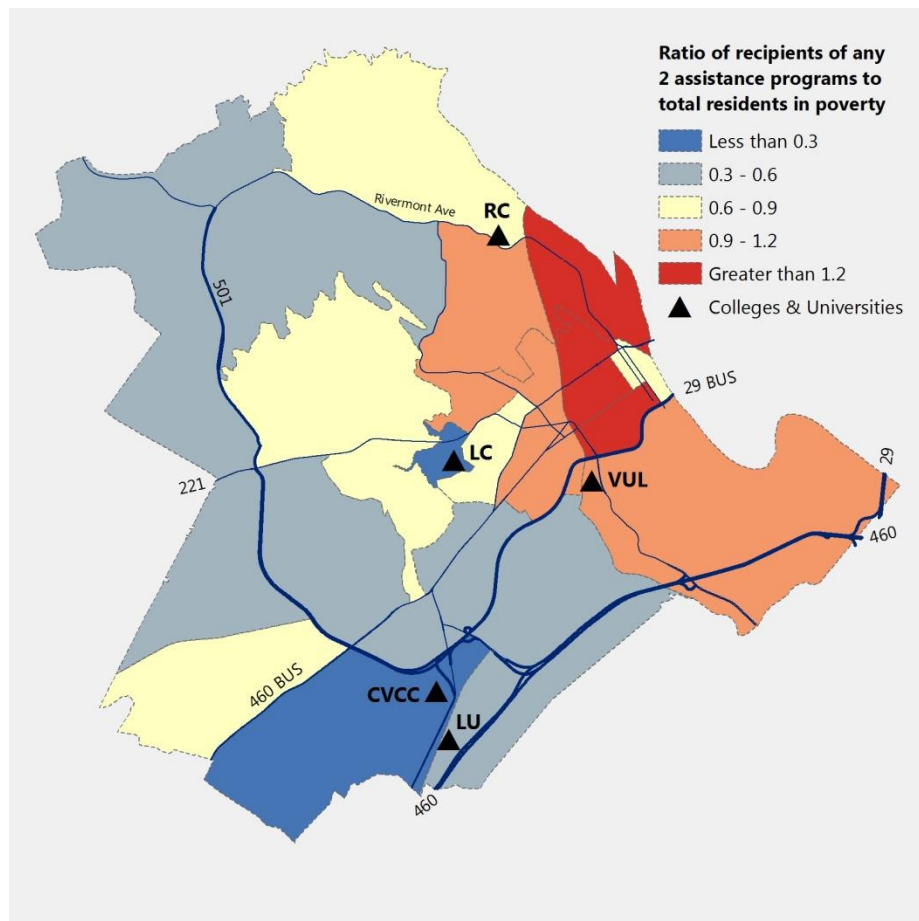


Note: The data above reflect Virginia Department of Social Services counts for SFY14

Comparing participation numbers to poverty counts helps to demonstrate whether certain tracts are populated by poor individuals with access to resources outside of their immediate households (i.e., whether these poor individuals are postsecondary students with family financial support). In other words, we do not expect tracts with high rates of poor postsecondary students to also have high rates of social safety net participation.

The following figure demonstrates the relationship between poverty populations and the number of individuals, by tract, enrolled in at least two of these programs. By specifying a minimum of two programs, we strengthen the claim that participants demonstrate true need, since to simultaneously satisfy eligibility requirements for any two of TANF, SNAP, and Medicaid typically requires poverty or near-poverty income along with (1) the condition of caring for dependents and/or (2) a minimum age of 60 years. Notice, again, the tracts with the lowest participant to poverty ratios in the city: those immediately surrounding or adjacent to the Liberty University and Lynchburg College.

Figure 7: Recipients of at least two social safety net programs as compared with poverty populations, Lynchburg city



Note: The data above reflect Virginia Department of Social Services counts for SFY14



Program participation, as defined above, is distinctly proportionate to poverty rates in the central to southeast portion of the city where, as indicated in Section II of this report, poverty rates are among the city's highest.<sup>10</sup> The tracts with the lowest participation to poverty population count ratios are two with the lowest proportions of household populations and, by induction, the city's highest student populations. Poverty in these tracts (2.03 and 16) is strongly postsecondary student driven, whereas we may identify the central to southeast tracts as examples of intergenerational poverty.

Note that Tract 2.01, in which only a maximum of 14 percent of poor residents are postsecondary students (see Table 2 and Appendix C) also demonstrates a low participation-to-poverty ratio. This indicates that many residents are not participating in SNAP, TANF, or Medicaid, even though their incomes may qualify them to do so. While individuals in this tract may not meet other program specifications—such as employment or presence of dependents in the household—this low uptake could also result from fully eligible individuals' lack of knowledge about these programs, or even intentional abstention.

#### **Section IV: Lynchburg in context**

To understand the extent of poverty in Lynchburg, it is helpful to compare it to other localities in the state. Comparison with three groups—the immediately surrounding counties, select cities across the state, and other “college towns”—not only allows for an understanding of how Lynchburg is doing relative to its peers, but also underscores the relatively *small* effect of postsecondary students on the overall poverty rate in Lynchburg.

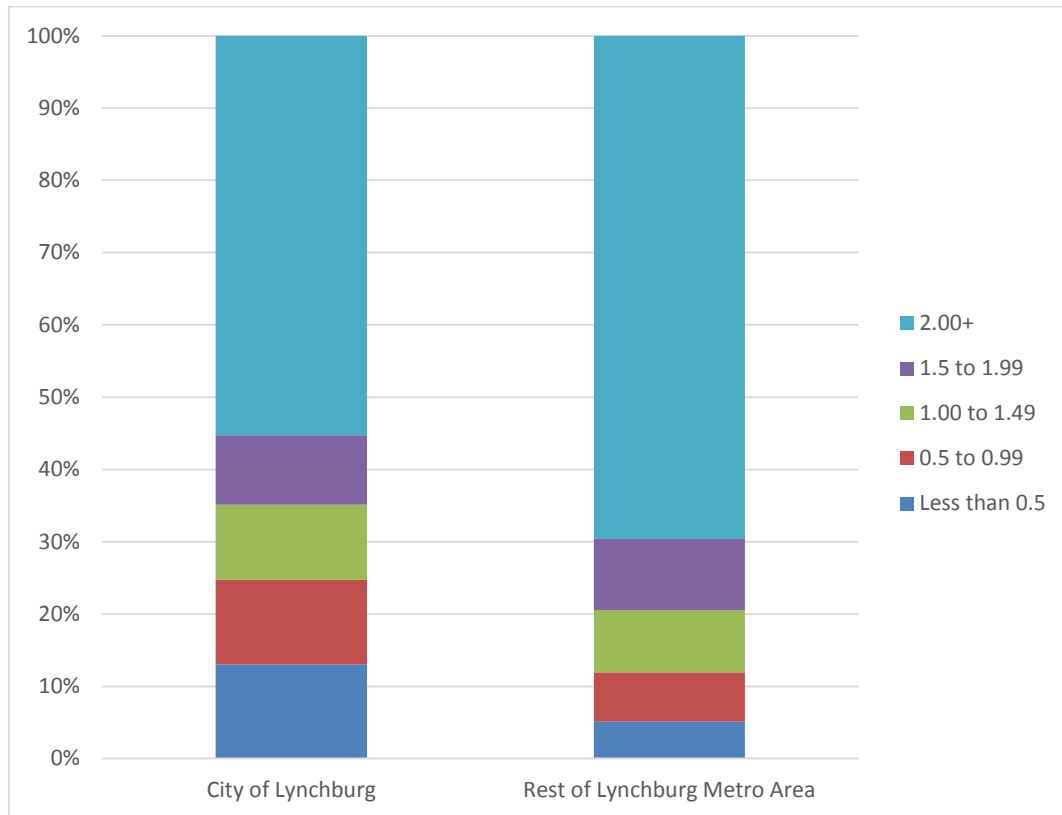
#### ***Comparison: Lynchburg and its metro region***

Lynchburg is surrounded by four counties of varying sizes: While Amherst and Appomattox are considerably smaller, Bedford County (which now includes the former Bedford city) and Campbell County are closer in size to Lynchburg. The rate of poverty in this surrounding region is considerably lower than in Lynchburg, as demonstrated by Figure 8. In particular, the American Community Survey-based poverty rate of the remainder of the metro area totals to only 11.9 percent, as compared with the ACS-derived rate of 24.7 percent for Lynchburg, alone. Beyond this, approximately 70 percent of surrounding counties' residents have incomes putting them beyond 200 percent of poverty, while only 55 percent of Lynchburg's population demonstrates that degree of income security. In other words, not only is poverty more prevalent in Lynchburg than in the surrounding region, but economic security—as indicated by incomes at least twice the poverty income level—is, in general, less common.

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<sup>10</sup> Note that tracts in red actually have a larger number of program recipients than individuals living in poverty. This is likely due to the presence of individuals living *near* poverty who remain eligible for the programs.

Figure 8: Ratio of household incomes to poverty level, Lynchburg city vs. surrounding counties



Note: The data above reflect American Community Survey estimates between 2009 and 2013

Table 5 demonstrates poverty rates in surrounding counties, individually. Please see Appendix C for the ranges reflecting the estimates along with their margins of error.

Table 5: Poverty rate comparison table, Lynchburg vs. Metro Area

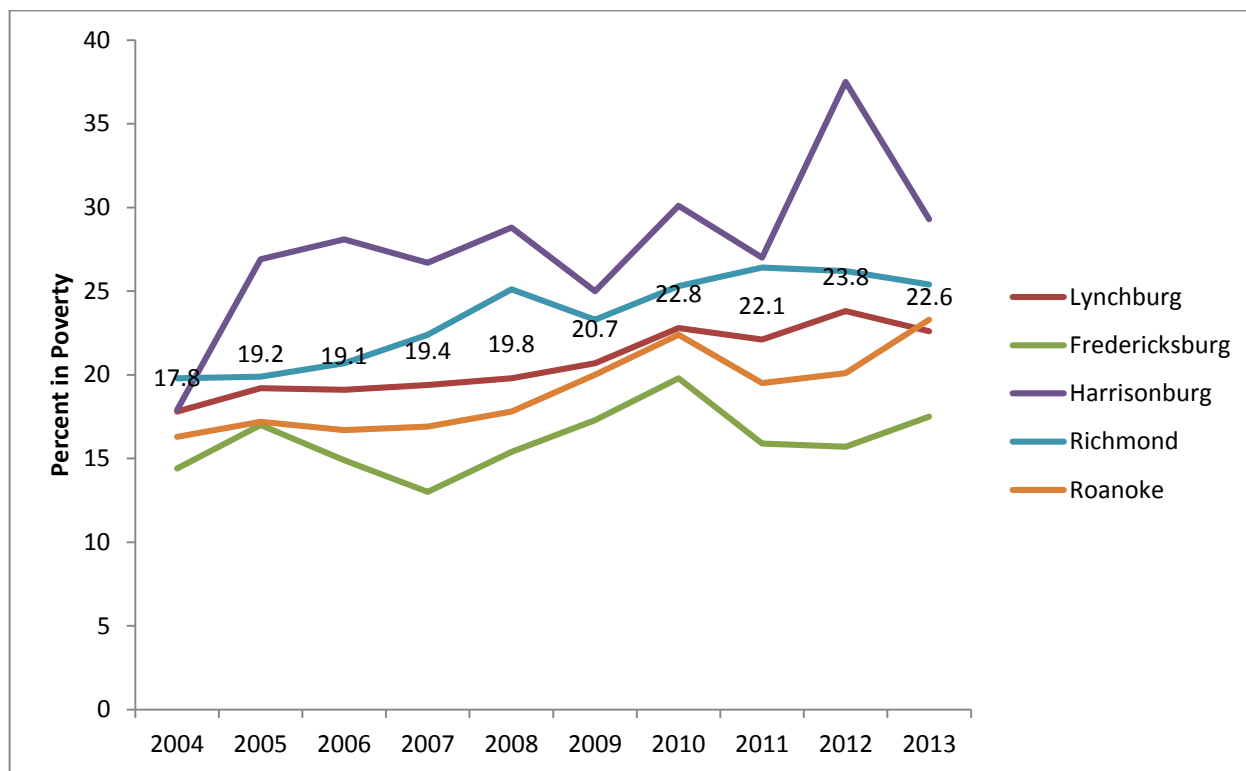
|                   | Overall poverty rate | Childhood poverty rate (0-17) | Share of poor population under 18 years |
|-------------------|----------------------|-------------------------------|-----------------------------------------|
| <b>Lynchburg</b>  | <b>22.6</b>          | <b>30.0</b>                   | <b>29.2</b>                             |
| <b>Metro Area</b> |                      |                               |                                         |
| Amherst           | 14.2                 | 20.8                          | 30.4                                    |
| Appomattox        | 16.2                 | 24.0                          | 32.2                                    |
| Bedford           | 8.9                  | 12.3                          | 28.6                                    |
| Campbell          | 13.3                 | 18.7                          | 28.8                                    |

NOTE: These data are derived from SAIPE for the year 2013

### ***Comparison: Lynchburg and peer cities***

The management of Lynchburg city considers the city's peers to include Fredericksburg, Harrisonburg, Richmond, and Roanoke. The poverty rate in Lynchburg has, over the decade between 2004 and 2013, generally represented the median poverty rate among this group of cities, though it was surpassed by that of Roanoke in 2013, as demonstrated by Figure 9.

Figure 9: Poverty in Lynchburg and peer cities, 2004-2013



NOTE: These data are derived from SAIPE for the years 2004 to 2013. Data labels apply to Lynchburg city, alone.

The 2013 childhood poverty rate in Lynchburg, again, represents the median of these values, as demonstrated by Table 6. However, note that while the overall poverty rate of Roanoke is similar to that of Lynchburg, Roanoke's childhood poverty rate is considerably higher than the Lynchburg figure. Richmond, too, has a noticeably elevated childhood poverty rate.

Table 6: Poverty rate comparison table, Lynchburg city vs. peer cities

|                    |                | Overall poverty rate | Childhood poverty rate (0-17) | Share of poor population under 18 years |
|--------------------|----------------|----------------------|-------------------------------|-----------------------------------------|
| <b>Lynchburg</b>   |                | <b>22.6</b>          | <b>30.0</b>                   | <b>29.2</b>                             |
| <b>Peer Cities</b> |                |                      |                               |                                         |
|                    | Fredericksburg | 17.5                 | 23.0                          | 28.8                                    |
|                    | Harrisonburg   | 29.3                 | 23.4                          | 14.5                                    |
|                    | Richmond       | 25.4                 | 37.8                          | 28.6                                    |
|                    | Roanoke        | 23.3                 | 36.5                          | 34.1                                    |

NOTE: These data are derived from SAIPE for the year 2013

In Lynchburg, its peer cities, and the counties of its metro area, childhood poverty rates are typically higher than overall poverty rates. As in Lynchburg, the shares of the poor population under the age of 18 in Fredericksburg, Richmond, and Roanoke are higher than the shares of children in these cities' overall household populations (approximately 21.7, 19.1, and 21.7, respectively). This indicates that poverty is

disproportionately borne by children and, by definition, their families in these cities—particularly in Roanoke, which shows the greatest disparity between these two shares.

However, notice the reversal of this trend for Harrisonburg: the rate of childhood poverty is *lower* than the overall poverty rate in Harrisonburg. Moreover, only about one in seven of poor Harrisonburg residents is a child, as compared with three out of ten in Lynchburg. This trend—lower childhood poverty rate than overall poverty rate, and low share of children in poverty—is commonly found among localities with high postsecondary student populations, as described in the following subsection.

Among cities identified by Lynchburg city management as “peer cities,” several appear similar to Lynchburg in isolated aspects of poverty, but none are directly comparable.

- By sheer numbers, Harrisonburg’s poverty population of around 13,700 comes closest to Lynchburg’s 15,600 in poverty. However, these two cities’ poverty profiles by education status are distinct (see Table 7 and Figure 10).
- In terms of poverty by school enrollment, Fredericksburg bears the strongest resemblance to Lynchburg, with approximately 27 percent of the city’s poor currently enrolled in postsecondary education. On the other hand, Fredericksburg has a far lower poverty rate, and number of overall residents in poverty, than does Lynchburg.
- Finally, though Roanoke has a far lower share of students in poverty, its overall poverty rate is relatively similar to that of Lynchburg.

### ***Comparison: Lynchburg and college towns***

Student populations are densest in localities with large universities. For these localities, student poverty may contribute to high overall poverty rates. As demonstrated in Section III, Lynchburg poverty, however, is not strongly driven by off-campus postsecondary students. For Lynchburg, the traditional poverty measure does a reasonably good job describing intergenerational poverty, which remains high even after all postsecondary students are excluded from the measurement.

A careful review of childhood poverty rates, respective shares of children in poverty, and postsecondary enrollment status among the poverty populations in Virginia college towns<sup>11</sup> further underscores that postsecondary students contribute disproportionately to the overall poverty rates in a majority of Virginia localities with universities—and that Lynchburg decidedly does not fit this mold.

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<sup>11</sup> Charlottesville city (University of Virginia), Harrisonburg city (James Madison University), Lexington city (Washington and Lee University, Virginia Military Institute), Montgomery county (Virginia Tech), Radford city (Radford University), and Williamsburg city (College of William and Mary)

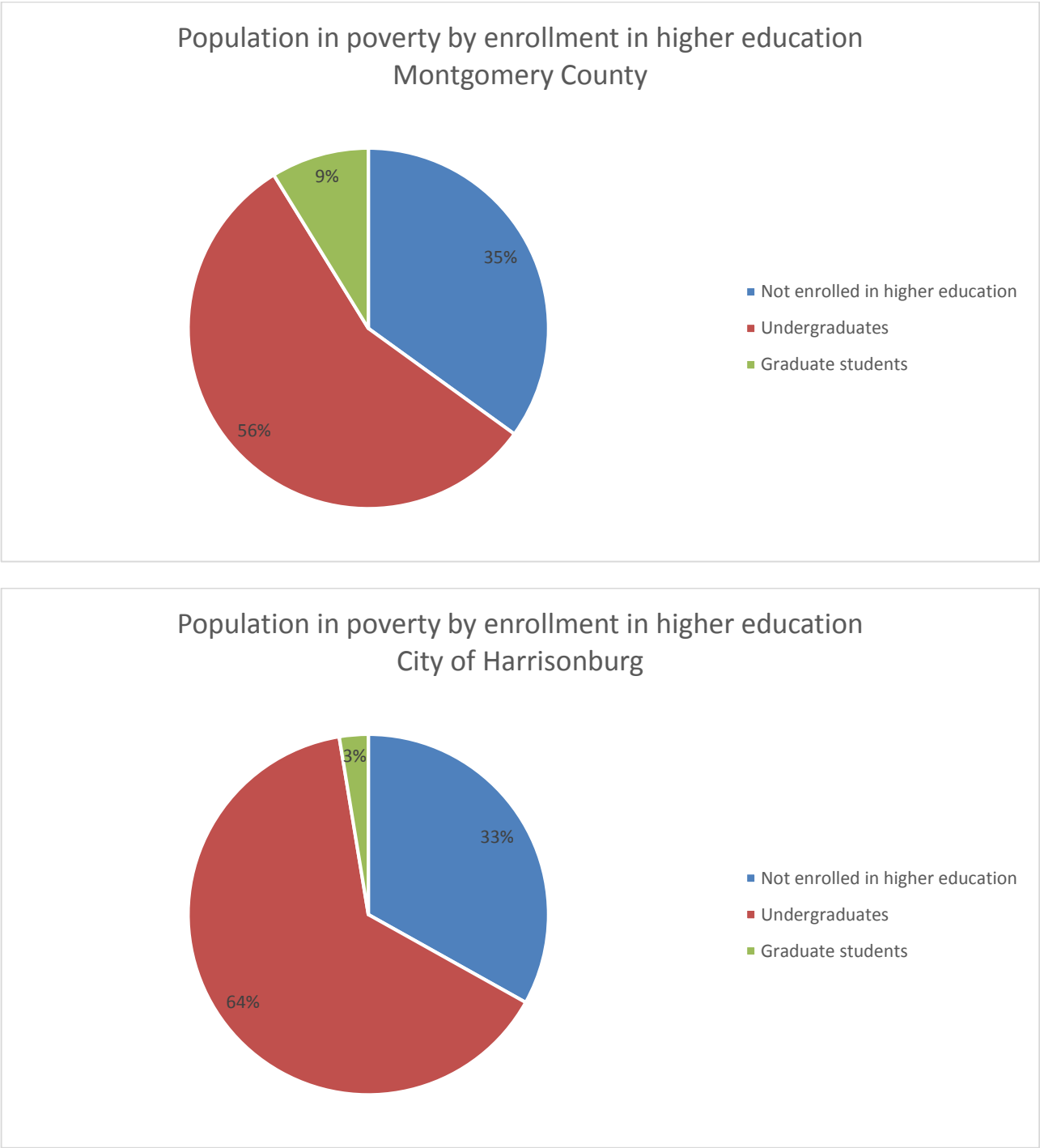
Table 7: Poverty rate comparison table, Lynchburg city vs. select postsecondary student-dense localities

|                                          |                  | Overall poverty rate | Childhood poverty rate (0-17) | Share of poor population under 18 years |
|------------------------------------------|------------------|----------------------|-------------------------------|-----------------------------------------|
|                                          | <b>Lynchburg</b> | <b>22.6</b>          | <b>30.0</b>                   | <b>29.2</b>                             |
| <b>Selected Virginia "College Towns"</b> |                  |                      |                               |                                         |
|                                          | Charlottesville  | 22.9                 | 23.7                          | 16.4                                    |
|                                          | Harrisonburg     | 29.3                 | 23.4                          | 14.5                                    |
|                                          | Lexington        | 24.3                 | 14.7                          | 10.9                                    |
|                                          | Montgomery       | 23.4                 | 18.3                          | 13.5                                    |
|                                          | Radford          | 31.3                 | 20.5                          | 10.3                                    |
|                                          | Williamsburg     | 21.1                 | 25.7                          | 17.7                                    |

NOTE: These data are derived from SAIPE for the year 2013

Among the listed six “college towns,” only Charlottesville and Williamsburg cities adhere to the trend seen in Lynchburg, wherein childhood poverty rate exceeds the overall poverty rate. In none of these towns, however, does the share of children among the poor population—as low as one in ten in Radford and Lexington—resemble that of Lynchburg. These low shares of children in poverty suggest that a large portion of poor residents live outside of family homes—and likely outside of intergenerational poverty. To examine this hypothesis, it is helpful to study examples of the American Community Survey poverty by educational enrollment data for a selection of these college towns.

Figure 10: Population in poverty by enrollment in higher education, Harrisonburg city and Montgomery county



Note: The data above reflect American Community Survey estimates between 2009 and 2013

The majority of the poor population in each of Harrisonburg and Montgomery is enrolled in postsecondary education. In contrast, only about one in four poor Lynchburg residents is a postsecondary student.

Finally, as indicated in Section III, the Census report *Examining the Effect of Off-Campus College Students on Poverty Rates*, is a helpful resource in identifying college towns with poverty rates strongly driven by postsecondary students. This report proposes that for the years between 2009 and 2011, the poverty rate in

Lynchburg—officially calculated to be 24.1 percent during that time frame—would have been 3.3 percentage points *lower*, at 20.8 percent, had off-campus college students reporting been excluded from the poverty universe.<sup>12</sup> This difference was not determined to be statistically significant, indicating that the traditional calculation of poverty rate captures an accurate image of poverty in Lynchburg.

On the other hand, this same Census product reports that for the years between 2009 and 2011, excluding college students would have resulted in a *13.0 percentage point* reduction (from 23.7 to 10.7 percent) in the poverty rate in Montgomery county—and a *16.2 percentage point* reduction in Harrisonburg (from 32.1 to 15.9 percent). These statistically significant differences indicate that postsecondary students actively drive poverty in these other college towns. This presents a stark contrast with Lynchburg, which maintains a relatively high poverty rate even after postsecondary students have been excluded—again, indicating the prevalence of intergenerational poverty in the city.

## Conclusion

Unlike typical Virginia college localities, in which high rates of poverty are driven by poverty in postsecondary students populations, poverty in Lynchburg appears to be predominantly intergenerational. This report has revealed a few particular areas in which it may be valuable to invest time, energy, or funding to address the needs of this particular population in poverty.

Employment rates among Lynchburg residents in poverty are strikingly dissimilar from those above poverty. This is particularly notable among those who report being unemployed—in other words, among a population actively seeking jobs. Given that full-time postsecondary students are more likely to report a current status of “out of the labor force,” the population both unemployed and in poverty is likely to be in intergenerational need. Efforts to boost employment—either through economic investment in local industry, increased emphasis on workforce development programs, or explicit efforts to match individuals to openings—will particularly benefit the population of interest: those in intergenerational poverty.

Social safety net uptake is strong in the poorest, non-student-dominated regions of the city. However, those in poverty living outside of the immediate downtown and university areas—particularly in Census Tract 2.01—may not be participating in such programs as fully as they are able. While the additional resources of programs such as SNAP will not directly lift individuals out of poverty, these near-cash benefits allow cash income to be stretch further than it otherwise might. Furthermore, there is evidence to suggest that SNAP, in particular, encourages employment among recipients—likely a result of the employment incentive caused by eligibility requirements.<sup>13</sup> Though the poverty rate of this western tract is lower than the city-wide average, hundreds of individuals living there are poor. This population stands to gain from increased social safety net education and outreach efforts—and the city may, as well.

Note that concerted and meaningful efforts in these areas require leadership with the authority to direct investment. While the existing menu of anti-poverty initiatives in Lynchburg may meet certain aspects of the need, a focused effort will have greater reach and capacity to improve outcomes for the full population in intergenerational poverty.

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<sup>12</sup> Ranges are, respectively, 21.6 to 26.1 percent and 17.3 to 24.3 percent.

<sup>13</sup> SNAP is more inclusive than Medicaid in Virginia; for example, it allows employed individuals *without* dependents to qualify.

## Appendix A: 2013 Poverty Thresholds (in dollars)

| Size of family unit               | Related children under 18 years |        |        |        |        |        |        |        |        |
|-----------------------------------|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                   | None                            | One    | Two    | Three  | Four   | Five   | Six    | Seven  | Eight+ |
| One person (unrelated individual) |                                 |        |        |        |        |        |        |        |        |
| Under 65 years                    | 12,119                          |        |        |        |        |        |        |        |        |
| 65 years and over                 | 11,173                          |        |        |        |        |        |        |        |        |
| Two people                        |                                 |        |        |        |        |        |        |        |        |
| Householder < 65                  | 15,600                          | 16,057 |        |        |        |        |        |        |        |
| Householder 65+                   | 14,081                          | 15,996 |        |        |        |        |        |        |        |
| Three people                      | 18,222                          | 18,751 | 18,769 |        |        |        |        |        |        |
| Four people                       | 24,028                          | 24,421 | 23,624 | 23,707 |        |        |        |        |        |
| Five people                       | 28,977                          | 29,398 | 28,498 | 27,801 | 27,376 |        |        |        |        |
| Six people                        | 33,329                          | 33,461 | 32,771 | 32,110 | 31,128 | 30,545 |        |        |        |
| Seven people                      | 38,349                          | 38,588 | 37,763 | 37,187 | 36,115 | 34,865 | 33,493 |        |        |
| Eight people                      | 42,890                          | 43,269 | 42,490 | 41,807 | 40,839 | 39,610 | 38,331 | 38,006 |        |
| Nine+ people                      | 51,594                          | 51,844 | 51,154 | 50,575 | 49,625 | 48,317 | 47,134 | 46,842 | 45,037 |

Source: U.S. Census Bureau, Retrieved via <https://www.census.gov/hhes/www/poverty/data/threshld/>



## **Appendix B: Notes on the population for whom poverty status is determined, ACS 2009-2013**

Total population of Lynchburg: **76,467**

Total population for whom poverty status is determined: **66,931**

Population for whom poverty status is not determined: **9,536**

Total postsecondary students: **16,204**

Enrolled in "public" college or university: **3,205**

Enrolled in "private" college or university: **12,999**

Postsecondary students for whom poverty status is determined: **8,406**

Students in poverty: **4,266**

Students not in poverty: **4,140**

Postsecondary students for whom poverty status is not determined: **7,798**

*Postsecondary students comprise 81% of total population for whom poverty status is not determined in Lynchburg.*

## Appendix C: Estimate ranges

Ranges affiliated with **Figure 1: Poverty by Census tract, Lynchburg city** and **Table 2: Tract universe coverage and poverty rates, Lynchburg city**

| Census tract      | Stated poverty rate | Range of estimates |
|-------------------|---------------------|--------------------|
| Census Tract 1    | 8.1%                | 4.9 – 11.4         |
| Census Tract 2.01 | 8.9%                | 4.4 – 13.4         |
| Census Tract 2.02 | 25.6%               | 15.3 – 35.9        |
| Census Tract 2.03 | 62.9%               | 17.4 – 100.0       |
| Census Tract 3    | 18.1%               | 12.9 – 23.3        |
| Census Tract 4    | 24.3%               | 14.4 – 34.2        |
| Census Tract 5    | 43.1%               | 32.6 – 53.6        |
| Census Tract 6    | 34.5%               | 25.4 – 43.7        |
| Census Tract 7    | 36.7%               | 21.6 – 51.8        |
| Census Tract 8.01 | 32.0%               | 18.2 – 45.7        |
| Census Tract 8.02 | 14.5%               | 9.0 – 20.0         |
| Census Tract 9    | 23.4%               | 17.4 – 29.4        |
| Census Tract 10   | 15.5%               | 7.4 – 23.6         |
| Census Tract 11   | 29.4%               | 20.4 – 38.4        |
| Census Tract 14   | 71.7%               | 42.0 – 100.0       |
| Census Tract 16   | 40.7%               | 33.9 – 47.4        |
| Census Tract 17   | 12.4%               | 6.5 – 18.2         |
| Census Tract 18   | 10.4%               | 5.2 – 15.6         |
| Census Tract 19   | 37.5%               | 27.0 – 48.0        |

Ranges affiliated with **Table 2: Tract universe coverage and poverty rates, Lynchburg city**

| <b>Census tract</b> | <b>Range of postsecondary students' proportion of poor population</b> |
|---------------------|-----------------------------------------------------------------------|
| Census Tract 1      | 16.7 – 48.2                                                           |
| Census Tract 2.01   | 0.0 – 14.2                                                            |
| Census Tract 2.02   | 9.6 – 23.5                                                            |
| Census Tract 2.03   | 54.1 – 100.0                                                          |
| Census Tract 3      | 5.7 – 19.1                                                            |
| Census Tract 4      | 4.0 – 21.7                                                            |
| Census Tract 5      | 0.0 – 14.1                                                            |
| Census Tract 6      | 0.0 – 2.9                                                             |
| Census Tract 7      | 1.1 – 9.6                                                             |
| Census Tract 8.01   | 4.6 – 66.3                                                            |
| Census Tract 8.02   | 20.9 – 66.4                                                           |
| Census Tract 9      | 44.1 – 69.2                                                           |
| Census Tract 10     | 9.0 – 48.3                                                            |
| Census Tract 11     | 0.0 – 7.5                                                             |
| Census Tract 14     | 36.7 – 71.3                                                           |
| Census Tract 16     | 36.3 – 51.7                                                           |
| Census Tract 17     | 24.4 – 100.0                                                          |
| Census Tract 18     | 12.3 – 77.0                                                           |
| Census Tract 19     | 1.8 – 11.4                                                            |

Ranges affiliated with **Figure 2: Poverty composition by race, Lynchburg city** and **Table 3: Poverty by race and ethnicity, Lynchburg city**

| <b>Race</b>                  | <b>Proportion of overall population</b> | <b>Proportion of population in poverty</b> |
|------------------------------|-----------------------------------------|--------------------------------------------|
| White                        | 62.3 - 63.9                             | 44.4 - 52.8                                |
| Black                        | 29.5 - 30.5                             | 37.6 - 46.6                                |
| Asian                        | 2.6 - 3.0                               | 3.5 - 6.7                                  |
| Two or more reported races   | 2.3 - 3.9                               | 1.7 - 5.5                                  |
| Other                        | 0.5 - 1.7                               | 0.0 - 1.3                                  |
| <b>Ethnicity</b>             |                                         |                                            |
| Hispanic or Latino, any race | 3.0 - 3.2                               | 0.8 - 2.8                                  |

Ranges affiliated with **Table 4: Poverty by educational attainment among residents over the age of 24, Lynchburg city** and **Figure 3: Poverty by educational attainment for the population aged 25+, Lynchburg city**

| <b>Educational attainment for population aged 25+</b> | <b>Proportion of overall population</b> | <b>Proportion of population in poverty</b> |
|-------------------------------------------------------|-----------------------------------------|--------------------------------------------|
| Less than high school                                 | 12.0 - 14.2                             | 23.1 - 30.3                                |
| High school graduate, including GED                   | 24.7 - 27.7                             | 32.6 - 41.2                                |
| Some college, including associate's degree            | 27.3 - 30.5                             | 19.2 - 26.4                                |
| Bachelor's or beyond                                  | 30.4 - 33.2                             | 10.5 - 16.7                                |

Ranges affiliated with **Figure 4: Poverty by labor force status for ages 20 through 64, Lynchburg city**

| <b>Total population age 20-64</b> |                    | <b>Range</b> |
|-----------------------------------|--------------------|--------------|
|                                   | Employed           | 66.5 – 71.5  |
|                                   | Unemployed         | 6.6 – 8.8    |
|                                   | Not in labor force | 15.6 – 25.0  |
| <b>Income below poverty level</b> |                    | <b>Range</b> |
|                                   | Employed           | 32.0 – 41.2  |
|                                   | Unemployed         | 15.0 – 21.9  |
|                                   | Not in labor force | 41.2 – 48.7  |

Ranges affiliated with **Figures 5 and 10: Population in poverty by enrollment in higher education**

| <b>Proportion of residents with income below poverty level enrolled in higher education</b> |                                  |                            |                               |
|---------------------------------------------------------------------------------------------|----------------------------------|----------------------------|-------------------------------|
|                                                                                             | Not enrolled in higher education | Enrolled as undergraduates | Enrolled as graduate students |
| Lynchburg                                                                                   | 71.3 – 74.5                      | 20.6 – 26.8                | 2.4 – 4.9                     |
| Harrisonburg                                                                                | 30.2 – 36.0                      | 62.4 – 66.2                | 1.5 – 3.7                     |
| Radford                                                                                     | 22.4 – 34.3                      | 55.6 – 83.5                | 0.3 – 3.9                     |
| Roanoke                                                                                     | 83.8 – 100.0                     | 3.5 – 6.9                  | 0.8 – 2.0                     |
| Fredericksburg                                                                              | 71.3 – 74.5                      | 19.7 – 32.9                | 0.0 – 2.2                     |

Ranges affiliated with **Figure 8: Ratio of household incomes to poverty level, Lynchburg city vs. surrounding counties**

| <b>Ratio of income to poverty level</b> |                |             |             |             |             |
|-----------------------------------------|----------------|-------------|-------------|-------------|-------------|
| Geography                               | Less than 0.50 | 0.50 – 0.99 | 1.00 – 1.49 | 1.50 – 1.99 | 2.00 and up |
| City of Lynchburg                       | 11.5 – 14.7    | 10.0 – 13.3 | 8.9 – 11.9  | 8.0 – 11.2  | 53.1 – 57.4 |
| Rest of Lynchburg metropolitan area     | 4.6 – 5.9      | 6.1 – 7.6   | 7.8 – 9.4   | 9.0 – 10.7  | 68.4 – 70.8 |

Ranges affiliated with **Table 5: Poverty rate comparison table, Lynchburg vs. Metro Area**, **Table 6: Poverty rate comparison table, Lynchburg city vs. peer cities** and **Table 7: Poverty rate comparison table, Lynchburg city vs. select postsecondary student-dense localities**

|                                          |                 | Overall poverty rate | Childhood poverty rate (0-17) | Share of poor population under 18 years |
|------------------------------------------|-----------------|----------------------|-------------------------------|-----------------------------------------|
| <b>Lynchburg</b>                         |                 | <b>19.1 - 26.1</b>   | <b>24.2 - 35.8</b>            | 25.9 - 32.6                             |
| <b>Selected Virginia "College Towns"</b> |                 |                      |                               |                                         |
|                                          | Charlottesville | 20.0 - 25.8          | 18.2 - 29.2                   | 13.2 - 19.5                             |
|                                          | Harrisonburg    | 25.8 - 32.8          | 18.0 - 28.8                   | 11.7 - 17.4                             |
|                                          | Lexington       | 18.8 - 29.9          | 11.3 - 18.1                   | 10.6 - 11.1                             |
|                                          | Montgomery      | 21.0 - 25.8          | 14.7 - 21.9                   | 11.1 - 15.8                             |
|                                          | Radford         | 25.9 - 36.7          | 15.6 - 25.4                   | 8.7 - 12.0                              |
|                                          | Williamsburg    | 16.6 - 25.6          | 19.7 - 31.7                   | 16.0 - 19.4                             |
| <b>Peer Cities</b>                       |                 |                      |                               |                                         |
|                                          | Fredericksburg  | 14.2 - 20.8          | 18.0 - 28.0                   | 25.7 - 31.9                             |
|                                          | Harrisonburg    | 25.8 - 32.8          | 18.0 - 28.8                   | 11.7 - 17.4                             |
|                                          | Richmond        | 23.3 - 27.5          | 33.1 - 42.5                   | 25.9 - 31.2                             |
|                                          | Roanoke         | 20.6 - 26.0          | 30.7 - 42.3                   | 30.4 - 37.9                             |
| <b>Metro Area</b>                        |                 |                      |                               |                                         |
|                                          | Amherst         | 11.3 - 17.1          | 16.0 - 25.6                   | 27.4 - 33.4                             |
|                                          | Appomattox      | 13.0 - 19.4          | 18.8 - 29.2                   | 29.6 - 34.9                             |
|                                          | Bedford         | 7.1 - 10.7           | 9.4 - 15.2                    | 25.4 - 31.7                             |
|                                          | Campbell        | 10.6 - 16.0          | 14.4 - 23.0                   | 25.7 - 31.8                             |

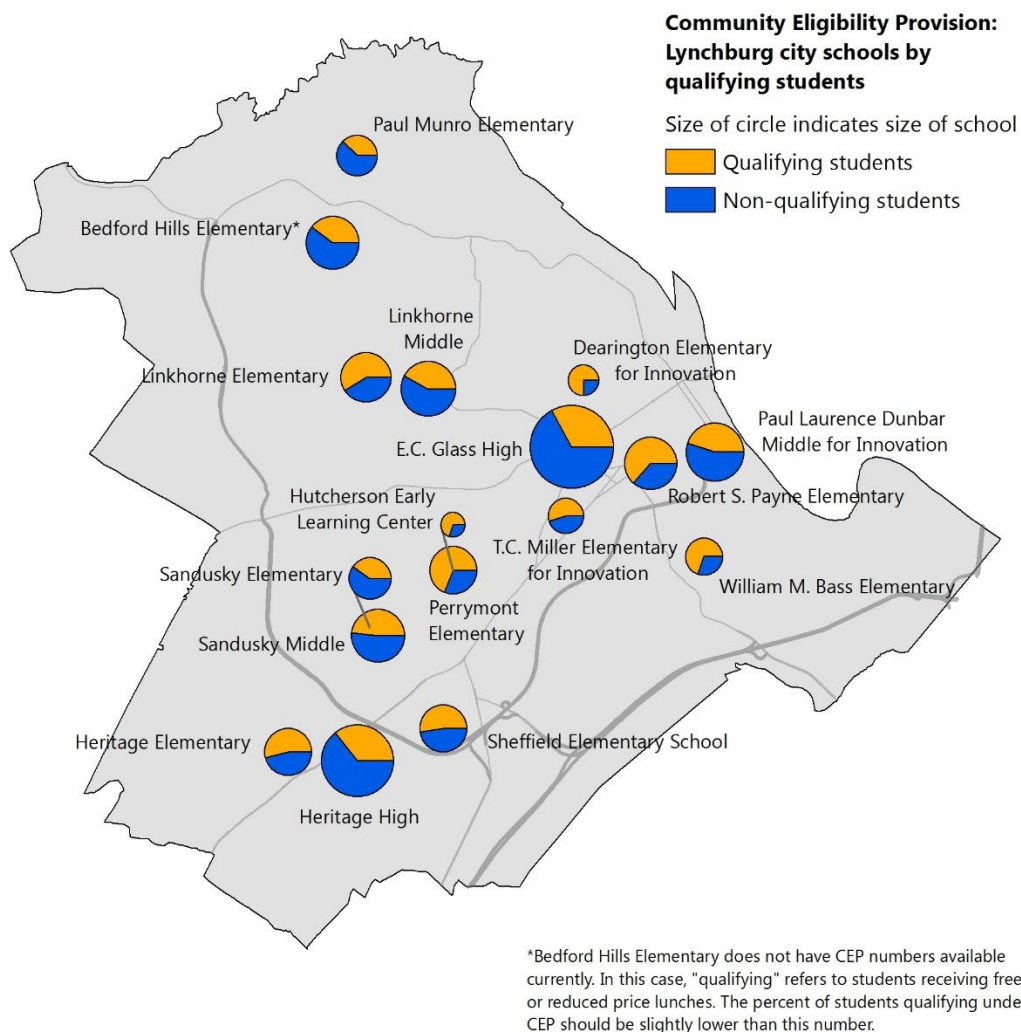
## Appendix D: Community Eligibility Provision

In school year 2015-2016, ten Lynchburg public schools began participating in a relatively recent school lunch program from the Office of Food and Nutrition Service at the United States Department of Agriculture. One particular benefit to this program, called the Community Eligibility Provision (CEP), is that it provides free lunch and breakfast to all students in participating schools.

Program eligibility is conditioned on the proportion of so-called identified students—students in demonstrated poverty, as confirmed through participation in other social safety net programs—in the school population. A majority of Lynchburg schools demonstrated eligibility to participate in this program by surpassing a minimum threshold of 40 percent identified students.

Childhood poverty proxies for family poverty, since children's poverty status is determined by the adults with whom they live. High rates of identified students across the majority of city schools serve as another strong indicator of the intergenerational poverty in Lynchburg.

Figure: Community Eligibility Provision by school, Lynchburg city



Source: Virginia Department of Education, 2015-2016 School Sites potentially eligible for CEP. Accessed via [http://doe.virginia.gov/support/nutrition/statistics/cep/2015-16/cep\\_school\\_report\\_sy2015-16.pdf](http://doe.virginia.gov/support/nutrition/statistics/cep/2015-16/cep_school_report_sy2015-16.pdf)

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **December 8, 2015**

AGENDA ITEM NO.: 3

CONSENT:                REGULAR:                WORK SESSION: **X**

CLOSED SESSION:  
(Confidential)

ACTION:                                INFORMATION: **X**

ITEM TITLE:   **Zoning Ordinance Rewrite**

RECOMMENDATION: Review proposed changes to the Zoning Ordinance.

SUMMARY: City Council conducted a work session and public hearing concerning the proposed Zoning Ordinance Revisions on November 10, 2015. After the public hearing, Council directed staff to place the item on the November 24, 2015 work session agenda. Council discussed provisions for farm animals and bicycle parking on November 24 and will continue to discuss the remaining items at the December 8, 2015 work session. The attached memorandum lists Council's revisions to the section on farm animals, outstanding issues, staff recommendations and/or options for consideration by Council.

PRIOR ACTION(S):

November 24, 2015: City Council work session.

November 10, 2015: City Council public hearing.

November 10, 2015: City Council work session.

October 27, 2015: City Council work session.

October 13, 2015: City Council work session.

September 23, 2015: The Planning Division recommended approval of the revised Zoning Ordinance.

The Planning Commission recommended approval of the Zoning Ordinance (5-0 with one vacancy and one absence, Mays).

FISCAL IMPACT:        N/A

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

ATTACHMENT(S):

- Memorandum – Zoning Ordinance Workshop – December 8, 2015

REVIEWED: lkp

139K

**TO:** Mayor Gillette and City Council

**FROM:** Michael Lauer, AICP – Principal (**updated by staff**)

**DATE:** ~~November 24, 2015~~ December 8, 2015

**RE:** Zoning Ordinance Workshop

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

This memo responds to unresolved concerns raised by the Council during the October and November work sessions in addition to responding to comments from the November 10 public hearing. The suggested language is provided to resolve these and is subject to revision based on the Council's decisions during the work session or following the public hearing.

## Farm Animals

At the November 24 work session, Council reached consensus on the following provisions for Farm Animals:

| Farm Animals              | Zoning Provisions                                                   |                                                                                                                                                                                                                                                                                                       |
|---------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Poultry</b>            | Definition                                                          | Any free-ranging, domesticated fowl, with an adult weight no greater than 30 lbs.                                                                                                                                                                                                                     |
|                           | Distance of enclosure from nearest residence and/or property lines  | <ul style="list-style-type: none"> <li>• 20 feet from property line for 4 or fewer hens</li> <li>• 20 feet from property line and 100 feet from nearest residence if more than 4 hens are kept</li> <li>• Located behind front building line</li> </ul>                                               |
|                           | Maximum number of fowl                                              | <ul style="list-style-type: none"> <li>• 4 fowl on lots of 15,000 sq.ft or smaller plus</li> <li>• 1 fowl for every additional 5,000 sq.ft. of lot area</li> <li>• Maximum of 20 fowl</li> </ul>                                                                                                      |
| <b>Small farm animals</b> | Definition                                                          | Any domesticated farm animal used for the production of food and food products, with an adult weight no greater than 150 lbs.                                                                                                                                                                         |
|                           | Maximum number of small farm animals & distance from property line. | <ul style="list-style-type: none"> <li>• 2 small animals on lots less than 10 ac.</li> <li>• Minimum lot size of 15,000 sf.</li> <li>• 1 additional small farm animal per additional acre of lot area</li> <li>• Located behind front building line</li> <li>• 20 feet from property line.</li> </ul> |
|                           | Keeping of swine                                                    | Prohibited                                                                                                                                                                                                                                                                                            |
| <b>Large farm animals</b> | Definition                                                          | Any animal with an adult weight of 151 lbs. or greater                                                                                                                                                                                                                                                |
|                           | Maximum number of animals                                           | <ul style="list-style-type: none"> <li>• 2 acres minimum for keeping of up to 2 large animals.</li> </ul> Keeping of 3 or more large farm animals shall require 10 acres of land.                                                                                                                     |
|                           | Accommodations                                                      | Enclosures required and must be located at least 200 feet from any property line <ul style="list-style-type: none"> <li>• Located behind front building line</li> </ul>                                                                                                                               |

\*\*Commercial production – Any production of eggs, milk or meat for sale is prohibited on lots smaller than 10 acres.



## **Bicycle Parking**

Based on Council's November 24<sup>th</sup> discussion, staff recommends the following:

- A. **Quantity.** Adopt standards based on the Association of Pedestrian and Bicycle Professionals (APBP) recommendations, which base ratios on square feet of buildings. To address scenarios that would require large amounts of bicycle parking, adopt a low cap of five (5) racks, which can be adjusted as needed in the future. This treats Lynchburg's bicycle parking standards similar to how Lynchburg applies vehicular parking standards. Currently a low number of car parking spaces are required, and the private market adds more as needed.
- B. **Exemptions.** Council discussed exempting certain uses from bicycle parking requirements. Staff maintains that all uses have the potential for bicycle use, however, if Council sees the need to exempt specific uses, automobile oriented uses (excluding retail portions) is one reasonable option. Day cares, schools, colleges, and universities were already exempted from bike parking requirements, but encouraged to provide bicycle racks according to their need. Use of these facilities varies significantly and unless new information would be provided at site plan review, no fair ratio seemed reasonable. Schools have their own vested interest in providing bicycle racks and will likely do it on their own accord.
- C. **Sharing Bicycle Parking.** Provide an option for consolidating bicycle parking on site in multi-tenant developments. Require that parking be no more than two hundred (200) feet from building entrances and require that location be indicated on a sign if not visible from entrance.

## **Sidewalks**

While there was one suggestion to eliminate transit proximity from the list of factors enabling the waiver or reduction of sidewalks and Liberty University suggested that sidewalk design be addressed by proffers to the Zoning Administrator, the consensus of the City Council in the workshop seemed to be to eliminate the provisions for the waiver or reduction of sidewalks based on locational factors but to keep the flexibility to modify the design or eliminate the requirement of sidewalks as necessitated by steep cross-slopes, drainage features or other constraints. The modifying section 35.2-67.1 to state the following achieves these objectives:

### **Applicability**

Sidewalks and walkways that comply with Americans with Disabilities Act requirements shall be provided along all streets for any development subject to site plan review. The Zoning Administrator may lessen or eliminate the requirements of this section when existing slopes in excess of twenty-five (25) percent, stormwater conveyances or other physical constraints render required sidewalk improvements unfeasible.

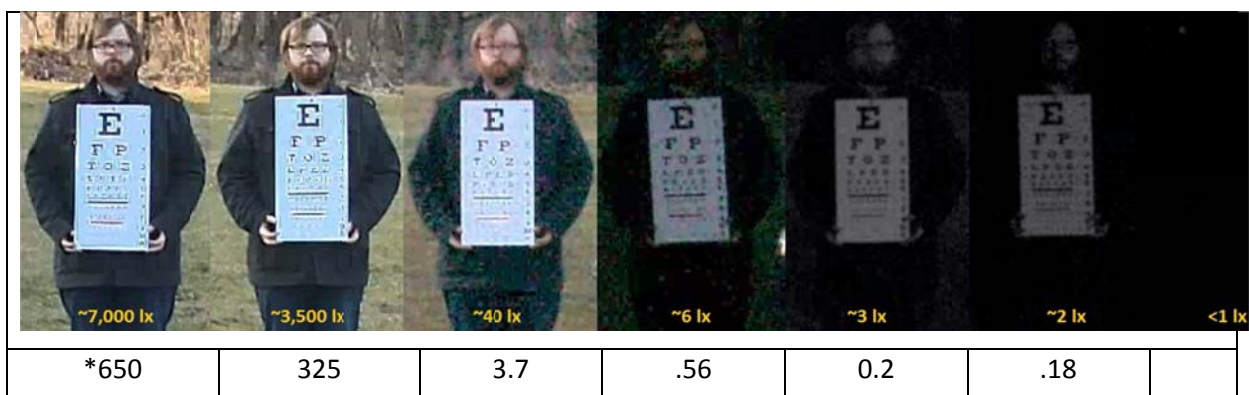
## **Cluster Commercial Development**

The City did not receive any testimony at the public hearing, but received comments prior to the hearing questioning the requirement that parking in cluster commercial development be located behind front building lines. The purpose of this conditional use is to provide greater intensity and design flexibility in order to create more pedestrian-oriented commercial and mixed-use development centers. The applicant is provided increased opportunity for the use of shared parking and is credited with on-street parking. Staff does not recommend allowing for conventional front-loaded parking lots because they are inconsistent with the purposes of this use. Cluster commercial is an optional development pattern and existing districts already allow for conventional commercial development by right. Cluster commercial incentives should not be provided for conventional development that does not satisfy this development patterns purposes.

## Outdoor Lighting

Two concerns were raised at the public hearing about outdoor lighting. First, that the introductory paragraph requires shielding for all fixtures except unshielded luminaires. While this sounds like a contradiction in isolation, the draft proceeds to establish more stringent lighting standards for unshielded luminaires. Staff recommends inserting a reference to the following paragraph in this section.

The second request was to reduce light spillover levels at residential property lines. The outdoor lighting levels were increased to 0.5 footcandles pursuant to discussion with AEP and reflect the lighting levels of other communities. While the proposed lighting levels are higher than those used for Dark Skies communities, they are not unreasonable lighting levels. For reference, the following pictures show the relative brightness in footcandles and provide a descriptive chart.



\*Footcandles

| Locality Comparison   | Light Trespass |
|-----------------------|----------------|
| Lynchburg Proposed    | .5 fc          |
| Augusta County        | .5 fc          |
| Bedford County        | .5 fc          |
| Blacksburg            | .5 fc          |
| Clarke County         | .2 fc          |
| Loudon County         | .25 fc         |
| Rocky Mount           | .5 fc          |
| Prince William County | .5 fc          |
| Roanoke County        | .5f c          |
| Warrenton County      | 1 fc           |

|            | Condition      | Light Level (LUX) | Foot Candles (FC) |
|------------|----------------|-------------------|-------------------|
| Day Time   | Sunlight       | 107,527           | 10,000            |
|            | Daylight       | 10,752.70         | 1,000             |
|            | Overcast Day   | 1,075.30          | 100               |
|            | Very Dark Day  | 107.53            | 10                |
|            | Twilight       | 10.75             | 1                 |
| Night Time | Deep Twilight  | 1.08              | 0.1               |
|            | Full Moon      | 0.108             | 0.01              |
|            | Quarter Moon   | 0.0108            | 0.001             |
|            | Starlight      | 0.0011            | 0.0001            |
|            | Overcast Night | 0.0001            | 0.00001           |

## Solar Panels

Solar panels would be allowed in the proposed ordinance provided height limitations within the particular zoning district are met. There are height exceptions listed for certain structures as provided in Section 35.2-61.2 (b):

1. The height limitations shall not apply to the following features projecting above the roof line: flag poles, church spires/steeple, belfries, cupolas and domes not used for human occupancy, chimneys, ventilators, skylights, water tanks, bulkheads or similar features, radio and television antennas for the

use of residents of dwelling units in apartments, and necessary mechanical appurtenances (including, but not limited to plumbing vents, exhaust vents, HVAC equipment, electrical connections, lightning rods and telecommunications connections) usually carried above the roof level provided that:

- a. Such a feature shall be erected only to a height necessary to accomplish the purpose it is intended to serve, but in no case more than fifteen (15) feet above its lowest point of contact with the roof.
- b. The total area covered by such features shall not exceed in horizontal cross-sectional area fifteen (15) percent of the area of the plane of roof upon which they are located.
- c. Such features as water tanks, cooling towers and bulkheads shall be enclosed within walls constructed of the same material as the main walls of the building on which they are located.

Staff believes that solar panels would be included in “necessary mechanical appurtenances”, however; it has been requested that solar panels be listed in the section for clarity.

## Responses to Comments from Liberty University

The following responses correspond with the comments included in the November 10 letter from Jerry Falwell.

| Article      | Item Number | Topic                                                        | Response                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------|-------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I            | 1           | Information Requirements                                     | No change recommended. The zoning ordinance does not list all information that may be required to assess compliance, particularly information required to assess compliance with conditions established by the Council subject to conditional zoning or a conditional use permit                                                                                                                                                                  |
| I            | 2           | Vesting against future stormwater requirements               | No change recommended. The City cannot vest against compliance with state or federal standards. Additionally, local stormwater requirements are not established in the zoning ordinance                                                                                                                                                                                                                                                           |
| II           | 1           | Defining cause for continuance                               | No change recommended. The City Council should retain the flexibility to determine whether the reasons for a requested continuance are appropriate.                                                                                                                                                                                                                                                                                               |
| II           | 2           | Allowing amendments to proffers at the City Council hearing  | No change recommended. The City Council should retain the right to consider additional voluntary proffers, deletions and or amendments to proffers offered as part of the conditional zoning request.                                                                                                                                                                                                                                             |
| II           | 3           | Cash proffers                                                | No change recommended. While the City is eligible to accept cash proffers, these have not been included as a condition of conditional zoning in the draft zoning ordinance. The provision authorizing the hearing body to consider other factors relevant to the application under Commonwealth law is an existing provision that allows the Council to consider all factors authorized by state law when evaluating conditional zoning requests. |
| IV R-C       | 1 & 2       | Subjective criteria for conditional uses in the R-C district | No change recommended. When evaluating a conditional use permit application, it is reasonable for the Council to consider whether development will minimize negative impacts on the volume and quality of stormwater runoff from land disturbance vegetation removal or parking lots. The finding will depend on the existing and proposed site conditions as well as the solutions proposed by the applicant.                                    |
| IV R-C & R-1 | 3           | Occupancy and grandfathering                                 | See above discussion for occupancy. Defining occupancy based on bedrooms is problematic because any house may be carved up into far more bedrooms than are consistent with the neighborhood and still comply with building codes. For large houses, there is the option to establish rooming or boarding houses by CUP.                                                                                                                           |
| IV B-1       | 1           | Drive-through windows                                        | No change recommended. For reasons discussed at the workshop, side-yard drive-through windows create conflicts with pedestrians. It is not uncommon for drug stores and banks to use rear drive-through windows, though this is typically done on corner lots.                                                                                                                                                                                    |
| IV B-1       | 2           | Sidewalks                                                    | See above discussion. The Zoning Administrator can't accept proffers and the draft regulations do provide some flexibility in the design of sidewalks based on topography, drainage or other constraints.                                                                                                                                                                                                                                         |

| Article | Item Number | Topic                                                          | Response                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------|-------------|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IV B-1  | 4           | Underground utilities                                          | No change recommended.                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| IV IN-2 | 1           | Authorized Uses                                                | No additional changes recommended. These comments were previously addressed with Liberty University representatives. Outdoor gun ranges are not allowed in the B-5 or IN-2 districts. Day care has been and continues to be allowed. Corporate campus uses have been added as a conditional use to the B-5 and IN-2 districts                                                                                                                                   |
| IV IN-2 | 2           | Residential uses                                               | Agree to delete this provision. The existing requirement for a CUP for residences that are not owned and operated by the applicable institution is an existing provision that may be deleted.                                                                                                                                                                                                                                                                   |
| IV IN-2 | 3           | Temporary construction and storage yards                       | No change recommended. Temporary construction yards and storage of materials is routinely allowed as necessary and accessory to any construction activity. No change is needed to authorize this activity.                                                                                                                                                                                                                                                      |
| VI      | 1           | Setbacks from limited access highways                          | No change recommended. This provision has previously been discussed by the Council                                                                                                                                                                                                                                                                                                                                                                              |
| VI      | 2           | Sign regulations                                               | Agree to clarify that the Zoning Administrator should not base sign setbacks on distances from unimproved streets.                                                                                                                                                                                                                                                                                                                                              |
| VI      | 3           | Lighting                                                       | Change previously made. The draft ordinance allows the flexibility for an applicant to submit a lighting plan for a larger area that demonstrates compliance with spillover lighting standards. To ensure compliance with the draft provisions, the City asks the lighting consultant who provides the lighting to certify compliance with the standards. Deletion of this requirement would eliminate the City's ability to effectively enforce the standards. |
| VI      | 4           | Internal Access                                                | Agree that the proposed language should be modified. While internal roads are encouraged, this is not a mandate. This encouraging language can be deleted without modifying the effect of the code.                                                                                                                                                                                                                                                             |
| VII     | 1           | Manufactured homes in IN-2                                     | No change recommended. The City Council has discussed this matter and directed staff to put this item on a list of future amendments for discussion.                                                                                                                                                                                                                                                                                                            |
| VII     | 2           | Modification of requirements for outdoor recreation facilities | Previously agreed to clarifications, no additional change recommended. In a previous memo discussed at a Council work session, the staff and consultant presented clarifications to these provisions that do not require buffering internal to the district and require bathroom and shower facilities for swimming pools only.                                                                                                                                 |
| VII     | 3           | Riding Stables in IN-2                                         | No change recommended. The standards for riding stables are reasonable and consistent with those for the B-5 district.                                                                                                                                                                                                                                                                                                                                          |
| IX      | 1           | Non-conformities                                               | No change recommended. The IN-2 district clearly authorizes all lawful non-conforming uses at the time of the formation of an IN-2 district as uses allowed by right excepting non-conforming signs and billboards. No changes have been made from the prior zoning ordinance.                                                                                                                                                                                  |

| Article     | Item Number | Topic                                                                                                    | Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------|-------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Use Changes | 1           | Mobile Home parks, trailer parks, campgrounds, active recreation facilities, schools and colleges in R-C | No additional changes recommended. Campgrounds have been added as a conditional use in the R-C district, but the other uses were specifically removed due to their inherent incompatibility with the purposes of the district. Any property owner has the right to request a rezoning of property that is currently zoned R-C and the Council may approve such change if it finds that the property can be developed for other purposes without compromising the purposes of the zoning ordinance and comprehensive plan. |

## Occupancy Standards

### 35.2-60.2 Buildings, Uses and Lots

#### (e) Occupancy.

On February 13, 1990, Council amended the definition of family to reduce the number of unrelated individuals from 5 to 3. *The concern throughout the zoning process has been the number of unrelated individuals residing in a structure within single-family districts and certain instances where more than three unrelated individuals have been legally allowed to occupy a structure.*

**Proposed:** Except as allowed by conditional use permit or for non-conforming duplex and multi-household dwellings, no single lot in an R-C, R-1 or R-2 district and no dwelling unit or boarding unit in any other district may be occupied by more than three (3) unrelated people. In other zoning districts, no dwelling unit or boarding unit may be occupied by more than three (3) unrelated people.

**Option:** Maintain current Zoning Ordinance standards for occupancy as no more than 3 unrelated individuals and define ownership as majority (51%) to allow an accessory unit.

*It is important to note that there is no permit required to rent a single-family structure and enforcement of occupancy standards is limited to a complaint basis.*

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November 2, 2015

// A special joint meeting of the Council of the City of Lynchburg and Lynchburg City School Board was held on the 2<sup>nd</sup> day of November, 2015, at 5:30 P.M. in the GLTC Transfer Station – 800 Kemper Street Third Floor Conference Room, Michael Gillette, President, presiding. The following Members were present:

Present: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette

7

Absent:

0

// Mayor Gillette and School Board Chair Mary Ann Hoss welcomed everyone to the Lynchburg City School Board and City Council joint meeting.

// Dr. Scott Brabrand, School Superintendent provided data on the State Accreditation and Federal Designation. He explained the different Accreditation categories including: Fully Accredited; Partially Accredited (Approaching Benchmark-Pass Rate); Partially Accredited (Improving School-Pass Rate); Partially Accredited (Warned School-Pass Rate); Partially Accredited (Reconstituted School); and To Be Determined. Dr. Brabrand then used these categories to examine the placement of Lynchburg City Schools.

State Accreditation Designations:

- Fully Accredited – Schools that meet all SOL pass rate benchmarks and GCI benchmark. There are four academic targets. High schools have an additional graduation target.

Bedford Hills ES – 4/4

Paul Munro ES 4/4

Sandusky ES – 4/4

- Partially Accredited: Approaching Benchmark-Pass Rate – Schools that are not Fully Accredited but that are within a narrow margin (2 points) of the adjusted SOL pass rates required for full accreditation.

R.S. Payne ES – 3/4

- Partially Accredited: Improving School-Pass Rate – Schools that are not Fully Accredited, and do not qualify for a rating of Partially Accredited: Approaching Benchmark-Pass Rate, but are making acceptable progress toward full accreditation.

T.C. Miller ES for Innovation – 2/4

- Partially Accredited: Warned School-Pass Rate – Schools that are not within a narrow margin of, nor making acceptable progress toward, achieving the adjusted SOL pass rates required for full accreditation.

E.C. Glass HS – 3/5

Heritage HS – 4/5

Linkhorne MS 3/4

Sheffield ES – 2/4

Dearington ES – 1/4

Linkhorne ES – 1/4

Perrymont ES – 1/4

W.M. Bass ES – 1/4

- Partially Accredited – Reconstituted School – Schools that fail to meet the requirements for full accreditation for four consecutive years.
- To Be Determined (TBD) – This designation indicates that the state is reviewing the progress of the school.

Heritage ES – 2/4

Dunbar MS – 3/4

Sandusky MS 3/4

The four targets are 75% pass rate for English, 70% for Math, 70% History, 70% for Science. High schools must also earn a Graduation Completion Index (GCI) of 85.

Federal Designations:

Met all Federal AMOs (36 targets – 18 English and 18 Math)

|               |                |               |             |
|---------------|----------------|---------------|-------------|
| Dearington ES | Linkhorne ES   | Paul Munro ES | Sandusky ES |
| Sandusky MS   | T.C. Miller ES | Perrymont ES  |             |

Did not meet all Federal AMOs

|                          |                       |                          |
|--------------------------|-----------------------|--------------------------|
| Bedford Hills ES – 34/36 | Heritage ES – 34/36   | R.S. Payne ES – 35/36    |
| Sheffield ES – 33/36     | W.M. Bass ES – 29/36  | Linkhorne MS – 34/36     |
| P.L. Dunbar MS – 33/36   | Heritage High – 35/36 | E. C. Glass High – 31/36 |

Title 1 Focus School – Ten percent of Virginia's Title 1 schools are identified based on performance in reading and/or math for students in the three proficiency \*gap groups. Designation lasts two years regardless of progress.

W.M. Bass ES

Title 1 Priority School – Five percent of Virginia's Title 1 schools are identified as priority schools based on overall reading and math achievement. Designation lasts 3-4 years regardless of progress.

|                                       |                                      |
|---------------------------------------|--------------------------------------|
| Dearington ES (identified in 2014-15) | Perrymont ES (identified in 2014-15) |
|---------------------------------------|--------------------------------------|

\*Gap Group 1 includes SWD, economically disadvantaged, and ELL. Gap Group 2 includes black students; Gap Group 3 includes Hispanic students.

// The Promise Plan/Comprehensive Plan discussion was led by Dr. Brabrand, School Superintendent and Dr. McClain, Assistant Superintendent of Curriculum and Instruction. The Promise Plan is designed to elicit specific outcomes from students including: College and Career Readiness, Discipline Practices, and Family and Student Engagement. In addition to these metrics, the presentation included a host of graphs, charts, and statistics to demonstrate how race and poverty impact graduation, enrollment, achievement, student engagement, student attendance and behavior. Additional information was provided to show how the Lynchburg City Schools compares to other school districts. Given these goals, a number of strategies are proposed including: 1) Establish and implement clear criteria, policies, and practices; 2) Inform and engage parents through proactive, regular communication and outreach across a variety of media; 3) Inform and engage students through systematic, responsive communication and outreach; 4) Enhance counseling support for students; 5) Establish clear course options to increase both opportunity and support; 6) Enhance the use of quality instructional practices; and 7) Plan, monitor, and refine the strategies systematically at the school and division level. Dr. McClain also briefly discussed implementation of these strategies to demonstrate to City Council what steps are being taken to ensure a quality education for Lynchburg City Students.

City Council Members and School Board Members had questions and comments regarding the Lynchburg City Schools presentation. Some major concerns were the data showing a greater correlation



between race and success than economic status and success and addressing over representation of black students disciplinary action and under representation in advanced classes.

// City Council and City School Board agreed to find a time for another joint meeting to discuss the achievement gap before the end of the year.

// The meeting was adjourned at 8:20 P.M.

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Clerk of Council

November 10, 2015

229

// A regular meeting of the Council of the City of Lynchburg was held on the 10th day of November, 2015, at 4:00 P.M. in the Council Chamber, City Hall, Michael Gillette, President, presiding. The following Members were present:

Present: Helgeson, Nelson, Perrow, Gillette

4

Absent: Foster, Johnson, Tweedy

3

// Council Member Johnson arrive at 4:20 p.m.

// Council Member Tweedy arrived at 5:09 p.m.

// Director of Human Resources Margaret Schmitt provided a presentation on the 2016 Medical Benefits Program Costs and Funding. There are multiple options available to fund the increase including full City funding, full Employee funding and Employees and the City sharing the costs. Annual costs have increased at a slower rate than national trends since 2009 due to strong plan management, efficient use of the Health Management Program and positive claims experience. Additional plan costs have been funded entirely by the City and employee/retiree rates for family member coverage have not increased in 7 years. While the City cost-experience and the Medical Insurance landscape is changing, in 2016, costs are projected to increase by \$1.2 million over current year funding. City Medical Reserves total \$1,078,048. Ms. Schmitt further explained how our Plan is different because it is "Grandfathered" under the Affordable Care Act (ACA). It is affordable and relatively rich with the following:

- \$500 in-network Deductible
- \$2,000 in-network Out of Pocket Maximum
- City fully funds single coverage
- The City has created artificially low family member rates by funding 100% of increases with no change to employee contributions
- The City has a track record of cost savings through the Health Management Program/Clinic and Occupational Health

Ms. Schmitt further explained options to fund the increase which are:

- Cost Share Option 1 – Full increase funded by City
- Cost Share Option 2 – Full increase funded by Employees
- Cost Share Option 3 – Increase shared by City and Employees

Council discussed the three options with more concentration on Cost Share Option 3. The next steps to develop a final rate structure will be presented to Council at the November 24 work session.

// City Planner Tom Martin continued with an overview of the Zoning Ordinance Rewrite. First, Council conducted an initial work session concerning the proposed Zoning Ordinance on October 13, 2015. After that presentation on the proposed revisions, Council directed staff to advertise the Ordinance for a public hearing on November 10, 2015 and to develop a list of items for further discussion at a work session on October 27, 2015. A number of these items were not covered at the work session due to the time constraint. Michal Laurer with Planning Works continued with outlining the pending issues that were not discussed at the October 27, 2015 work session. These issues were questions raised by Council and by other stakeholders.

## Council Issues:

- When are sidewalks required
- Recreational Vehicle Parking
- Residential Lighting
- Underground Utilities

## Other Stakeholders Issues:

- Manufactured Homes in IN-2 Districts
- Drive-Through Uses in B-1 Districts
- Setback from Limited Access Highways
- Outdoor Recreational Facilities in IN Districts
- Outdoor Recreational Uses in the R-C District
- Cluster Commercial Development Standards
- Ammunition Reloading

After further discussion on the issues, Council stated more time was needed and would like to schedule further discussion at the November 24<sup>th</sup> work session.

// Vice Mayor Johnson left the meeting at 5:50 pm returning at 6:03 pm.

// Mayor Gillette left the meeting at 6:00 pm before this item was finished and asked Council Member Helgeson to proceed with the meeting.

// During roll call Council Member Tweedy recognized Deputy City Manager Bonnie Svrcek for her participation at the VML Conference, where she gave a presentation to the group for Women in Local Government.

// Council Member Perrow wished a happy birthday to Tom Martin and other Marines who work for the City and throughout the United States.

// City Council recessed the meeting at 6:19 p.m.

// City Council reconvened the meeting at 7:30 p.m.

The following Members were present:

Present: Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette

6

Absent: Foster

1

Council Member Tweedy gave the Invocation, followed by the Pledge of Allegiance lead by Boy Scout Pack 180 Den #7 – Boy Scout Leader Frank Bowman.

// Mayor Gillette and Council Member Tweedy presented a Certificate of Recognition for Nurse Practitioners Week.

// Mayor Gillette and Council Member Tweedy presented a plaque to Mike Goetz, Director of Information Technology for the City of Lynchburg for receiving 6<sup>th</sup> place in the Digital Cites Survey at the National League of Cities.

// Copies of the minutes of the October 13, 2015 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Helgeson, seconded by Council Member

Johnson, Council by the following recorded vote approved the minutes as amended:

Ayes: Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 6

Noes: 0

Absent: Foster 1

// Copies of the minutes of the October 27, 2015 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Helgeson, seconded by Vice Mayor Johnson, Council by the following recorded vote approved the minutes as presented:

Ayes: Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 6

Noes: 0

Absent: Foster 1

// In the matter of Police – Grants, Resolution #R-15-096 to amend the FY 2016 City/Federal/State Aid Fund budget and appropriate \$205,486 with resources from a Department of Justice-Bureau of Justice Assistance- Body-Worn Camera Pilot Implementation Program Grant and \$103,818 from Reserve for Contingencies Fund to purchase and implement a Body-Worn Camera program for the Police Department, laid over from the October 27, 2015 meeting, was again presented and read, and on motion of Council Member Helgeson, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted the Resolution:

Ayes: Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 6

Noes: 0

Absent: Foster 1

// In the matter of Courts, City Council Report #7 was considered. On motion of Council Member Helgeson, seconded by Vice Mayor Johnson, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-15-097, as presented, amending the FY 2016 City/Federal/State Aid Fund budget and appropriating \$20,250 with resources from a grant from the Library of Virginia to preserve seventy-five (75) Deed books at the Lynchburg Circuit Court Clerk's Office:

Ayes: Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 6

Noes: 0

Absent: Foster 1

// In the matter of Community Development – Zoning, a public hearing was held regarding City Council Report #8 regarding adopting an Ordinance to amend and reenact the Code of the City of Lynchburg, 1981, by repealing Chapter 35.1 Zoning Ordinance. City Planner Tom Martin provided history on the Zoning Ordinance, stating over the last four decades, parts of the Ordinance have been updated, deleted, and added, but until now there has been no comprehensive assessment or rewrite of the document. The update process began in 2012 when the City performed a Zoning Ordinance Diagnostic, a systematic review and assessment of the Ordinance. Mr. Martin further stated the proposed Zoning Ordinance reflects changes to make the Ordinance easier to use, streamlines City processes, implements many of the goals of the Comprehensive Plan 2013-2030, while addressing new issues and trends and enhancing

the City's built environment. Michael Lauer with Planning Works provided additional information on the rewrite of the Zoning Ordinance. There were 15 individuals who spoke on this item; 8 individuals spoke not to change the ordinance on poultry chicken and goats requirements; 1 individual spoke on Outdoor Lighting; 1 individual spoke on sidewalks and bike lane requirements; 2 individuals spoke on R-1 and R-2 homeowners and occupancy; 1 individual spoke on B-5 District; 1 individual spoke on duplex requirements; 1 individual spoke on the overall zoning policies and standards such as businesses and development. There was no one else present who wished to speak to this item, and the public hearing was closed. The public hearing was held but no action was taken. Council agreed to table this item and continue with a work session on November 24, 2015.

// In the matter of Schools, City Council Report #9 was considered. On motion of Council Member Tweedy, seconded by Council Member Nelson, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-15-098, as presented, amending the FY 2016 General Fund budget and appropriating \$3,411,449 with resources from unexpended FY 2015 Schools Operating Fund to fund needs as approved by the School Board:

|                                                           |   |
|-----------------------------------------------------------|---|
| Ayes: Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette | 6 |
| Noes:                                                     | 0 |
| Absent: Foster                                            | 1 |

// In the matter of Commonwealth Attorney, City Council Report #10 was considered. On motion of Council Member Nelson, seconded by Council Member Perrow, Council by the following recorded vote adopted Resolution #R-15-099, as presented, approving the addition of a Legal Assistant in the Office of the Commonwealth's Attorney:

|                                                           |   |
|-----------------------------------------------------------|---|
| Ayes: Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette | 6 |
| Noes:                                                     | 0 |
| Absent: Foster                                            | 1 |

// In the matter of City Council, City Council Report #11 was considered. On motion of Council Member Perrow, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted Resolution #R-15-100, as presented, adopting the 2016 Legislative Agenda:

|                                                           |   |
|-----------------------------------------------------------|---|
| Ayes: Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette | 6 |
| Noes:                                                     | 0 |
| Absent: Foster                                            | 1 |

// In the matter of Public Works – General, City Council Report #12 was considered. Council Member Perrow, Chair of the Physical Development Committee (PDC) stated this matter came before PDC which recommended approval. This motion does not require a second. Council by the following recorded vote adopted Resolution #R-15-101, 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: Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette | 6 |
| Noes:                                                     | 0 |
| Absent: Foster                                            | 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 this matter came before PDC which recommended approval. This motion does not require a second. Council by the following recorded vote adopted Resolution #R-15-102, as presented, to approve the submittal of an application for \$168,244 in Transportation Alternatives Program funding through Virginia Department of Transportation (VDOT) for construction of a sidewalk on one side of Stoneridge Street providing access to citizens and students:

|                                                           |   |
|-----------------------------------------------------------|---|
| Ayes: Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette | 6 |
| Noes:                                                     | 0 |
| Absent: Foster                                            | 1 |

// In the matter of Public Works – General, City Council Report #14 was considered. Council Member Perrow, Chair of the Physical Development Committee (PDC) stated this matter came before PDC which recommended approval. This motion does not require a second. Council by the following recorded vote adopted Resolution #R-15-103, as presented, to submit an application for an allocation of funds of up to twenty million sixty thousand eight hundred thirty two dollars (\$20,060,832) through the Virginia Department of Transportation (VDOT) Fiscal Year 2015-2016 Revenue Sharing Program:

|                                                           |   |
|-----------------------------------------------------------|---|
| Ayes: Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette | 6 |
| Noes:                                                     | 0 |
| Absent: Foster                                            | 1 |

// The meeting was adjourned at 9:03 P.M.

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Clerk of Council

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **December 8, 2015**

AGENDA ITEM NO.: 9

CONSENT:                REGULAR: **X**

WORK SESSION:

CLOSED SESSION:  
(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Vacate and Sell a Portion of Main Street Right-of-Way**

RECOMMENDATION: After a public hearing, approve the right-of-way vacation and authorize the City Manager to sell the property.

SUMMARY: Genworth Life & Annuity Insurance Company, the owner of 717 Main Street, is petitioning to vacate a narrow portion of right-of-way along the frontage of the property at 717 Main Street. The petitioner is requesting the right-of-way vacation to accommodate the construction of a parking deck associated with The Virginian Hotel. This right-of-way is approximately two (2) feet wide and extends one hundred fifty-five (155) feet. It contains a portion of sidewalk. The total area of the proposed vacation is approximately eight thousandths (0.008) of an acre. The petitioner is also requesting authorization for the sale of the right-of-way, once vacated, so that the property can be conveyed to them in exchange for the fair market value of four-thousand, four-hundred (\$4,400) dollars.

An additional parking level would be built over the existing parking lot which would result in sixty-two (62) new parking spaces for a total of one hundred fifteen (115) off-street parking spaces. The vacation and sale of the right-of-way would align the front façade of the proposed parking deck with the adjacent building at 715 Main Street. Removal of a portion of the existing sidewalk would reduce the overall width to eight (8) feet which matches the sidewalk width for the balance of that block. The design team for the Downtown waterline/streetscaping project confirmed the eight (8)-foot sidewalk width is consistent with the width proposed for that side of the Main Street corridor and noted the proposed vacation would not negatively impact the design.

PRIOR ACTION(S):

November 17, 2015: The Technical Review Committee [TRC] reviewed the petition. The TRC comments have been incorporated into the proposed ordinance.

December 8, 2015: The Physical Development Committee will review this petition on this date.

FISCAL IMPACT: \$4,400, sale of City-owned property

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

ATTACHMENT(S):

- Ordinance
- Application
- Right-of-way vacation plat
- Map
- Parking Deck Concept Plans

REVIEWED BY: lkp

UNCODIFIED ORDINANCE:

AN ORDINANCE VACATING A PORTION OF RIGHT-OF-WAY KNOWN AS MAIN STREET LOCATED ALONG THE PROPERTY AT 717 MAIN STREET.

WHEREAS, Genworth Life & Annuity Insurance Company, is petitioning to vacate a portion of right-of-way known as Main Street located along the property at 717 Main Street; and

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

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

Beginning at the southeast corner at the intersection of Main Street and 8th Street; thence S55°03'13"W 2.33' to a corner; thence N34°56'47"W 154.47' to a corner; thence S55°03'13"W 2.33' to a corner; thence along the new right of way along main street S34°56'47"E 154.47' to the point of beginning.

Said property contains 0.008 acres more or less.

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

BE IT FURTHER ORDAINED that the City of Lynchburg relinquishes any interest it may have in the vacated right of way to Genworth Life & Annuity Insurance Company, that the Clerk of Council is hereby authorized and directed to deliver a duly certified copy of this ordinance to the Clerk of the Circuit Court for the City of Lynchburg so that said certified copy of this ordinance may be recorded as deeds are recorded and indexed in the name of the City of Lynchburg, and the City Manager is hereby authorized to sign a deed and any documents that may be needed to convey the vacated right of way to Genworth Life & Annuity Insurance Company.

Adopted:

Certified:

\_\_\_\_\_  
Clerk of Council

134K



RECEIVED

OCT 28 2015

COMMUNITY  
DEVELOPMENT

APPLICATION FOR THE VACATION OF A PORTION OF:

Main Street

(Street/Alley)

LOCATED BETWEEN

7<sup>th</sup> Street and 8<sup>th</sup> Street

The undersigned applicant, Genworth Life and Annuity Insurance Company, pursuant to the provisions of Section 15.2-2006 of the Code of Virginia, 1950, as amended, and Section 35-71 through Section 35-77 of the City Code, 1981, as amended, respectfully makes application to the Lynchburg City Council for the vacation of that certain street right of way described as follows:

As described by plat of survey dated September 1, 2015, by Nixon Land Surveying, LLC, and containing 0.008 acres. Being a portion of the south west right of way of Main Street between 7<sup>th</sup> Street and 8<sup>th</sup> Street.

The applicant further requests the Lynchburg City Council to hold a public hearing on this application at its meeting to be held in the Council Chambers, City Hall, 900 Church Street, Lynchburg, Virginia, on \_\_\_\_\_, at 7:30 p.m., or as soon thereafter as the matter may be heard, and at the conclusion of which hearing to consider whether or not to vacate the above described street.

Given under my hand this 27<sup>th</sup> day of October, 2015.

Applicant:

GENWORTH LIFE AND ANNUITY INSURANCE COMPANY

By: 

Name: Michael Shadler

Title: VP

RECEIVED

NOV 06 2015

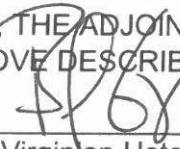
COMMUNITY  
DEVELOPMENT

700 Main Street  
Address

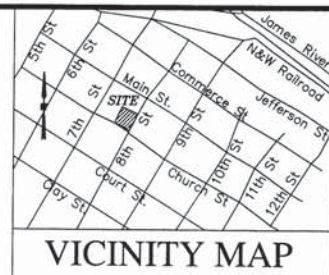
Lynchburg, VA 24504

434-522-2805  
Telephone Number

WE, THE ADJOINING PROPERTY OWNER(S), ARE IN AGREEMENT TO THE VACATION OF THE ABOVE DESCRIBED PROPERTY:

   
BY: Virginian Hotel, LLC (712 Church Street)

   
BY: Main Street Projects, LLC (715 Main Street)



**LEGEND**

|         |                   |
|---------|-------------------|
| ⊙ PF    | IRON REBAR FOUND  |
| ⊙ FH    | FIRE HYDRANT      |
| ⊙ WV    | WATER VALVE       |
| ⊙       | SIGN              |
| ⊙ CONC. | CONCRETE          |
| ⊙       | LIGHT POLE        |
| ⊙       | DROP INLET        |
| ⊙       | WATER METER       |
| ⊙       | TELEPHONE MANHOLE |
| +800.00 | SPOT ELEVATION    |

**LINE TABLE**

| LINE | BEARING     | LENGTH |
|------|-------------|--------|
| L1   | N55°03'13"E | 2.33   |
| L2   | S55°03'13"W | 2.33   |

**NOTES:**

1. THIS PLAT HAS BEEN PREPARED WITH THE BENEFIT OF A TITLE REPORT PROVIDED FROM FIDELITY NATIONAL TITLE INSURANCE COMPANY, BEING COMMITMENT NO. FN-20546, DATED FEBRUARY 18, 2015.
2. THIS PROPERTY FALLS WITHIN IN ZONE "X" AS SCALED FROM FROM THE F.E.M.A. MAP PANEL NO. 5100930042D DATED JUNE 3, 2008 WHICH DOES NOT INDICATE THAT THIS PROPERTY IS SUBJECT TO FLOODING. THIS SURVEYOR DOES NOT CERTIFY TO THE ACCURACY OF THE F.E.M.A. MAP.
3. THIS PLAT HAS BEEN PREPARED FROM AN ACTUAL FIELD SURVEY DONE PER DATE OF THIS PLAT AND THERE ARE NO VISIBLE EASEMENTS OR ENCROACHMENTS EXCEPT AS SHOWN HEREON.
4. NO DETERMINATION OF WETLANDS HAVE BEEN MADE BY NIXON LAND SURVEYING, LLC OR THIS SURVEYOR.
5. PROPERTY SERVED BY PUBLIC WATER AND SEWERAGE CONNECTION.
6. THE SURVEY WAS MADE ON THE GROUND BY ME OR UNDER MY SUPERVISION AND CORRECTLY SHOWS THE LEGAL DESCRIPTION AND THE LAND AREA OF THE SUBJECT PROPERTY. ALL APPLICABLE SETBACK REQUIREMENTS, THE LOCATION AND TYPE OF ALL VISIBLE ABOVE GROUND BUILDINGS, STRUCTURES AND OTHER IMPROVEMENTS (INCLUDING SIDEWALKS, CURBS, PARKING AREAS AND SPACES AND FENCES) SITUATED ON THE SUBJECT PROPERTY, AND ANY OTHER MATTERS SITUATED ON THE SUBJECT PROPERTY.
7. EXCEPT AS SHOWN ON THE SURVEY, THERE ARE NO VISIBLE EASEMENTS OR RIGHTS OF WAY OF WHICH THE UNDERSIGNED HAS BEEN ADVISED. THERE ARE NO CEMETERIES OR GRAVES. THERE IS NO OBSERVABLE EVIDENCE OF EARTH MOVING WORK OR CONSTRUCTION WITHIN RECENT MONTHS, AND THERE IS NO OBSERVABLE EVIDENCE OF SITE USE AS A SOLID WASTE DUMP, SUMP OR SANITARY LANDFILL.
8. THE DESCRIPTION OF THE SUBJECT PROPERTY FORMS A MATHEMATICALLY CLOSED FIGURE.
9. THE LOCATION OF EACH EASEMENT, RIGHT OF WAY, SERVITUDE AND OTHER MATTER (ABOVE OR BELOW GROUND) AFFECTING THE SUBJECT PROPERTY AND LISTED IN THE TITLE INSURANCE COMMITMENT FILE WITH RESPECT TO THE SUBJECT PROPERTY, HAS BEEN SHOWN ON THE SURVEY, TOGETHER WITH APPROPRIATE RECORDING REFERENCES, TO THE EXTENT THAT SUCH MATTERS CAN BE LOCATED. THE PROPERTY SHOWN ON THE SURVEY IS THE PROPERTY DESCRIBED IN THE TITLE COMMITMENT. THE LOCATION OF ALL IMPROVEMENTS ON THE SUBJECT PROPERTY IS IN ACCORD WITH THE MINIMUM SETBACK, SIDE YARD AND REAR YARD LINES, PROVISIONS AND RESTRICTIONS OF RECORD FOR THE SUBJECT PROPERTY REFERENCED IN SUCH TITLE COMMITMENT.
11. THIS PROPERTY IS 8-4.
12. SETBACK REQUIREMENTS NO VIOLATIONS FOUND.  
FRONT YARD = 0'  
SIDE YARD = 0'  
REAR YARD = 0'
13. SPOT ELEVATIONS SHOWN AS A REFERENCE ONLY, THE ELEVATIONS SHOWN ARE AN ASSUMED VERTICAL DATUM AND ARE NOT TIED TO MEAN SEA LEVEL.
14. FACTS AND MATTERS AS SHOWN ON PLAT OF SURVEY BY NIXON LAND SURVEYING, LLC DATED OCTOBER 16, 2014 AND RECORDED IN PLAT CABINET 10 SLIDE 386.
15. FACTS AND MATTERS AS SHOWN ON PLAT OF SURVEY BY R. FLOYD MATHEWS DATED DECEMBER 5, 1988 AND RECORDED IN DEED BOOK 740 PAGE 687.



SOURCE OF TITLE:  
(TM# 02434008)  
GENWORTH LIFE &  
ANNUITY INSURANCE CO.  
D.B. 681, PG. 392

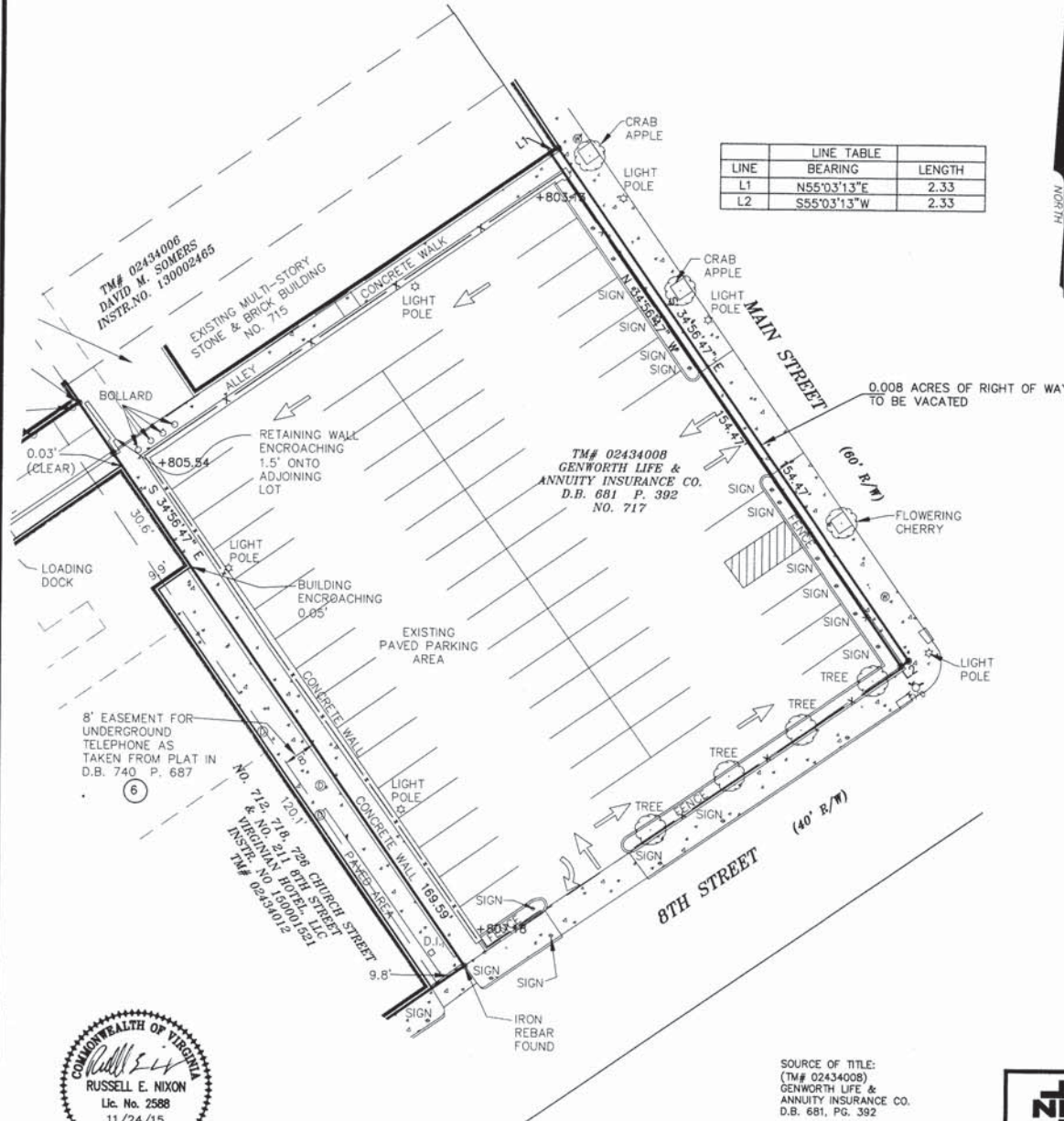
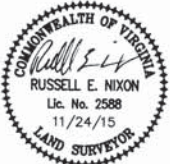
**SURVEYED FOR:**  
**Nixon Land Surveying, L.L.C.**  
1063C Airport Road  
Lynchburg, VA 24502  
Phone: (434) 237-3800  
Fax: (434) 237-0699

Email: ren@nixonsec.com  
www.nixonsec.com

**GENWORTH LIFE & ANNUITY INSURANCE CO.**  
**PLAT SHOWING**  
**THE VACATION OF**  
**A PORTION OF STREET RIGHT OF WAY**  
**ALONG MAIN STREET**  
**CITY OF LYNCHBURG, VIRGINIA**

COMM. NO.: 2014165  
SCALE: 1"=20'  
SHEET: 1 OF 1

REVIS: 11/24/15  
DR. BY: REN  
CHK. BY: REN/DR. NMEVACATION



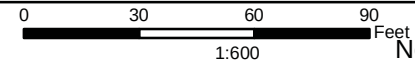




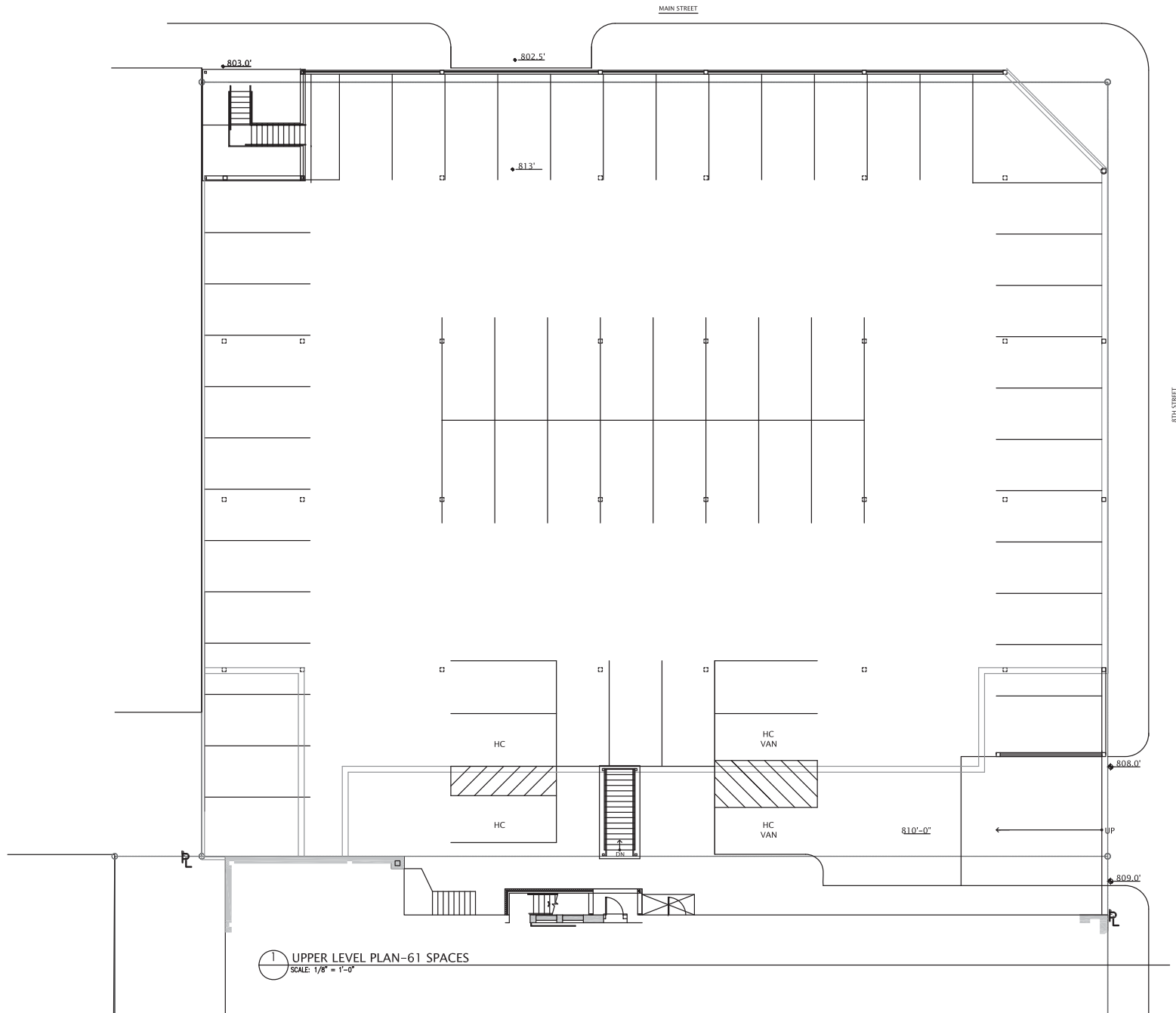
717 Main Street - Proposed Right-of-Way Vacation

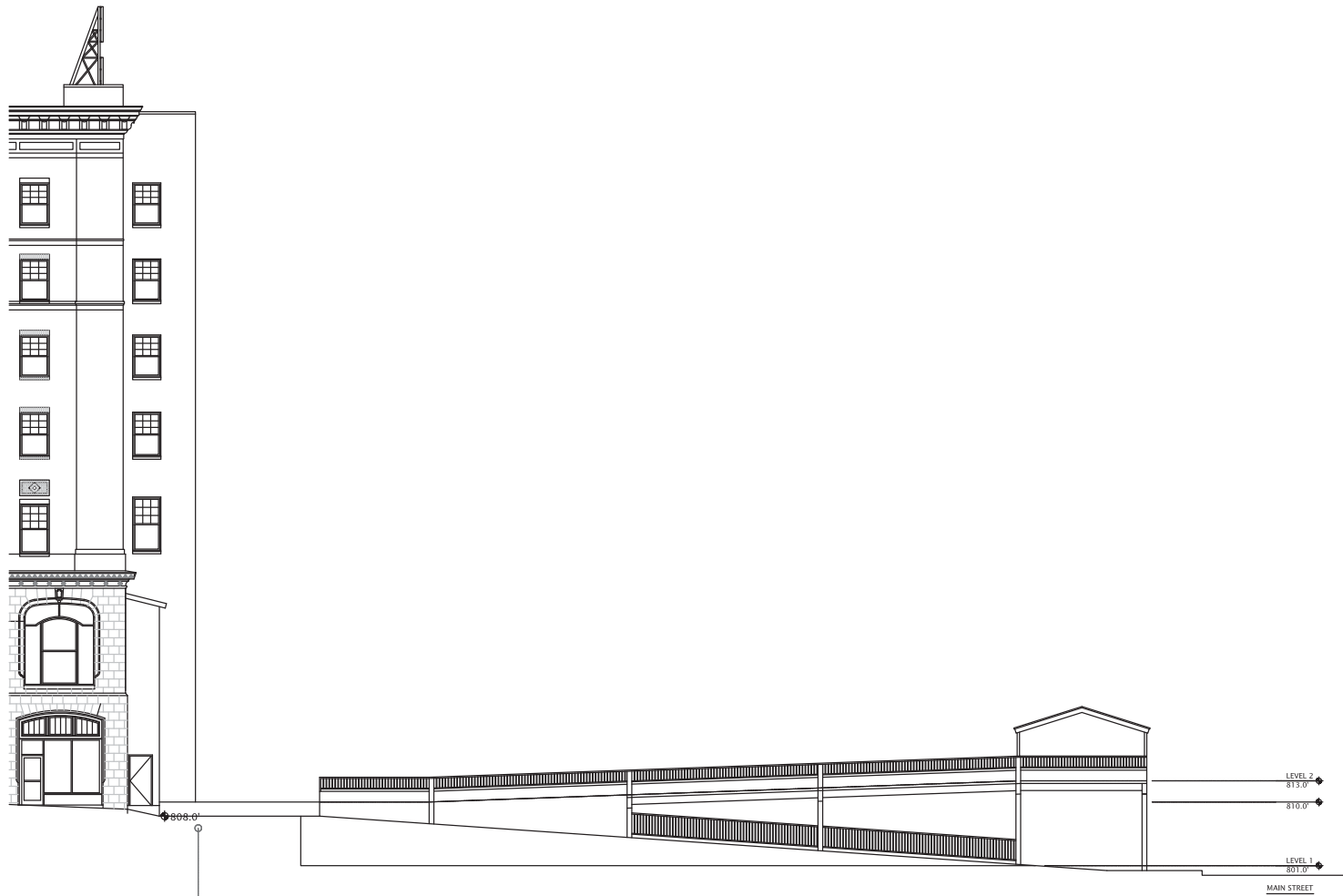


DISCLAIMER: THIS MAP IS NEITHER A LEGALLY RECORDED MAP NOR A SURVEY AND IS NOT INTENDED TO BE USED AS SUCH. THE INFORMATION DISPLAYED IS A COMPILATION OF RECORDS, INFORMATION, AND DATA OBTAINED FROM VARIOUS SOURCES. THE CITY OF LYNCHBURG IS NOT RESPONSIBLE FOR ITS ACCURACY OR HOW CURRENT IT MAY BE.

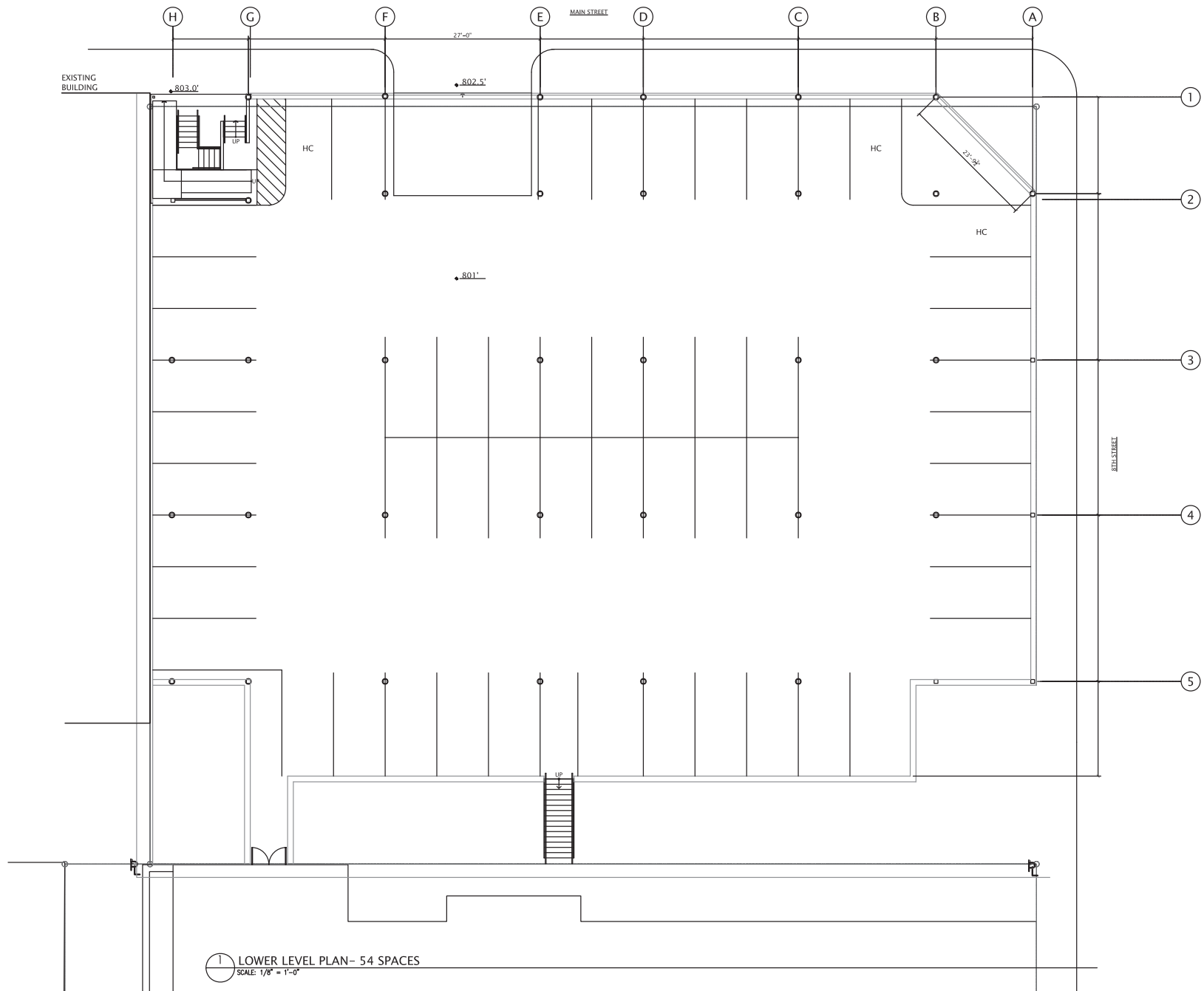


PRINTED ON  
November 16, 2015





1 8TH STREET ELEVATION  
SCALE: 1/8" = 1'-0"





1 MAIN ST. ELEVATION  
SCALE: 1/8" = 1'-0"

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **December 8, 2015**

AGENDA ITEM NO.: 10

CONSENT:                REGULAR: **X**

WORK SESSION:

CLOSED SESSION:  
(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE:    **UHaul Rezoning – 7401 Timberlake Road**

RECOMMENDATION: Approval of the rezoning petition.

SUMMARY: AMERCO Real Estate Company is petitioning to rezone twelve and seventy-two hundredths (12.72) acres located at 7401 Timberlake Road from I-2C, Light Industrial District (Conditional) to B-5C, General Business District (Conditional), to allow the use of the property as a self-service storage facility with accessory uses such as retail, equipment rentals, warehouse and RV storage. The Planning Commission recommended approval of the petition because the proposed zoning better aligns the property with the Future Land Use Map (FLUM) and the proposal would result in the reuse of an otherwise vacant developed site.

PRIOR ACTION(S):

October 28, 2015:                The Planning Division recommended approval of the rezoning petition.

The Planning Commission waived the twenty-one (21) day requirement for submitting proffers (5-0, with two vacancies)

The Planning Commission recommended approval of the rezoning petition (5-0, with two vacancies)

FISCAL IMPACT:                N/A

CONTACT(S):

Anne Nygaard, Planner II – 455-3909

Tom Martin, City Planner - 455-3900

Kent White, Director of Community Development – 455-3900

ATTACHMENT(S):

- Ordinance
- Planning Commission Report and Minutes – October 28, 2015
- Zoning Map
- FLUM Map
- Watershed Map
- Planimetric and Topographic Map
- Concept Plan
- U-Haul's Narrative
- Engineer's Narrative
- Proffers
- Property Photograph
- Speaker Signup Sheet

REVIEWED BY: lkp



UNCODIFIED ORDINANCE:

AN ORDINANCE CHANGING A CERTAIN AREA LOCATED AT 7401 TIMBERLAKE ROAD FROM I-2C, LIGHT INDUSTRIAL DISTRICT (CONDITIONAL) 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 7401 Timberlake Road from I-2C, Light Industrial District (Conditional) to B-5C, General Business District (Conditional).

The area embraced within the following boundaries:

BEGINNING AT A POINT LOCATED ON THE NORTHERLY RIGHT-OF-WAY LINE OF TIMBERLAKE ROAD, WHICH POINT IS A COMMON CORNER WITH THE PROPERTY OF TCM PROPERTIES, INC.

THENCE, WITH SAID TCM, NORTH 20 DEGREES 52 MINUTES 00 SECONDS WEST FOR A DISTANCE OF 897.05 FEET TO A POINT, WHICH POINT IS LOCATED IN THE CENTERLINE OF AN UNNAMED BRANCH, AND WHICH POINT IS A COMMON CORNER WITH SAID TCM AND WITH LOT 14, SECTION 5, RICHLAND HILLS SUBDIVISION; THENCE, ALONG THE CENTERLINE OF SAID BRANCH AND WITH THE REAR LINES OF LOTS 14 AND 13, SECTION 5, RICHLAND HILLS SUBDIVISION, NORTH 72 DEGREES 39 MINUTES 23 SECONDS EAST FOR A DISTANCE OF 119.05 FEET TO A POINT; THENCE NORTH 83 DEGREES 57 MINUTES 03 SECONDS EAST FOR A DISTANCE OF 136.11 FEET TO A POINT; THENCE NORTH 68 DEGREES 02 MINUTES 14 SECONDS EAST FOR A DISTANCE OF 124.95 FEET TO A POINT; THENCE NORTH 89 DEGREES 11 MINUTES 22 SECONDS EAST FOR A DISTANCE OF 59.68 FEET TO A POINT; THENCE SOUTH 59 DEGREES 41 MINUTES 19 SECONDS EAST FOR A DISTANCE OF 61.54 FEET TO A POINT, WHICH POINT IS A COMMON CORNER WITH SAID LOT 13; THENCE, LEAVING SAID BRANCH AND WITH THE LINES OF SAID LOT 13 AND LOT 12, SECTION 5, RICHLAND HILLS SUBDIVISION, NORTH 01 DEGREES 13 MINUTES 57 SECONDS WEST FOR A DISTANCE OF 44.95 FEET TO A POINT; THENCE NORTH 32 DEGREES 24 MINUTES 57 SECONDS WEST FOR A DISTANCE OF 112.87 FEET TO A POINT, WHICH POINT IS A COMMON CORNER WITH SAID LOT 12 AND WITH THE PROPERTY OF MUHAMMAD FAROQ; THENCE, WITH SAID FAROQ, NORTH 58 DEGREES 22 MINUTES 21 SECONDS EAST FOR A DISTANCE OF 177.48 FEET TO A POINT, WHICH POINT IS A COMMON CORNER WITH SAID FAROQ AND WITH THE PROPERTY OF T & T DEVELOPERS; THENCE, WITH SAID T & T AND WITH THE PROPERTIES OF HERITAGE BUSINESS CENTER OWNERS ASSOCIATION, INC., PHOENIX CENTER, LLC AND WILLIAM L MILTON, TRUSTEE, SOUTH 20 DEGREES 52 MINUTES 00 SECONDS EAST FOR A DISTANCE OF 952.02 FEET TO A POINT, WHICH POINT IS A COMMON CORNER WITH SAID MILTON LOCATED ON SAID NORTHERLY LINE OF TIMBERLAKE ROAD; THENCE, WITH SAID LINE OF TIMBERLAKE ROAD, SOUTH 69 DEGREES 09 MINUTES 48 SECONDS WEST FOR A DISTANCE OF 282.38 FEET TO A POINT; THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 2944.79 FEET AND AN ARC LENGTH OF 355.43 FEET, BEING SUBTENDED BY A CHORD OF SOUTH 65 DEGREES 24 MINUTES 23 SECONDS WEST FOR A DISTANCE OF 355.21 FEET TO THE POINT OF BEGINNING;

TOGETHER WITH AND SUBJECT TO COVENANTS, EASEMENTS, AND RESTRICTIONS OF RECORD.

SAID PROPERTY CONTAINS 12.72 ACRES MORE OR LESS.

BEING THE SAME PROPERTY CONVEYED TO BIOOYA PROPERTIES, INC. BY DEED RECORDED IN DEED BOOK 929, PAGE 822 IN THE CIRCUIT COURT CLERK'S OFFICE FOR THE CITY OF LYNCHBURG, VIRGINIA.

...is hereby changed from I-2C, Light Industrial District (Conditional) to B-5C, General Business District (Conditional), subject to the conditions set out herein below which were voluntarily proffered in writing by the petitioner, AMERCO Real Estate Company, to wit:

1. The subject property may be used for only a self-service storage facility, accessory retails / showroom, hitch bay installation, equipment rentals & staging, warehousing, RV, vehicle & boat storage, propane

sales & dispensing, outdoor storage and display as shown on site plan, wholesale trade establishment, office & warehousing and moving and storage establishment.

2. The subject property shall be developed in accordance with the site plan presented with this rezoning request, this includes the additional buildings, vehicle / RV canopies and pulling sidewalk off of the road where the grades and right-of-way will allow.
3. The subject property may be expanded in the future, but no building expansion will be located within the required setback line of 100 feet which is adjacent to the residential area to the rear of the subject property.
4. The wooded area located adjacent to the residential area shall remain undeveloped as a natural area buffer as shown on plans.

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

135K

# The Department of Community Development

City Hall, Lynchburg, VA 24504 434-455-3900

---

**To:** Planning Commission  
**From:** Planning Division  
**Date:** October 28, 2015  
**Re: Rezoning: 7401 Timberlake Road- I-2C, Light Industrial District (Conditional) to B-5C, General Business District (Conditional)**

---

## I. PETITIONER

AMERCO Real Estate Company, 2727 N. Central Avenue, Phoenix, AZ 85004  
**Representative:** David Pollock, 2727 N. Central Avenue, Phoenix, AZ 85004

## II. LOCATION

The subject property includes one tract of approximately twelve and seventy-two hundredths (12.72) acres located at 7401 Timberlake Road.

**Property Owner:** Biooya Properties, LLC, 208 Tomahawk Industrial Park, Lynchburg VA 24502

## III. PURPOSE

The purpose of the petition is to rezone the property from I-2C, Light Industrial District (Conditional) to B-5C, General Business District (Conditional) to allow the use of the property as a self-service storage facility with accessory retail, equipment rentals, warehouse and RV storage.

## IV. SUMMARY

- The *Future Land Use Map (FLUM)* recommends a Community Commercial land use for the area.
- B-5, General Business District, is appropriate for the Community Commercial land use.
- Proposal meets Comprehensive Plan goals by reusing an existing developed site, maintaining important buffers, and providing sidewalk along Timberlake Road frontage.
- Proffers limit the reuse of the property for future redevelopment.

**The Planning Division recommends approval of the rezoning petition.**

---

## V. FINDINGS OF FACT

1. **Comprehensive Plan.** The *Future Land Use Map (FLUM)* of the *Comprehensive Plan 2013-2030* recommends a Community Commercial use for this are of Timberlake Road.

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. (pp. 75-76)

While the use as a U-haul store does not directly fit into this category, rezoning to a B-5 district better aligns this property with the *FLUM*, and provides for the redevelopment of a vacant site. U-haul's petition meets Comprehensive Plan goals by infilling on an existing site where there are adequate transportation facilities and buffers to surrounding neighborhoods. Additionally, U-haul has included in their site plan and proffers, the addition of a sidewalk along the frontage of Timberlake Road. This fulfills a key Comprehensive Plan goal to provide safe facilities for all modes of transit.

2. **Zoning.** The subject property was annexed into the City in 1976. The existing I-2C, Light Industrial District (Conditional) zoning was established on July 11, 1995 when Council approved the petition of Lowe's Investment Corporation to rezone the property to allow it to be used for the manufacturing/assembly of machinery/equipment. During the 1995 rezoning, proffers were submitted limiting the use of this property to only manufacturing and assembly uses.

The property was originally zoned I-1, Restricted Industrial District, with the adoption of the Timberlake Road Study in 1978. It was rezoned to B-5C, General Business District, for Lowes Home Improvement Store in 1985.

3. **Proffers.** The petitioner has voluntarily submitted the following proffers:
  1. The subject property may be used for only a self-service storage facility, accessory retails / showroom, hitch bay installation, equipment rentals & staging, warehousing, RV, vehicle & boat storage, propane sales & dispensing, outdoor storage and display as shown on site plan, wholesale trade establishment, office & warehousing and moving and storage establishment.
  2. The subject property shall be developed in accordance with the site plan presented with this rezoning request, this includes the additional buildings, vehicle / RV canopies and pulling sidewalk off of the road where the grades and right-of-way will allow.
  3. The subject property may be expanded in the future, but no building expansion will be located within the required setback line of 100 feet which is adjacent to the residential area to the rear of the subject property.
  4. The wooded area located adjacent to the residential area shall remain undeveloped as a natural area buffer as shown on plans.
4. **Board of Zoning Appeals (BZA).** The Zoning Administrator 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 14, 1989, Council amended the Zoning Map in the Timberlake Road area and rezoned a number of the surrounding properties to B-3, Community Business District. These properties had been a mixture of B-2, I-1, and R-3.
  - On January 10, 1989, City Council adopted the Commercial Corridor District as recommended by the Timberlake Road Study, placing the current overlay district on properties within the area.
  - On September 8, 1987, Council approved the CUP petition of Milton & Neal to allow a CCD of 5 office townhouse units for sale at 7331-7335 Timberlake Road.

- On April 8, 1986, Council approved the CUP petition of Milton & Neal to allow a CCD of 12 office townhouse units for sale at 7331-7335 Timberlake Road.
  - On June 28, 1983, Council approved the CUP petition of Bethlehem Evangelical Lutheran Church for a children's day-care center at 7336 Timberlake Road.
  - On December 12, 1978, City Council adopted the Timberlake Road Study, upzoning much of the property along Timberlake Road to business and industrial districts.
- 6. Site Description.** The subject property includes one tract totaling approximately twelve and seventy-two hundredths (12.72) acres located at 7401 Timberlake Road. The property is almost entirely covered with pavement and existing buildings, and generally slopes from Timberlake Road on the southeast to a wooded area and tributary to Dreaming Creek at the northern property line.
- 7. Proposed Use of Property.** If the rezoning is approved, the property will be used as a self-service storage facility with accessory uses including retail, equipment rentals, warehousing and RV storage.
- 8. Traffic, Parking and Public Transit.** The City Engineer had no traffic concerns about the redevelopment of this property.
- The area is served by the Greater Lynchburg Transit Company (GLTC) Route 6 and the developer has included in the proffered site plan, the construction of a sidewalk along the property frontage.
- 9. Stormwater Management.** The site's stormwater generally runs north across the site and into a tributary for Dreaming Creek. Part of this stormwater flows through an existing unmaintained stormwater management pond before entering the tributary. Maintenance of this facility will be addressed at final site plan review. Additionally, a new stormwater management plan addressing stormwater quality and quantity in compliance with the new stormwater regulations will be required at final site plan review if disturbed areas exceed five thousand (5,000) square feet.
- The washing of vehicles on site was brought up by the Department of Water Resources at the technical review committee (TRC) meeting. Water from vehicle washing is required to be routed to the sanitary sewer system. Both the location at Kemper Street and this redevelopment will require adequate facilities for vehicle washing. Facilities at this location can be addressed in final site plans and facilities for Kemper Street can be addressed through Water Resources.
- 10. Emergency Services.** The City Fire Marshal and Police Department had no concerns regarding the proposed rezoning.
- 11. Impact.** The petition proposes to amend the City's Zoning Map to allow the use of the property as a self-storage facility and the redevelopment of an otherwise vacant and largely impervious site. Adequate utility and vehicular transportation infrastructure is readily available, making this a good site for redevelopment with minimal costs to the City. To meet stormwater regulations, the impervious area will likely be reduced, decreasing the amount of runoff to the Dreaming Creek tributary from this mostly impervious site.

While the use as a U-Haul facility does not ideally fit into the Community Commercial land use designation, rezoning to B-5 better aligns the property's zoning with *the Future Land Use Map*. However, the submitted proffers are limiting in how this property can be reused should U-Haul vacate this site in the future. Anything other than the uses listed in the first proffer

will be required to go through the rezoning process to amend the proffers. This was discussed with the petitioner, but remained in the proffers per the petitioner's desire.

The proffered site plan includes the reuse of the existing large building and the construction of storage canopies, smaller storage buildings, and a sidewalk along the frontage of Timberlake Road. During final site plan review, screening will be required for outdoor storage areas and foundation plantings per the landscape ordinance will be included, increasing the attractiveness of this site. Overall, the reuse of this property will be an improvement for Timberlake Road and the City of Lynchburg through increased tax base, better stormwater management, and increased pedestrian facilities.

- 12. Technical Review Committee.** The Technical Review Committee (TRC) reviewed the concept plan on October 6, 2015.

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## VI. PLANNING DIVISION RECOMMENDATION

**Waive the twenty-one (21) day submittal requirement for proffers.**

**Rezone approximately twelve and seventy-two hundredths (12.72) acres located at 7401 Timberlake Road from I-2C, Light Industrial District (Conditional) to B-5C, General Business District (Conditional), subject to the following voluntarily submitted proffers:**

- 1. The subject property may be used for only a self-service storage facility, accessory retails / showroom, hitch bay installation, equipment rentals & staging, warehousing, RV, vehicle & boat storage, propane sales & dispensing, outdoor storage and display as shown on site plan, wholesale trade establishment, office & warehousing and moving and storage establishment.**
- 2. The subject property shall be developed in accordance with the site plan presented with this rezoning request, including the additional buildings, vehicle / RV canopies and pulling sidewalk off of the road where the grades and right-of-way will allow.**
- 3. The subject property may be expanded in the future, but no building expansion will be located within the required setback line of 100 feet which is adjacent to the residential area to the rear of the subject property.**
- 4. The wooded area located adjacent to the residential area shall remain undeveloped as a natural area buffer as shown on plans.**

This matter is respectfully offered for your consideration.



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 Kozzerow, Lynchburg Police Department  
Battalion Chief Thomas Goode, Fire Marshal  
Mr. Doug Saunders, Building Commissioner  
Mr. Kevin Henry, Zoning Administrator  
Mr. Gary Case, Gary Case & Company  
Mr. David Pollock, Representative, AMERCO Real Estate

## **VII. ATTACHMENTS**

- 1. Zoning Map**
- 2. *FLUM* Map**
- 3. Watershed Map**
- 4. Planimetric and Topographic Map**
- 5. Concept Plan**
- 6. Narrative and Engineer's Narrative**
- 7. Property Photograph**

MINUTES OF THE OCTOBER 28, 2015 PLANNING COMMISSION MEETING (MINUTES HAVE NOT BEEN APPROVED. THERE WERE NO PLANNING COMMISSION MEETINGS IN NOVEMBER):

Petition of AMERCO Real Estate Company to rezone approximately twelve and seventy-two hundredths (12.72) acres from I-2C, Light Industrial District (Conditional), to B-5C, General Business District (Conditional), to reuse and redevelop an existing site as a self-service storage facility with accessory retail, equipment rentals, warehousing and RV Storage at 7401 Timberlake Road.

Ms. Anne Nygaard had the following summary for the commission. The property at 7401 Timberlake Road is currently zoned I-2C as a result of a 1995 rezoning. The proffers established at that time limited the use of the property to only manufacturing uses. The additional uses proposed in this petition would normally be allowed in the I-2 district. Previously, when the site was used by Lowe's, it was zoned B-5. Before that, it was zoned I-1. Staff feels the proposed B-5 zoning is a better fit along this primarily commercial corridor and aligns better with the *FLUM* designation of Community Commercial.

U-Haul's redevelopment of this site will be a net gain for the City as it is reusing an otherwise vacant parcel where adequate infrastructure is readily available. It provides adequate buffers to adjoining residential districts. U-Haul will perform maintenance on the existing stormwater management pond and likely reduce the impervious area on site to meet new stormwater regulations. Also, providing sidewalks along the frontage helps to achieve a goal of the *Comprehensive Plan*.

One issue that arose at TRC was a concern from Water Resources regarding the method of vehicle washing. U-Haul and Water Resources are working through these issues and an adequate washing facility will be provided at this location, as well as its current location on Kemper Street. This will be reviewed during the site plan review process.

Staff is concerned that the proffers severely limit any future redevelopment of the site. Any use other than those stated in the proffers will require coming back through the rezoning process. This has been discussed with the petitioner and the petitioner prefers to retain the current proffers (self-service storage, accessory retail/showroom, hitch bay installation, equipment rental and staging, warehousing, RV and boat storage, propane sales and dispensing, outdoor storage and display, wholesale trade, office and warehousing.)

Additional requirements at final site plan review include screening of the outdoor storage areas and additional landscaping, mainly foundation plantings. The Planning Division recommends approval of the petition.

Mr. Michael Graybill was present to represent the petition. He did not have anything to add to staff's report but was available to answer the commission's questions.

Chair Swienton asked for anyone else who wished to speak in favor of the petition. Mr. Gary Case came forward to speak. He represents the current owner of the property. The building was leased to Belvac but it was not an ideal location for its purposes. They adapted the building over time and used it for different purposes but recently they added on to their location on Graves Mill Road. The building is not really a good location for industrial purposes but the proposed use should be an excellent use of the property. He pointed out all the improvements that Ms. Nygaard had already mentioned and added that a U-Haul facility like this will generate a lot less traffic than another type of B-5 use that might be considered in a rezoning proposal.



Chair Swienton asked for anyone else who wished to speak in favor of the petition. No one came forward. He asked for anyone who wished to speak in opposition to the petition. No one came forward. He closed the public hearing portion of the petition.

The commissioners were all glad to see that the property would be redeveloped. They are relieved to see an empty building that is an eyesore being revitalized. Commissioner Perault noted that he appreciates the level of detail, particularly the stormwater details, at this stage of the process.

Commissioner Marion made a motion to waive the 21-day submittal requirement for proffers. The motion was seconded by Commissioner Light and passed by the following vote:

|              |                                           |   |
|--------------|-------------------------------------------|---|
| AYES:        | Light, Lowe, Marion, Perault and Swienton | 5 |
| NOES:        |                                           | 0 |
| ABSTENTIONS: |                                           | 0 |
| ABSENT:      |                                           | 0 |
| VACANCIES:   |                                           | 2 |

Commissioner Perault made the following motion, which was seconded by Commissioner Lowe:

“That the Planning Commission recommends to City Council to rezone approximately twelve and seventy-two hundredths (12.72) acres located at 7401 Timberlake Road from I-2C, Light Industrial District (Conditional) to B-5C, General Business District (Conditional), subject to the following voluntarily submitted proffers:

1. The subject property may be used for only a self-service storage facility, accessory retails/showroom, hitch bay installation, equipment rentals & staging, warehousing, RV, vehicle & boat storage, propane sales & dispensing, outdoor storage and display as shown on site plan, wholesale trade establishment, office & warehousing and moving and storage establishment.
2. The subject property shall be developed in accordance with the site plan presented with this rezoning request, including the additional buildings, vehicle / RV canopies and pulling sidewalk off of the road where the grades and right-of-way will allow.
3. The subject property may be expanded in the future, but no building expansion will be located within the required setback line of 100 feet which is adjacent to the residential area to the rear of the subject property.
4. The wooded area located adjacent to the residential area shall remain undeveloped as a natural area buffer as shown on plans.

The motion passed by the following vote:

|              |                                           |   |
|--------------|-------------------------------------------|---|
| AYES:        | Light, Lowe, Marion, Perault and Swienton | 5 |
| NOES:        |                                           | 0 |
| ABSTENTIONS: |                                           | 0 |
| ABSENT:      |                                           | 0 |
| VACANCIES:   |                                           | 2 |



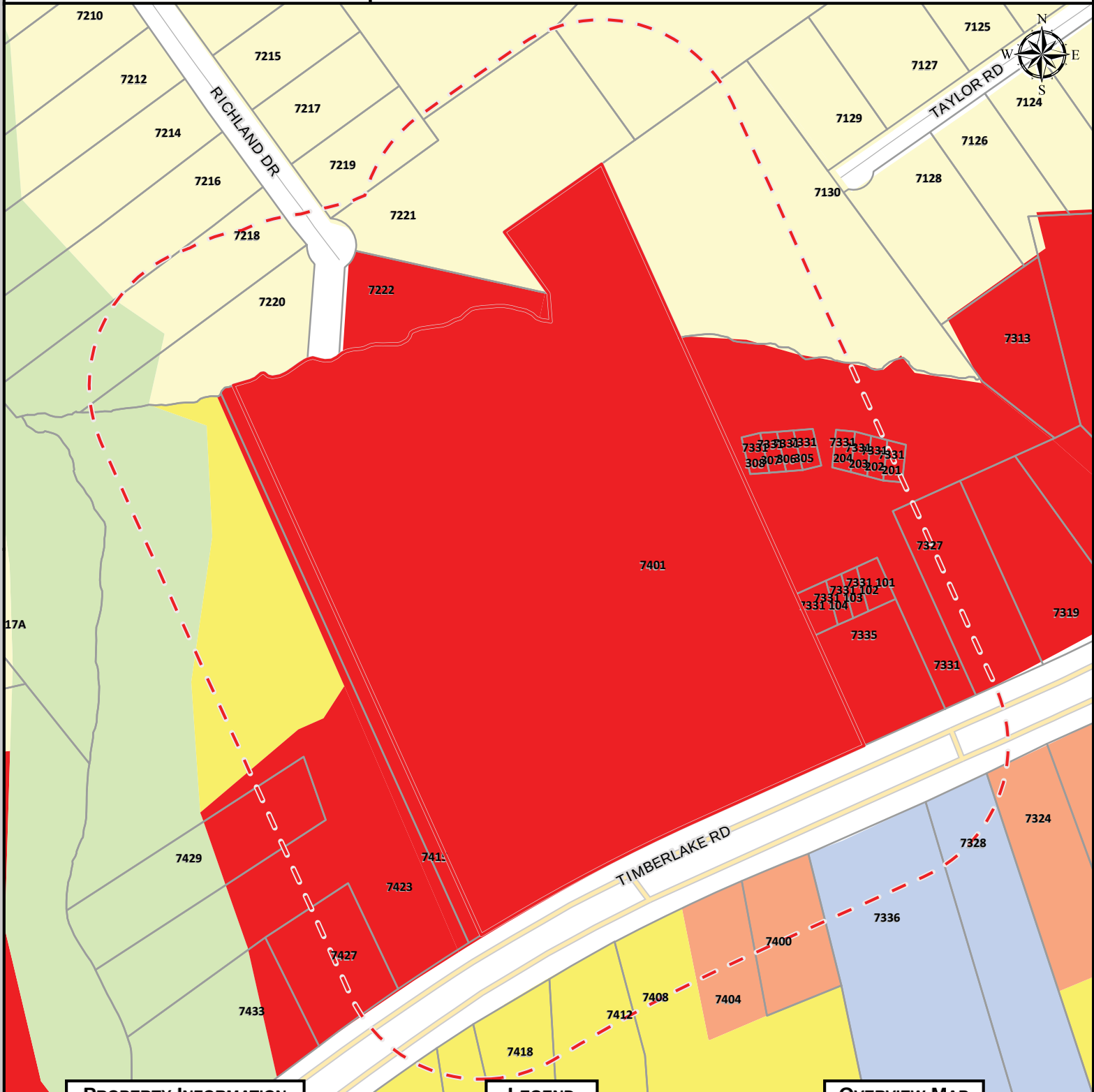
| Parcel ID | Address                | Owner                               |
|-----------|------------------------|-------------------------------------|
| 24801001  | 7220 RICHLAND DR       | ANDERSON, CHRISTOPHER M SR &        |
| 24811013  | 7400 TIMBERLAKE RD     | BARNETT PROPERTIES LLC              |
| 24811010  | 7324 TIMBERLAKE RD     | BENNIES RENTALS INC                 |
| 24811012  | 7336 TIMBERLAKE RD     | BETHLEHAM LUTHERAN CHURCH TRS       |
| 24811011  | 7328 TIMBERLAKE RD     | BETHLEHAM LUTHERAN CHURCH TRS       |
| 24806024  | 7401 TIMBERLAKE RD     | BIOOYA PROPERTIES INC               |
| 24901015  | 7218 RICHLAND DR       | DANIELS, WILLIAM J III & KRISTIN M  |
| 24812007  | 7331 TIMBERLAKE RD 203 | DOLAN GROUP LLC                     |
| 24812002  | 7331 TIMBERLAKE RD 102 | EB PROPERTY INC                     |
| 24801003  | 7221 RICHLAND DR       | FAROOQ, MUHAMMAD                    |
| 24812001  | 7331 TIMBERLAKE RD 101 | HAMPTON TALMADGE VENTURES LLC       |
| 24801002  | 7222 RICHLAND DR       | HARRIS, CHRISTOPHER A & VALERIE K   |
| 24812013  | 7331 TIMBERLAKE RD     | HERITAGE BUSINESS CENTER OWNERS     |
| 24901014  | 7216 RICHLAND DR       | JEFFERSON, BRUCE L                  |
| 24811019  | 7426 TIMBERLAKE RD     | LONG, M B                           |
| 24811015  | 7412 TIMBERLAKE RD     | LONG, M B                           |
| 24811018  | 7422 TIMBERLAKE RD     | LONG, M B                           |
| 24811017  | 7418 TIMBERLAKE RD     | LONG, M B                           |
| 24812005  | 7331 TIMBERLAKE RD 201 | MILTON, WILLIAM L TRS               |
| 24812006  | 7331 TIMBERLAKE RD 202 | MILTON, WILLIAM L TRS               |
| 24812014  | 7335 TIMBERLAKE RD     | MILTON, WILLIAM L TRS               |
| 24812003  | 7331 TIMBERLAKE RD 103 | PERROW & PERROW, A VIRGINIA GENERAL |
| 24812004  | 7331 TIMBERLAKE RD 104 | PHOENIX CENTER LLC                  |
| 24801004  | 7219 RICHLAND DR       | ROBBINS, WESLEY L & ANN H           |
| 24812012  | 7331 TIMBERLAKE RD 308 | SCHWARTZ, R WAYNE & PEGGY S         |
| 24812010  | 7331 TIMBERLAKE RD 306 | SCHWARTZ, R WAYNE & PEGGY S         |
| 24812011  | 7331 TIMBERLAKE RD 307 | SCHWARTZ, R WAYNE & PEGGY S         |
| 24812009  | 7331 TIMBERLAKE RD 305 | SCHWARTZ, R WAYNE & PEGGY S         |
| 24806033  | 7130 TAYLOR RD         | T & T DEVELOPERS                    |
| 24806029  | 7429 TIMBERLAKE RD     | T C M PROPERTIES INC                |
| 24806025  | 7423 TIMBERLAKE RD     | T C M PROPERTIES INC                |
| 24806031  | 7415 TIMBERLAKE RD     | T C M PROPERTIES INC                |
| 24806026  | 7427 TIMBERLAKE RD     | T C M PROPERTIES INC                |
| 24811014  | 7404 TIMBERLAKE RD     | TIMBERLAKE FUNERAL HOME INC         |
| 24806023  | 7327 TIMBERLAKE RD     | UDDUP LLC                           |
| 24803012  | 7410 RICHLAND DR       | W & M PROPERTIES INC                |
| 24812008  | 7331 TIMBERLAKE RD 204 | WILKES, M RALPH & JUDY F            |
| 24803008  | 7311 RICHLAND DR       | WOOLDRIDGE, PAULINE H & O F         |

# FLUM Map

## REZONING FROM I-2C TO B-5C

Zoning Request

AMERCO Real Estate Company



### PROPERTY INFORMATION

**PARCEL ID** 24806024 **ADDRESS** 7401 TIMBERLAKE RD

### LEGEND

- |                            |                       |
|----------------------------|-----------------------|
| Local Historic District    | Employment 1          |
| Traditional Residential    | Employment 2          |
| Low Density Residential    | Downtown              |
| Medium Density Residential | Institution           |
| High Density Residential   | Public Use            |
| Neighborhood Commercial    | Public Parks          |
| Community Commercial       | Resource Conservation |
|                            | Mixed Use             |

### OVERVIEW MAP



MAP SCALE: 1" to 4,000' DATE PRINTED: 10/14/2015

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

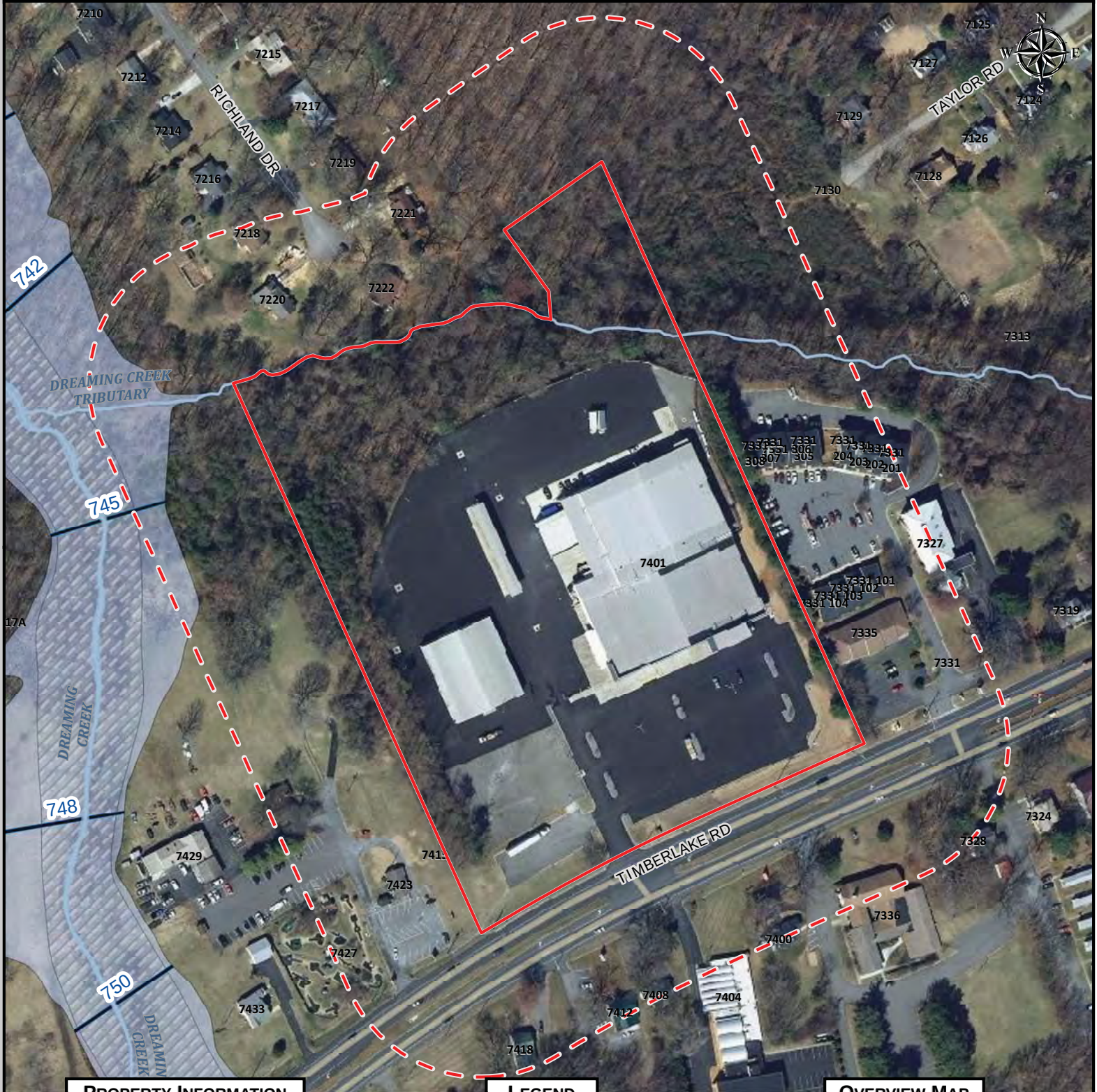


# Watershed Map

# REZONING FROM I-2C TO B-5C

Zoning Request

AMERCO Real Estate Company



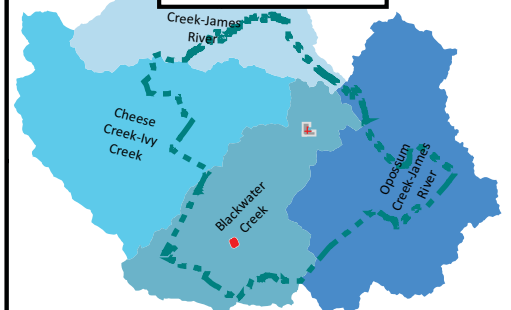
## PROPERTY INFORMATION

| PARCEL ID | ADDRESS            |
|-----------|--------------------|
| 24806024  | 7401 TIMBERLAKE RD |

## LEGEND

- Subject Property
- Base Flood Elevation
- Floodway
- Floodzone
- River / Lake / Stream

## OVERVIEW MAP



MAP SCALE: 1" = 33,333' DATE PRINTED: 10/14/2015

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

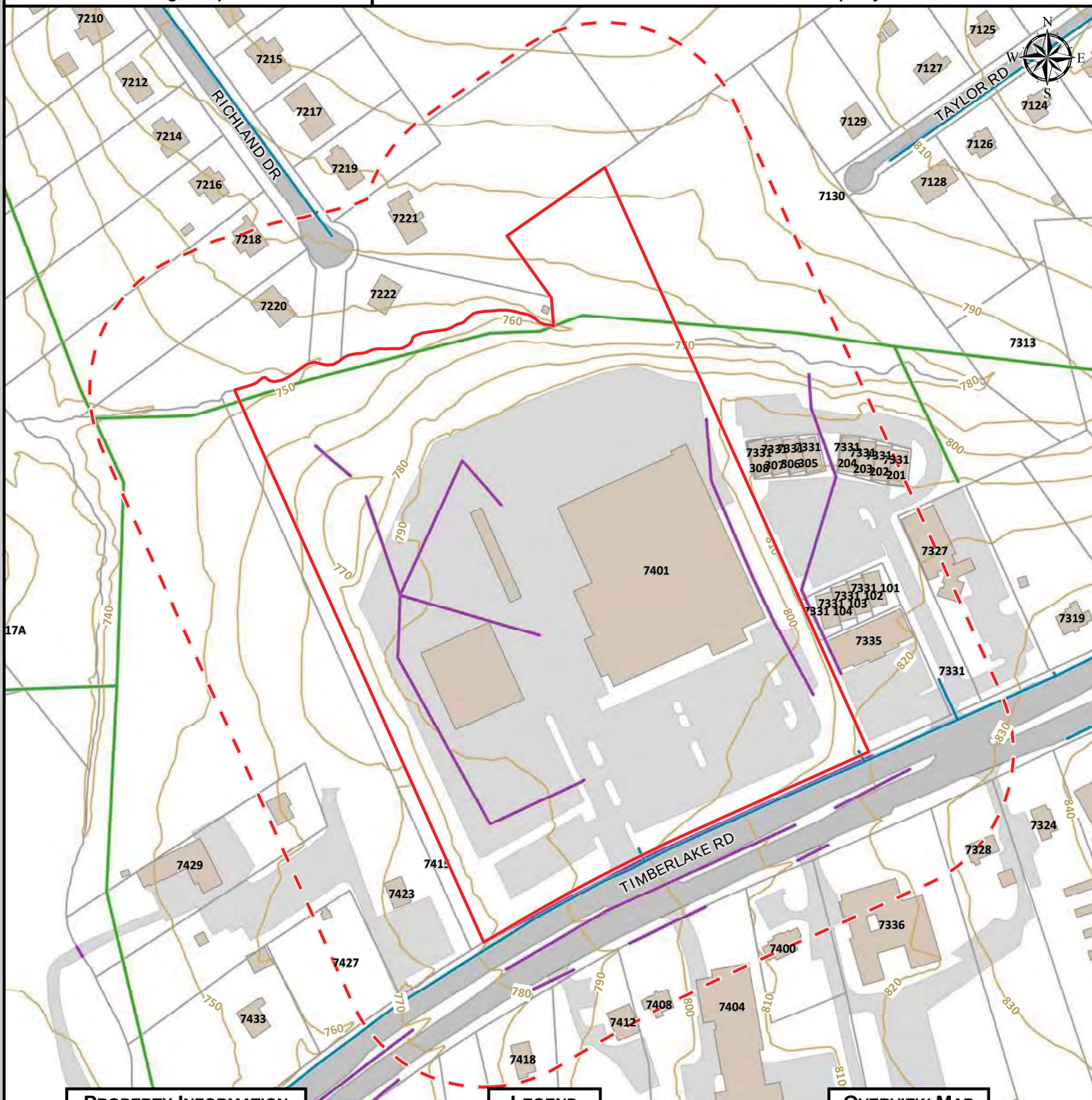


## Planimetric and Topographic Map

## REZONING FROM I-2C TO B-5C

## Zoning Request

AMERCO Real Estate Company



## PROPERTY INFORMATION

| PARCEL ID | ADDRESS            |
|-----------|--------------------|
| 24806024  | 7401 TIMBERLAKE RD |

### LEGEND

|              |           | Active | Proposed | Abandoned |
|--------------|-----------|--------|----------|-----------|
| Utilities    | Water     |        |          |           |
|              | Sanitary  |        |          |           |
|              | Storm     |        |          |           |
| Planimetrics | Structure | -      | -        |           |
|              | Roadway   |        |          | -         |
|              | Parking   |        |          | -         |
|              | Sidewalk  |        | -        | -         |
|              | Driveway  | -      | -        |           |
|              |           | 10'    | 10' Obs  |           |
| Topography   | Contour   |        |          |           |

## OVERVIEW MAP



**MAP SCALE: 1" to 4,000'** **DATE PRINTED: 10/14/2015**

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

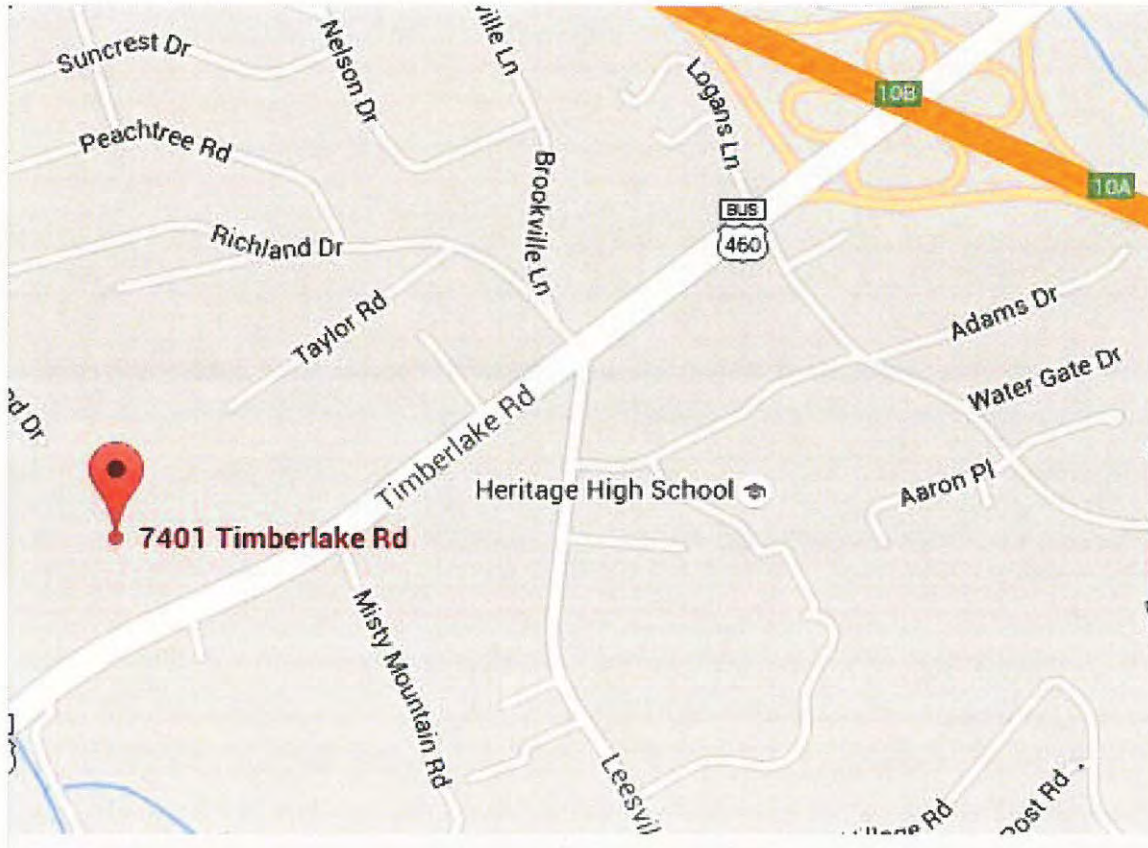








**Re-Zoning  
for  
U-Haul of Lynchburg  
7401 Timberlake Road  
Lynchburg, VA 24502  
Revised 10/14/15**





## **PURPOSE**

AMERCO Real Estate Company, a real estate subsidiary of the U-Haul System, request approval from the City of Lynchburg to Rezone this property from I-2C (Light Industrial Conditional) to B-5C (General Business Conditional) and to allow a U-Haul Equipment Rental facility with Mini Self Service Storage, Warehousing Storage, RV & Boat Storage, Propane Sales & Dispensing and Accessory Retail. The property address is 7401 Timberlake, Road Lynchburg, Virginia 24502 and is identified by Assessor's Parcel Number 24806024.



## **BACKGROUND AND PROPOSAL**

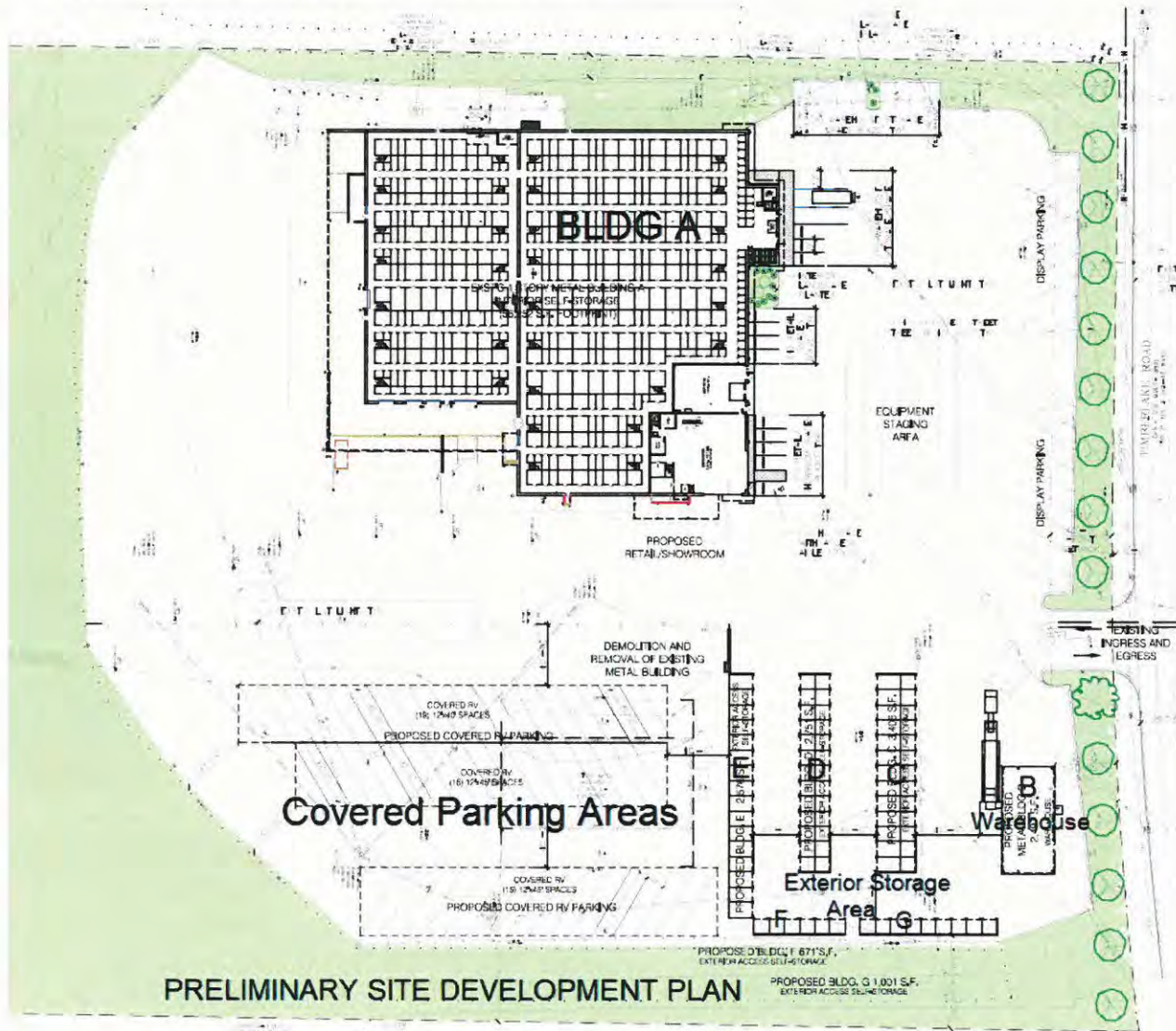
As illustrated in the site development plan on page 3, the subject property is a developed 12.72 acre site and is adjacent to and surrounded by existing developments to the north, south, east and west.

This property is currently provided with two existing buildings, asphalt parking areas, stormwater, water and sewer systems. This proposed parcel is bounded by both commercial and residential developments. The commercial properties are currently zoned B-3. The existing properties to the west are zoned residential and are buffered by an existing wooded area which shall remain. The existing properties directly across Timberlake are zoned B-3 and B-5.



## STATEMENT OF INTENT

U-Haul is proposing to take a vacant commercial building and turning it into a productive business which will generate tax revenue and provide jobs. U-Haul moving and storage centers are convenience businesses that provide valuable services to the community for its self-storage and moving needs. Our business plan is to serve the needs and desires of the neighborhood as well as to support the surrounding community. With that in mind, U-Haul successfully coexists with the surrounding areas, creates stability in business and strengthens the City's tax base. The proposed self storage facility is in accordance with the intent of the B-5 district because it is compatible with the mixture of commercial services and activities that now exist in the area. This is why we are seeking to Re-zone this property from I-2 to B-5.



U-Haul plans to remodel and convert the existing Building A into a climate controlled self-service storage building with an accessory retail & showroom. The existing metal building will be



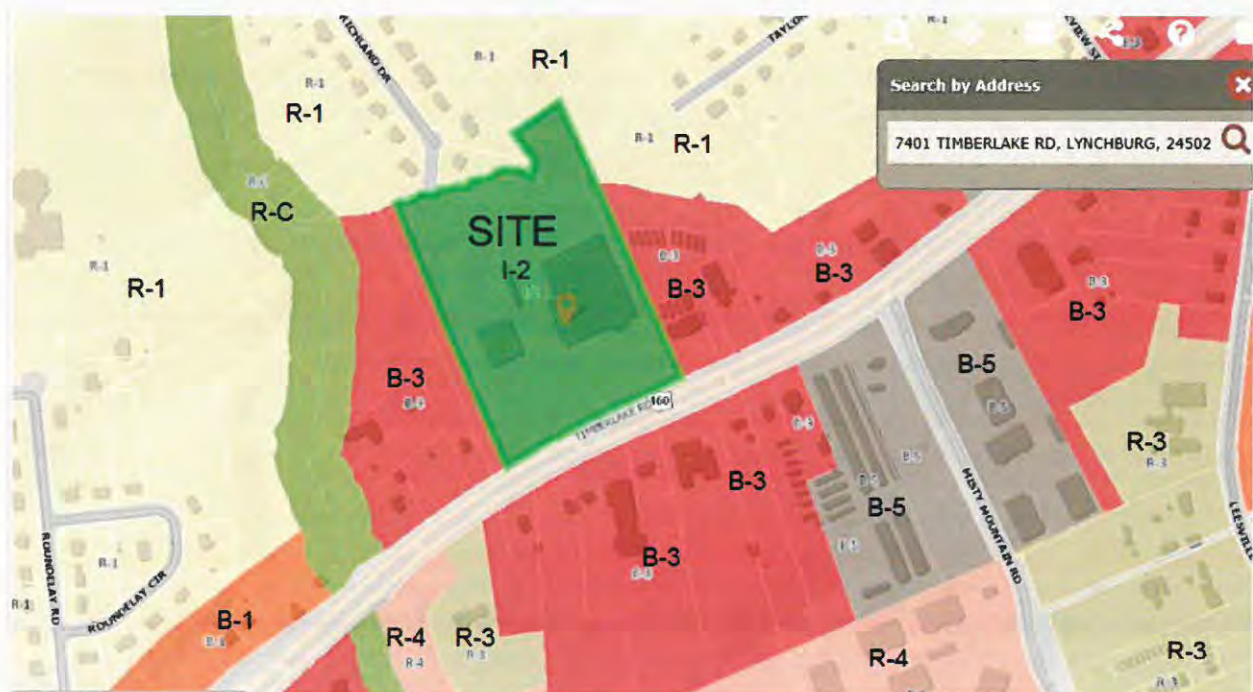
removed and replaced with metal covered parking areas to store customer RV equipment and boats. The new proposed Building B shall be used for warehouse storage and Buildings C, D, E, F and G are exterior self-service storage units. The existing asphalt parking area will be reconfigured and re-stripped to accommodate facility operations. Designated customer parking spaces shall be provided directly in front of both the proposed Retail and Self-Service storage uses. Additional required parking for the new warehouse, storage, equipment rental staging field and proposed display area are also designated on the proposed site development plan above. (Refer to the full-size plan for more details).

The company has a long and proud history of taking unused commercial and industrial properties and turning them into productive businesses which generate tax revenue, provide jobs, and promote infill development. Our goal is to coexist with our surrounding area, create stability in business, and have positive impacts on the community. The approval of the zoning map amendment will allow U-Haul to build a state of the art climate controlled storage facility and warehouse per the City's zoning requirements and provide a valuable service to the community for its self-storage and moving needs.

### **LAND USE / ZONING / SITE HISTORY**

According to the City of Lynchburg zoning map, the proposed project is currently zoned I-2 (Light Industrial Conditional).

Per City Planning Staff, the City of Lynchburg Council in 1985 revised this parcel zoning from I-1 to B5C and in 1995 it went from B-5C to I-2C.





U-Haul is not only seeking to maintain, but to exceed the current levels of health, safety and general welfare of the community with our Re-Use Development proposal. In order to achieve our goals, we need the Council to allow this parcel to be rezoned and returned to its original zoning designation of (B-5) General Business district, but with conditions.

#### **General Business district (B-5)**

The intent of this district is to provide for a variety of commercial and similar uses which require large sites. The uses that we are proposing shall be permitted by right in the general business district subject to the regulation of [Section 35.1-14](#) of the zoning ordinance as follows:

- ^ Automobile & truck rental
- ^ Automobile, truck & trailer sales with outside sales & storage
- ^ Storage warehouses
- ^ Travel trailer sales & rentals
- ^ Wholesale Trade Establishments
- ^ Office and warehousing
- ^ Warehousing
- ^ Moving and storage establishments

### **INVENTORY OF OTHER ENVIRONMENTAL CONDITIONS**

#### **A. Water / Sewer Capacity**

Currently the property is served via an existing City of Lynchburg Public 10" water line located along Timberlake Road. The existing 10" water line will adequately service the proposed development. In addition, the property is served by an existing 8" sanitary sewer line near the rear of the property. The existing 8" sanitary sewer line will also adequately serve the proposed development.

#### **B. Storm-water for Adequate Channel and Stormwater Measures**

Currently the 12.72 acre property is developed with multiple buildings, loading, and parking areas (old Lowe's facility). The rear portion of the property is wooded. The majority of existing developed on-site stormwater runoff converges via storm sewer to an existing stormwater management facility. The facility discharges via ditch to the existing branch across the rear of the property. The branch is an unnamed tributary to Dreaming Creek. A small portion of the front parking lot discharges to an existing concrete ditch along Timberlake Road. The ditch along Timberlake Road also discharges to Dreaming Creek.

The proposed improvements will be contained within the impervious footprint of the existing facility. A variety of storm water management measures may be necessary throughout the project in a combination of both local and regional treatment areas. The project will be designed to meet state and local codes (Part IIB of the stormwater regulations). Stormwater management design for the improvements will be satisfied using the Virginian's Redevelopment runoff reduction spread sheets. The design project area will be based on the disturbed area. Specific designs will be submitted during the site plan phase for City review and approval. After construction, the storm management measures will be inspected by the City of Lynchburg and the design engineer for



compliance with the approved plans. A maintenance agreement will be recorded for the project to insure the storm water measures are maintained long term.

Water quality and quantity will be handled by a combination of possible measures such as infiltration, permeable pavement, and pre-manufactured BMPs. The combination of these measures will be used to treat and reduce the storm water runoff as required to satisfy water quality, channel protection, and flood protection criteria. The attached calculations show that the existing natural channel is adequate for the 2 year storm and the concrete ditch is adequate for the 10 year storm.

### **C. Erosion and Sediment Control**

Preliminary calculations show that the project will have a disturbed area of approximately (1.3) acre. A Stormwater Pollution Prevention Plan (SWPPP) will be prepared by the design engineer and reviewed by the City of Lynchburg for approval. The SWPPP will propose a combination of measures to insure a stabilized site during construction. The SWPPP requires inspections once every 10 days or within 48 hours of a measurable rain event. The SWPPP manager will be required to make any necessary repairs and/or adjustments. The City of Lynchburg will also provide vigorous inspections.

### **D. Air Quality**

This development will not impact the air quality of the City of Lynchburg, as the proposed self storage facility does not required equipment, or activities that will produce a reduction in air quality.

### **E. Geology**

No impacts are anticipated to the geological composition of the site, due to limited excavation necessary to construct the improvements, no basements are proposed.

### **F. Vegetation**

The existing wooded areas will not be reduced. Minor impact will occur with operational modifications to the existing parking areas but will be minimized by the installation of new street trees.

### **H. Aquatic Organisms**

The subject site does not contain evidence of aquatic organisms. Therefore, this resource will not be impacted.

### **I. Noise**

Temporary increased noise levels will be generated at the site due to short term activity involving the construction of the self-storage / warehouse facility and amenities. No permanent deleterious increase in noise levels are anticipated from the project because a self storage facility is a very low traffic generator and does not require the use of equipment or machinery.

We have made much headway into introducing sustainable building practices in the building and remodeling of our projects and more innovative design techniques available for our site planning. The development of this vacant property is a prime example of creating the greatest level of net



new, sustainable commercial revenue in the City. Furthermore, the proposed U-Haul facility is not to be used for extensive warehousing, does not have frequent heavy truck or traffic activity and does not have open storage areas for materials. Since 90% of the self-service storage activity is within the interior climate control storage building, there are no nuisance factors of dust, odor, and noise associated with a manufacturing use.

## J. Traffic

*Pedestrian and vehicular traffic generated by the proposed use will not be hazardous or conflict with the existing and anticipated traffic in the neighborhood.*

U-Haul generates far fewer vehicle trips than most other commercial land uses. Data published in the Institute of Transportation Engineers (ITE) report shows that the traffic impact of self-storage facilities (i.e. "mini-warehouses") varies depending on day and times but is consistently lighter than a number of other common development types.

As outlined in the exhibit below, U-Haul generates 31 weekday trips and 53 weekend trips. Compared to the weekend trips for the surrounding properties including a fast food restaurant averaging 3,430, a gas station averaging 2,200 weekend trips and a hotel averaging 901 weekend trips; the U-Haul weekend trip generation is significantly lower. Consequently, the pedestrian and vehicular traffic generated will not be hazardous or create conflicts with the anticipated traffic in

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## Traffic Studies and Commercial Uses

**Our truck rental and self-storage uses generate less traffic than most other commercial uses.**

| USE COMPARISON                   |              |                |             |                           |      |
|----------------------------------|--------------|----------------|-------------|---------------------------|------|
| Use                              | Square Feet  | Traffic Volume |             | Typical Hours             | Days |
|                                  |              | Weekday        | Weekend     |                           |      |
| Fast Food Restaurant             | 3,000 sq ft  | 3,161 trips    | 3,430 trips | 18 hours - 24 hours       | 7    |
| Gas Station w/ Convenience Store | 2,200 sq ft  | 1,200 trips    | 2,200 trips | 18 hours - 24 hours       | 7    |
| Hotel                            | 50,000 sq ft | 905 trips      | 901 trips   | 24 hours                  | 7    |
| Casual Dining                    | 5,000 sq ft  | 1,075 trips    | 1,258 trips | 11 am - 11 pm<br>12 hours | 7    |
| U-Haul Center                    | 80,000 sq ft | 31 trips       | 53 trips    | 7 am - 7 pm<br>12 hours   | 7    |

**K. Staff & Hours of Operation**  
In a typical day at U-Haul, the center will be staffed

with a general manager and two to three customer service representatives. Families will generally arrive, enter the showroom, and choose from a variety of products and services. Our intent is to



build a new state of the art facility with internal climate controlled self-storage and a warehouse. The hours of operation are as follows:

|                   |                        |
|-------------------|------------------------|
| Monday - Thursday | 7:00 a.m. to 7:00 p.m. |
| Friday            | 7:00 a.m. to 8:00 p.m. |
| Saturday          | 7:00 a.m. to 7:00 p.m. |
| Sunday            | 9:00 a.m. to 5:00 p.m. |

The new self-storage building will provide families the choice of storing furniture, household goods, sporting equipment or holiday decorations in an interior climate control self-storage unit. The standard floor plan includes various storage room sizes including 5'x5', 5'x10', 10'x10' and 10'x15' components. Additionally, the new storage facility is designed with interior storage room access, giving the customer the added value of increased security, and the community the benefit of a reduction of noise and a more aesthetically pleasing exterior.

## **CONCLUSION**

For more than seventy years, U-Haul has incorporated sustainable practices into its everyday operations. Today we remain focused on reducing waste and are dedicated to manufacturing reusable components and recyclable products. Our commitment to sustainability, through our products, services, and design philosophy, has helped us to reduce our impact on the environment. At U-Haul, we are committed to sustainable development through environmental protection, social responsibility, and economic efficiency.

Every year U-Haul develops many properties across the United States and Canada – from ground-up projects to existing building remodels. All projects utilize sustainable building techniques – from site selection in high-growth areas to using recyclable building materials where possible. We have made much headway into introducing sustainable building practices in the building and remodeling of our projects and more innovative design techniques available for our site planning. The development of this vacant property is a prime example of creating the greatest level of net new, sustainable commercial revenue in the City.

We would again like to request the approval from Council to allow the rezoning of this existing vacant property from I-2 to B-5C and allow us to renovate and convert this property into another U-Haul facility.

REZONING NARRATIVE  
U-HAUL

REZONING AND CUP NARRATIVE

FOR

U-HUAL  
7401 TIMBERLAKE ROAD  
LYNCHBURG, VIRGINIA

PREPARED FOR:  
AMERCO REAL ESTATE CO.  
2727 N CENTRAL AVE.  
PHOENIX, AZ. 85004  
(C/O DAVID POLLOCK)

BY

BERKLEY-HOWELL & ASSOCIATES, P.C.  
ENGINEERS-SURVEYORS-PLANNERS

306 ENTERPRISE DRIVE, SUITE C,  
FOREST, VIRGINIA 24551  
(434) 385-7548

COMM. NO. 150109

SEPTEMBER 2, 2015  
REVISED OCTOBER 14, 2015



### PROJECT DESCRIPTION

Request Rezoning from I-2 to B-5C to allow a U-Haul truck rental facility with mini storage. The project includes 12.72 acres. The subject area is currently developed with the old Lowes facility. Below are narratives specifically requested by the City of Lynchburg for the Rezoning and CUP application.

### WATER/SEWER CAPACITY NARRATIVE:

The property is served by an existing City of Lynchburg Public water via 10" line along Timberlake Road. The 10" water line will adequately serve the development.

The property is served by an existing 8" sanitary sewer line near the rear of the property. The 8" sanitary sewer line will adequately serve the development.

### STORMWATER NARRATIVE FOR ADEQUATE CHANNEL AND STORMWATER MEASURES

Currently the 12.72 acre property is developed with multiple buildings, loading, and parking areas (old Lowes facility). The rear portion of the property is wooded. The majority of existing developed onsite stormwater runoff converges via storm sewer to an existing stormwater management facility. The facility discharges via ditch to the existing branch across the rear of the property. The branch is an unnamed tributary to Dreaming Creek. A small portion of the front parking lot discharges to an existing concrete ditch along Timberlake Road. The ditch along Timberlake Road discharges to Dreaming Creek.

The proposed improvements will be contained within the impervious footprint of the existing facility. A variety of storm water management measures may be necessary throughout the project in a combination of both local and regional treatment areas. The project will be designed to meet state and local codes (Part IIB of the stormwater regulations). Stormwater management design for the improvements will be satisfied using the Virginian's Redevelopment runoff reduction spread sheets. The design project area will be based on the disturbed area. Specific designs will be submitted during the site plan phase for City review and approval. After construction, the storm management measures will be inspected by the City of Lynchburg and the design engineer for compliance with the approved plans. A maintenance agreement will be recorded for the project to insure the storm water measures are maintained long term.

Water quality and quantity will be handled by a combination of possible measures such as infiltration, permeable pavement, and pre-manufactured BMPs. The combination of these measures will be used to treat and reduce the storm water runoff as required to satisfy water quality, channel protection, and flood protection criteria. The attached calculations show that the existing natural channel is adequate for the 2 year storm and the concrete ditch is adequate for the 10 year storm.

### EROSION AND SEDIMENT CONTROL

Preliminary calculations show that the project will have a disturbed area of approximately 1.3 acres. A Stormwater Pollution Prevention Plan (SWPPP) will be prepared by the design engineer and reviewed by the City of Lynchburg for approval. The SWPPP will propose a combination of measures to insure a stabilized site during construction. The SWPPP requires inspections once every 10 days or within 48 hours of a measurable rain event. The SWPPP manager will be required to make any necessary repairs and/or adjustments. The City of Lynchburg will also provide vigorous inspections.

STORMWATER ADEQUACY CALCULATIONS

FOR

U-HUAL  
7401 TIMBERLAKE ROAD  
LYNCHBURG, VIRGINIA

PREPARED FOR:  
AMERCO REAL ESTATE CO.  
2727 N CENTRAL AVE.  
PHOENIX, AZ. 85004  
(C/O DAVID POLLOCK)

BY

BERKLEY-HOWELL & ASSOCIATES, P.C.  
ENGINEERS-SURVEYORS-PLANNERS

306 ENTERPRISE DRIVE, SUITE C.  
FOREST, VIRGINIA 24551  
(434) 385-7548

COMM. NO. 150109

SEPTEMBER 2, 2015









CITY FARM

1" = 1000'



## DRAINAGE TO SECTIONS SCC1A, B, C REAR OF LOWES

Drainage Area = 91 Ac

| Surface | Area | Run-off co-efficient       |
|---------|------|----------------------------|
| WOODS   | 32   | 0.25                       |
| Grass   | 41   | 0.3 Grass, LAWN, LANDSCAPE |
| Gravel  |      |                            |
| Roof    |      |                            |
| Paving  | 18   | 0.9 Roof, PAV. ETC         |
| CW =    |      | 0.40                       |

Hydraulic Length =

Average Slope =

Time of Concentration =

Intensity:  $I_2 = 2.0$  in/h $I_{10} =$  $I_{25} =$ Discharge:  $Q_2 = 73$  cfs $Q_{10} =$  $Q_{25} =$ 

$$T_0 = 200' @ 0.3\% \Rightarrow 15 \text{ min}$$

$$T_{sc} = 100' @ 8\% \Rightarrow 4.5 \text{ min} = 0.4 \text{ min}$$

$$T_{ch} = 2800' @ 105\% = 13 \text{ min}$$

$$T_c = 28.4 \text{ min}$$

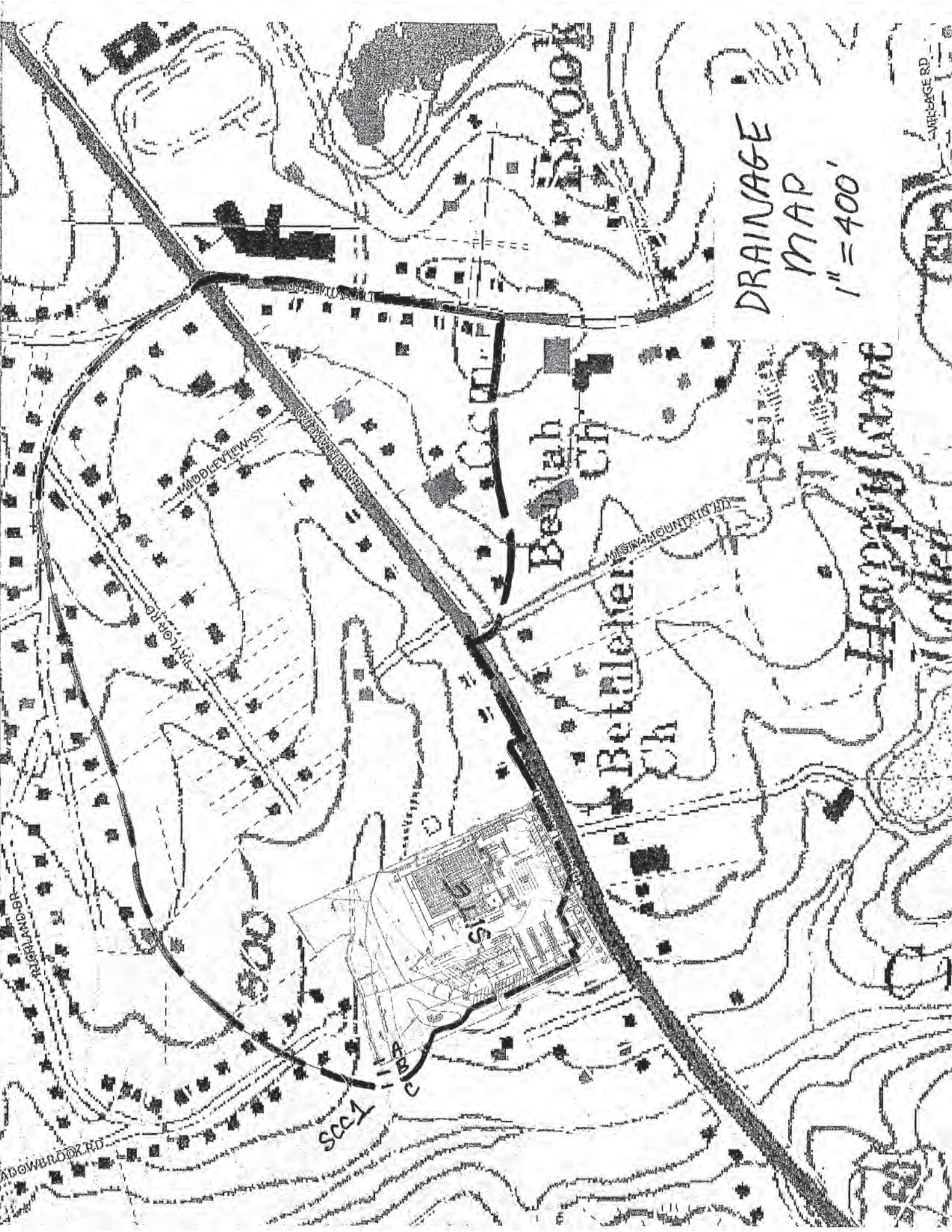
Comments:

THE REAR OF THE SITE DISCHARGES TO  
AN EXISTING NATURAL CHANNEL.

FOR THE ATTACHED CALCULATIONS, THE  
CHANNEL IS ADEQUATE.



DRAINAGE  
MAP  
1" = 400'







## Worksheet for SCC1A

### Results

|                 |             |       |
|-----------------|-------------|-------|
| Normal Depth    | 1.55        | ft    |
| Critical Depth  | 1.49        | ft    |
| Critical Slope  | 0.03980     | ft/ft |
| Velocity        | 5.68        | ft/s  |
| Velocity Head   | 0.50        | ft    |
| Specific Energy | 2.05        | ft    |
| Froude Number   | 0.93        |       |
| Flow Type       | Subcritical |       |

*V<sub>2</sub> OK*

### GVF Input Data

|                  |      |    |
|------------------|------|----|
| Downstream Depth | 0.00 | ft |
| Length           | 0.00 | ft |
| Number Of Steps  | 0    |    |

### GVF Output Data

|                     |          |       |
|---------------------|----------|-------|
| Upstream Depth      | 0.00     | ft    |
| Profile Description |          |       |
| Profile Headloss    | 0.00     | ft    |
| Downstream Velocity | Infinity | ft/s  |
| Upstream Velocity   | Infinity | ft/s  |
| Normal Depth        | 1.55     | ft    |
| Critical Depth      | 1.49     | ft    |
| Channel Slope       | 0.03400  | ft/ft |
| Critical Slope      | 0.03980  | ft/ft |



## Cross Section for SCC1A

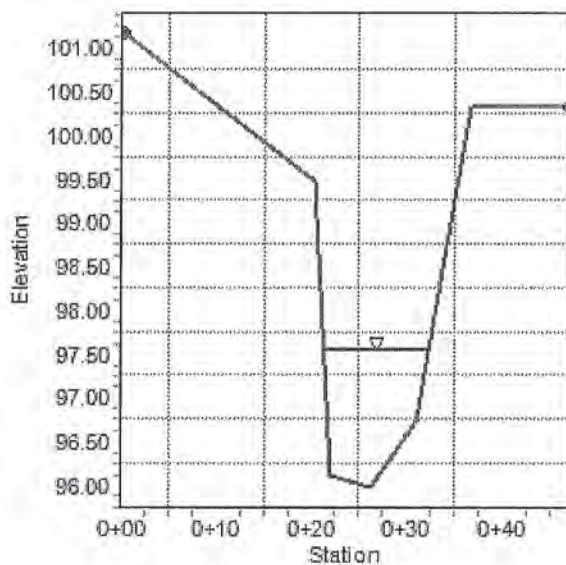
### Project Description

Friction Method                      Manning Formula  
Solve For                              Normal Depth

### Input Data

Channel Slope                              0.03400    ft/ft  
Normal Depth                              1.55    ft  
Discharge                                  73.00    ft<sup>3</sup>/s

### Cross Section Image



EXISTING NATURAL  
CHANNEL, STREAM  
MANY STONES ON  
BOTTOM. THICK  
VEGETATION, ROOTS  
ON SIDES. FEW  
TREES AND LAPS

## Worksheet for SCC1B

### Project Description

Friction Method                      Manning Formula  
Solve For                              Normal Depth

### Input Data

Channel Slope                                              0.03400    ft/ft  
Discharge                                                      73.00    ft<sup>3</sup>/s  
Section Definitions

*Q<sub>2</sub>*

| Station (ft) | Elevation (ft) |
|--------------|----------------|
|--------------|----------------|

|        |        |
|--------|--------|
| 0+00.0 | 101.16 |
| 0+17.9 | 99.47  |
| 0+20.7 | 96.12  |
| 0+23.0 | 95.98  |
| 0+25.2 | 96.73  |
| 0+33.7 | 100.33 |
| 0+52.1 | 100.32 |

### Roughness Segment Definitions

| Start Station    | Ending Station   | Roughness Coefficient |
|------------------|------------------|-----------------------|
| (0+00.0, 101.16) | (0+52.1, 100.32) | 0.050                 |

### Options

Current Roughness Weighted Method                      Pavlovskii's Method  
Open Channel Weighting Method                      Pavlovskii's Method  
Closed Channel Weighting Method                      Pavlovskii's Method

### Results

Normal Depth                                              2.09    ft  
Elevation Range                                              95.98 to 101.16 ft  
Flow Area                                                      12.17    ft<sup>2</sup>  
Wetted Perimeter                                              10.62    ft  
Hydraulic Radius                                              1.15    ft  
Top Width                                                      9.31    ft

*D<sub>2</sub> OK*

## Worksheet for SCC1B

### Results

|                 |             |       |
|-----------------|-------------|-------|
| Normal Depth    | 2.09        | ft    |
| Critical Depth  | 2.02        | ft    |
| Critical Slope  | 0.04010     | ft/ft |
| Velocity        | 6.00        | ft/s  |
| Velocity Head   | 0.56        | ft    |
| Specific Energy | 2.65        | ft    |
| Froude Number   | 0.92        |       |
| Flow Type       | Subcritical |       |

$V_2$  OK

### GVF Input Data

|                  |      |    |
|------------------|------|----|
| Downstream Depth | 0.00 | ft |
| Length           | 0.00 | ft |
| Number Of Steps  | 0    |    |

### GVF Output Data

|                     |          |       |
|---------------------|----------|-------|
| Upstream Depth      | 0.00     | ft    |
| Profile Description |          |       |
| Profile Headloss    | 0.00     | ft    |
| Downstream Velocity | Infinity | ft/s  |
| Upstream Velocity   | Infinity | ft/s  |
| Normal Depth        | 2.09     | ft    |
| Critical Depth      | 2.02     | ft    |
| Channel Slope       | 0.03400  | ft/ft |
| Critical Slope      | 0.04010  | ft/ft |





## Worksheet for SCC1C

### Project Description

Friction Method                      Manning Formula  
Solve For                              Normal Depth

### Input Data

Channel Slope                                              0.03400    ft/ft  
Discharge                                                      73.00    ft<sup>3</sup>/s  
Section Definitions

*Q<sub>2</sub>*

| Station (ft) | Elevation (ft) |
|--------------|----------------|
|--------------|----------------|

|        |        |
|--------|--------|
| 0+00.0 | 101.16 |
| 0+22.1 | 99.47  |
| 0+26.8 | 96.12  |
| 0+28.5 | 95.98  |
| 0+31.7 | 96.73  |
| 0+34.8 | 100.33 |
| 0+57.6 | 100.32 |

### Roughness Segment Definitions

| Start Station    | Ending Station   | Roughness Coefficient |
|------------------|------------------|-----------------------|
| (0+00.0, 101.16) | (0+57.6, 100.32) | 0.050                 |

### Options

Current Roughness Weighted Method                      Pavlovskii's Method  
Open Channel Weighting Method                      Pavlovskii's Method  
Closed Channel Weighting Method                      Pavlovskii's Method

### Results

Normal Depth                                              2.03    ft  
Elevation Range                                              95.98 to 101.16 ft  
Flow Area                                                      11.85    ft<sup>2</sup>  
Wetted Perimeter                                              9.94    ft  
Hydraulic Radius                                              1.19    ft  
Top Width                                                      8.66    ft

*D<sub>2</sub> OK*

## Worksheet for SCC1C

### Results

|                 |             |       |
|-----------------|-------------|-------|
| Normal Depth    | 2.03        | ft    |
| Critical Depth  | 1.96        | ft    |
| Critical Slope  | 0.03976     | ft/ft |
| Velocity        | 6.16        | ft/s  |
| Velocity Head   | 0.59        | ft    |
| Specific Energy | 2.62        | ft    |
| Froude Number   | 0.93        |       |
| Flow Type       | Subcritical |       |

*V<sub>2</sub> OK*

### GVF Input Data

|                  |      |    |
|------------------|------|----|
| Downstream Depth | 0.00 | ft |
| Length           | 0.00 | ft |
| Number Of Steps  | 0    |    |

### GVF Output Data

|                     |          |       |
|---------------------|----------|-------|
| Upstream Depth      | 0.00     | ft    |
| Profile Description |          |       |
| Profile Headloss    | 0.00     | ft    |
| Downstream Velocity | Infinity | ft/s  |
| Upstream Velocity   | Infinity | ft/s  |
| Normal Depth        | 2.03     | ft    |
| Critical Depth      | 1.96     | ft    |
| Channel Slope       | 0.03400  | ft/ft |
| Critical Slope      | 0.03976  | ft/ft |



## Project Description

### Manning Formula

Normal Depth

73.00 ft<sup>3</sup>/s

The profile view graph displays the vertical alignment of the road. The vertical axis represents Elevation in feet, ranging from 96.00 to 101.00. The horizontal axis represents Stationing, ranging from 0+00 to 0+50. The profile line starts at an elevation of 101.00 at station 0+00, descends linearly to an elevation of 99.50 at station 0+22.5, then drops sharply to a minimum elevation of approximately 96.00 at station 0+28. From station 0+28, the profile rises linearly to an elevation of 100.00 at station 0+35, where it remains constant until station 0+50. A horizontal line segment is drawn at an elevation of 98.00 from station 0+25 to 0+35, with the number '7' centered above it, indicating a 7% grade.

EXISTING NATURAL  
CHANNEL, STREAM  
MANY STONES ON  
BOTTOM. THICK  
VEGETATION, ROOTS  
ON SIDES. FEW  
TREES AND LADS

## DRAINAGE TO PAVED DITCH AT TIMBERLAKE RD

Drainage Area = 1.8 Ac

| Surface | Area | Run-off co-efficient |
|---------|------|----------------------|
| Grass   | 0.44 | 0.3 GRASS            |
| Gravel  |      |                      |
| Roof    |      |                      |
| Paving  | 1.36 | 0.9 Timberlake Rd    |
|         |      | CW = 0.75            |

$$T_o = 100' @ 0.9 @ 3\% \Rightarrow 5 \text{ min}$$

$$T_{ch} = 100' @ 6.2' \Rightarrow 5.6'$$

$$@ 6 \text{ FTLs} \Rightarrow 3 \text{ min}$$

$$T_c = 8 \text{ min}$$

Hydraulic Length =

Average Slope =

Time of Concentration = 8 min

Intensity:  $I_2 =$ 

$$I_{10} = 4.9 \text{ in/h}$$

 $I_{25} =$ Discharge:  $Q_2 =$ 

$$Q_{10} = 6.6 \text{ CFS}$$

 $Q_{25} =$ 

Comments:

Existing Concrete Ditch is  
adequate For  $Q_{10} = 6.6 \text{ CFS}$

See Attached Calcs



# The City of Lynchburg, VA

## Legend

- Addresses
- Street Labels
- Legal Lot Lines
- Vacated Right of Way
- Parcels
- Owner Unknown
- Survey Gap
- 10ft Contours
- 2ft Contours

DRAINAGE  
MAP  
1" = 200'



9/2/2015

DISCLAIMER: This drawing is neither a legally recorded map nor a survey and is not intended to be used as such. The information displayed is a compilation of records, information, and data obtained from various sources, and the City of Lynchburg is not responsible for its accuracy or how current it may be.



SOC 2 A, B, C

## Worksheet for Triangular Channel - 1

### Project Description

Friction Method Manning Formula  
Solve For Normal Depth

### Input Data

Roughness Coefficient 0.013  
Channel Slope 0.08200 ft/ft  
Left Side Slope 2.16 ft/ft (H:V)  
Right Side Slope 2.16 ft/ft (H:V)  
Discharge 6.60 ft<sup>3</sup>/s

← Q<sub>10</sub>

### Results

Normal Depth 0.50 ft  
Flow Area 0.54 ft<sup>2</sup>  
Wetted Perimeter 2.38 ft  
Hydraulic Radius 0.23 ft  
Top Width 2.16 ft  
Critical Depth 0.90 ft  
Critical Slope 0.00366 ft/ft  
Velocity 12.19 ft/s  
Velocity Head 2.31 ft  
Specific Energy 2.81 ft  
Froude Number 4.30  
Flow Type Supercritical

### GVF Input Data

Downstream Depth 0.00 ft  
Length 0.00 ft  
Number Of Steps 0

### GVF Output Data

Upstream Depth 0.00 ft  
Profile Description  
Profile Headloss 0.00 ft  
Downstream Velocity Infinity ft/s  
Upstream Velocity Infinity ft/s  
Normal Depth 0.50 ft  
Critical Depth 0.90 ft  
Channel Slope 0.08200 ft/ft  
Critical Slope 0.00366 ft/ft

← < 0.6 OK

SCCZ A, B, C

## Cross Section for Triangular Channel - 1

### Project Description

Friction Method

Manning Formula

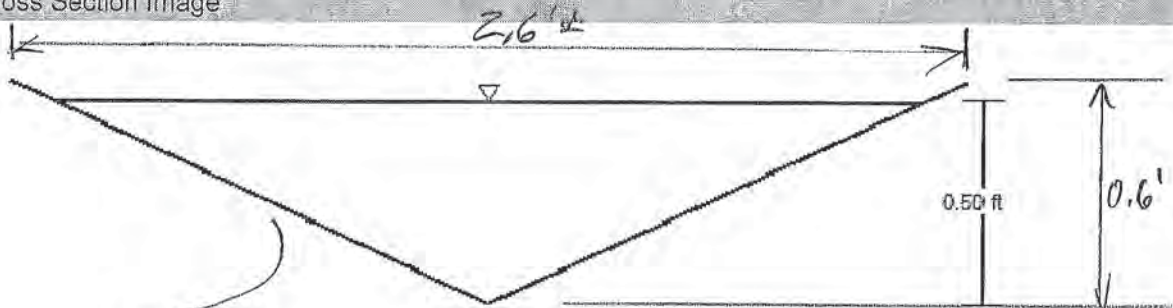
Solve For

Normal Depth

### Input Data

|                       |                         |
|-----------------------|-------------------------|
| Roughness Coefficient | 0.013                   |
| Channel Slope         | 0.08200 ft/ft           |
| Normal Depth          | 0.50 ft                 |
| Left Side Slope       | 2.16 ft/ft (H:V)        |
| Right Side Slope      | 2.16 ft/ft (H:V)        |
| Discharge             | 6.60 ft <sup>3</sup> /s |

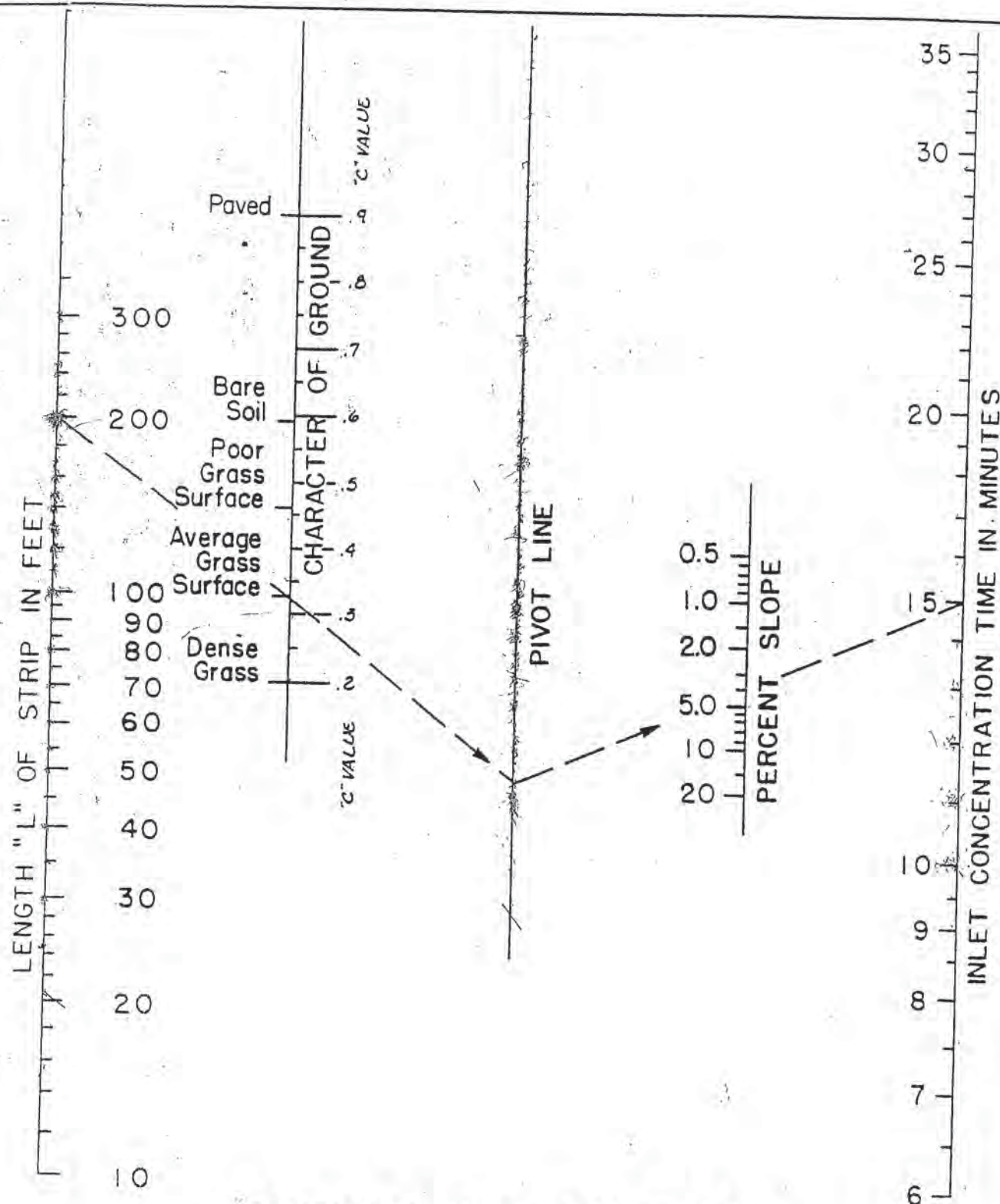
### Cross Section Image



CONCRETE  
"V" DITCH

V:1  
H:1

3 Consistent Sections



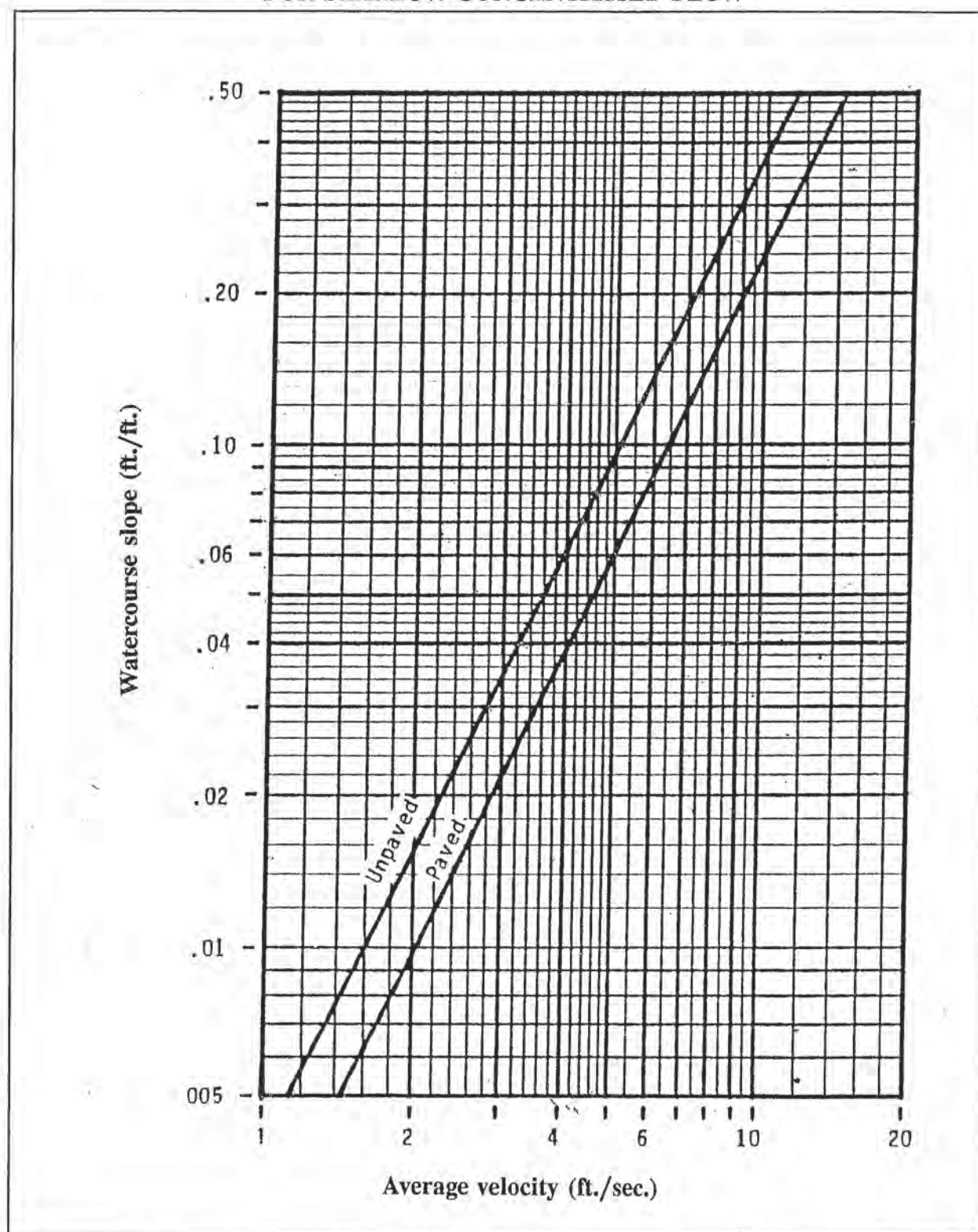
**OVERLAND FLOW TIME**  
(Seelye Chart)

Source: Data Book for Civil Engineers, E.E. Seelye

Plate 5-1



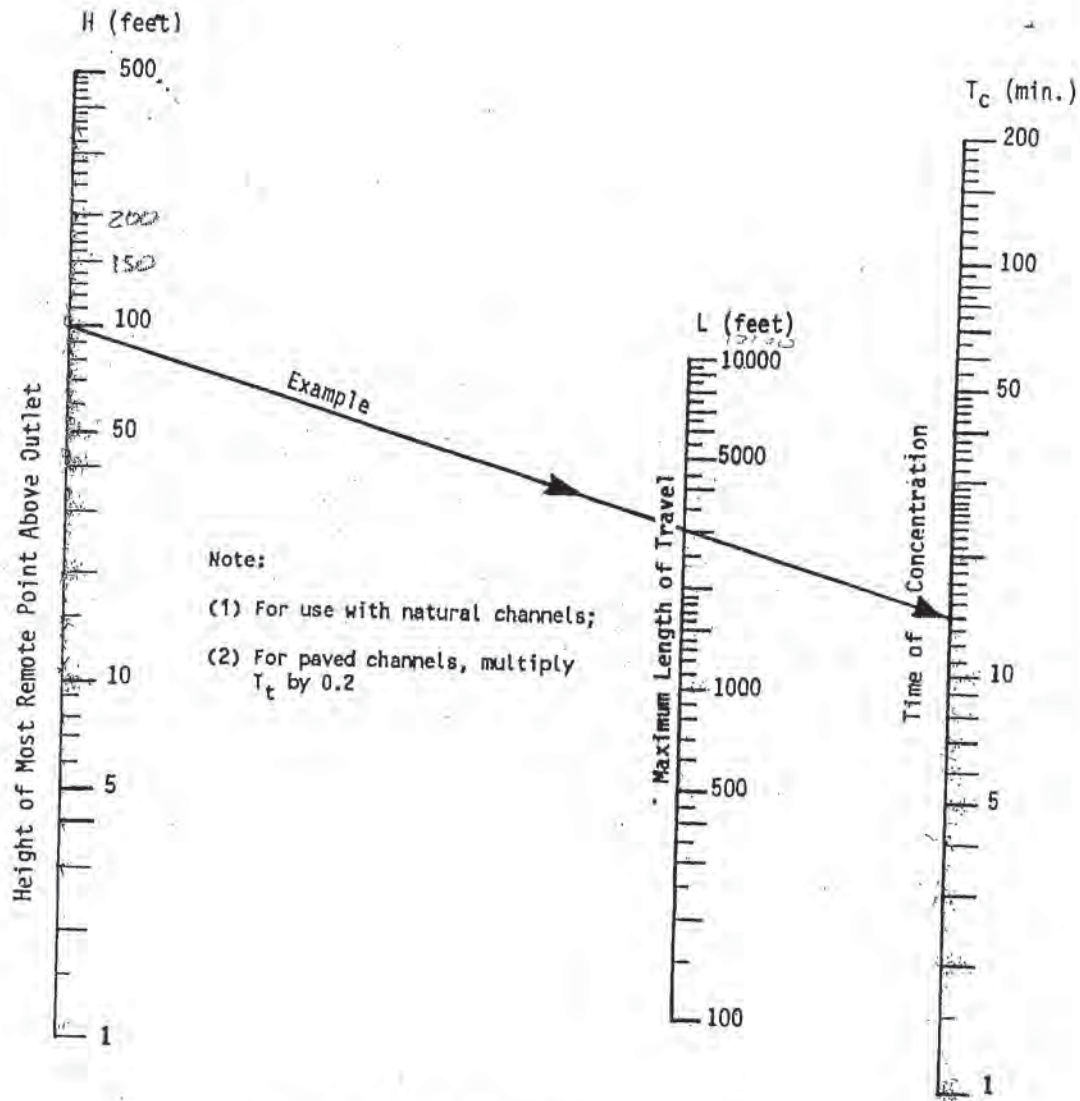
AVERAGE VELOCITIES FOR ESTIMATING TRAVEL TIME  
FOR SHALLOW CONCENTRATED FLOW



Source: USDA-SCS

Plate 5-2

# TRAVEL TIME FOR CHANNEL FLOW (Kirpich Chart)



Source: VDOT

Plate 5-3

10 1000 9  
20 2000 16  
30 3000 22  
48 min

Date: October 20, 2015 (Revised)  
To: City of Lynchburg, VA.  
From: U-Haul International / Amerco Real Estate Company (Applicant)  
Re: Revised Proffers / Rezoning REZ1509-0005  
7401 Timberlake Road

To Whom it may concern:

Pursuant to Sub-Section B of Section 35.1-43.1 of Article IX of the City Zoning Ordinance, the undersign owner hereby voluntarily proffers in writing the following revised condition(s) which shall be applicable to the property in the event it is rezoned as requested.

1. The subject property may be used for only a Self-Service storage facility, Accessory Retails / Showroom, Hitch Bay installation, Equipment rentals & staging, Warehousing, RV, Vehicle & Boat storage, Propane sales and dispensing, Outdoor storage and display as shown on site plan, Wholesale Trade establishment, Office & warehousing and Moving and Storage establishments.
2. The subject property shall be developed in accordance with the site plan presented with this rezoning request, this includes the additional buildings, vehicle / rv canopies and pulling sidewalk off of road where the grades and right-of-way will allow.
3. The subject property may be expanded in the future, but no building expansion will be located within the required setback line of 100 feet which is adjacent to the residential area to the rear of the subject property.
4. The wooded area located adjacent to the residential area shall remain undeveloped as a natural area buffer as shown on plans.

Applicant Signature



Date

10/21/15

Property Owner / Rep. Signature



Date

10/21/2015





7401 Timberlake Road  
Rezoning from I-2C to B-5C  
October 28, 2015

**PLEASE PRINT**

[illegible]

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **December 8, 2015**

AGENDA ITEM NO.: 11

CONSENT: REGULAR: **X**

WORK SESSION:

CLOSED SESSION:  
(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Conditional Use Permit: Randolph College – 2711 and 2715 Rivermont Avenue,  
227 Westmoreland Street**

RECOMMENDATION: Approval of the conditional use permit (CUP) petition.

SUMMARY: Randolph College is petitioning to allow the use of the existing apartment buildings at 2715 Rivermont Avenue as student housing, the existing buildings at 2711 Rivermont Avenue and 227 Westmoreland Street as school offices and to allow the construction of an associated parking area. Colleges and their associated uses are permitted in an R-4, Medium-High Density, Multi-Family Residential District upon approval of a CUP by Council. The Planning Commission recommended approval of the petition.

PRIOR ACTION(S):

October 28, 2015: The Planning Division recommended approval of the CUP petition.

The Planning Commission recommended approval of the CUP petition (5-0, with two vacancies)

FISCAL IMPACT: N/A

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

ATTACHMENT(S):

- Resolution
- Planning Commission Report and Minutes – October 28, 2015
- Zoning Map
- *FLUM* Map
- Watershed Map
- Planimetric and Topographic Map
- Concept Plan
- Narrative
- Property Photograph
- Speaker Signup Sheet

REVIEWED BY: lkp

RESOLUTION:

A RESOLUTION GRANTING A CONDITIONAL USE PERMIT FOR RANDOLPH COLLEGE TO ALLOW THE USE OF THE EXISTING APARTMENT BUILDINGS AT 2715 RIVERMONT AVENUE AS STUDENT HOUSING, THE EXISTING BUILDINGS AT 2711 RIVERMONT AVENUE & 227 WESTMORELAND STREET AS SCHOOL OFFICES AND TO ALLOW THE CONSTRUCTION OF AN ASSOCIATED PARKING AREA IN AN R-4, MEDIUM-HIGH DENSITY, MULTI-FAMILY RESIDENTIAL DISTRICT.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG that the petition of Randolph College to allow the use of the existing apartment buildings at 2715 Rivermont Avenue as student housing, the existing buildings at 2711 Rivermont Avenue & Westmoreland Street as school offices and to allow the construction of an associated parking area is hereby approved subject to the following conditions:

1. The property shall be developed in substantial compliance with the site plan "Randolph College Parking Lot Study" dated October 2, 2015 and received October 5, 2015.
2. All exterior lighting shall be controlled so that no direct illumination shall occur beyond any property line.

Adopted:

Certified: \_\_\_\_\_  
Clerk of Council

138K

# The Department of Community Development

City Hall, Lynchburg, VA 24504 434-455-3900

---

**To:** Planning Commission  
**From:** Planning Division  
**Date:** October 28, 2015  
**Re:** **Conditional Use Permit (CUP): Randolph College**

---

## I. PETITIONER

Randolph College, 2500 Rivermont Avenue, Lynchburg, Virginia 24503

**Representative:** John W. Wood, III, Randolph College, 2500 Rivermont Avenue, Lynchburg, Virginia 24503

## II. LOCATION

The property is comprised of three (3) tracts totaling one and four hundred eighty-two thousandths (1.482) acres located at 2711, 2715 Rivermont Avenue and 227 Westmoreland Street.

**Property Owner:** Randolph College, 2500 Rivermont Avenue, Lynchburg, Virginia 24503

## III. PURPOSE

The purpose of this petition is to allow the use of the existing structures at 2711 Rivermont Avenue and 227 Westmoreland Street as college offices, use of the existing structures at 2715 Rivermont Avenue as student housing and to allow the construction of an associated parking area.

## IV. SUMMARY

- The *Comprehensive Plan 2013-2030* recommends a Traditional Residential use for the subject property.
- The petition agrees with the Zoning Ordinance in that colleges and their associated uses are permitted in R-4, Medium-High Density, Multi-Family Residential Districts upon approval of a Conditional Use Permit by City Council.

**The Planning Division recommends approval of the CUP petition.**

---

## V. FINDINGS OF FACT

1. **Comprehensive Plan.** The *Lynchburg Comprehensive Plan 2013-2030* recommends a Traditional Residential use for the property. “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”. (p. 75)

2. **Zoning.** The subject property was annexed into the City in 1908. The existing R-4, Medium-High Density, Multi-Family Residential District Zoning was established in 1978. The requested CUP would not change the underlying zoning of the property.
3. **Board of Zoning Appeals (BZA).** The Zoning Official has determined that no variances are needed for the development of the property as proposed.
4. **Surrounding Area.** There have been several items requiring City Council approval in the immediate area:
  - On August 13, 1985, Council approved the CUP request of Rivermont Presbyterian Church to allow a nursery school and play area at 2424-2426 Rivermont Avenue.
  - On May 8, 1990, Council approved the CUP request of Rivermont Presbyterian Church to allow the construction of building additions, parking and play areas at 2424-2426 Rivermont Avenue.
  - On July 10, 1990, Council denied the CUP request of Reginald Barrack to use the existing structure at 2450 Rivermont Avenue as a bed & breakfast.
  - On June 11, 1996, Council approved the CUP request of Vernon & Patty Brewer to allow the use of the existing structure at 2601 Rivermont Avenue as a bed & breakfast for eight (8) guests.
  - On August 12, 1997, Council approved the CUP request of Rivermont Presbyterian Church to allow the construction of two (2) parking areas at 2424 Rivermont Avenue.
  - On March 10, 1998, Council approved the CUP request of George & Joannie Caylor to allow the use of an existing structure at 2460 Rivermont Avenue as a bed & breakfast for six (6) guests.
  - On August 8, 2000, Council approved the CUP request of Randolph College to allow the use of the structure at 2601 Rivermont Avenue as an office.
  - On May 8, 2001, Council approved the CUP request of Randolph College to allow the construction of athletic fields at 2500 Rivermont Avenue.
  - On May 8, 2001, Council approved the CUP request of Rivermont Presbyterian Church to allow the construction of two (2) buildings and a parking area at 2424 Rivermont Avenue.
  - On August 13, 2002, Council approved the CUP request of Randolph College to allow the use of the structure at 2615 Rivermont Avenue as offices and lodging facilities.
  - On November 11, 2006, Council approved the CUP request of Randolph College to allow the construction of a gymnasium, studio theater, pool expansion and parking at 5 Quinlan Street & 136-155 Norfolk Avenue.
5. **Site Description.** The subject property includes three (3) tracts totaling one and four hundred eighty-two thousandths (1.482) acres.

The property located at 2711 Rivermont Avenue contains a two and one-half (2.5) story, five thousand seven hundred (5,700) square foot, wood frame, vinyl sided structure constructed in 1900.

The property located at 2715 Rivermont Avenue contains two (2) three (3)-story, wood frame, masonry sided structures constructed in 1954. These buildings consist of fifteen

thousand five hundred forty-one (15,541) square feet. According to City Assessor records the buildings contain seventeen (17) apartment units.

The property at 277 Westmoreland Street contains a three thousand two hundred eight (3,208) square foot, wood frame and brick veneer structure constructed in 1924.

6. **Proposed Use of Property.** The purpose of the CUP petition is to allow the use of the existing buildings at 2715 Rivermont Avenue as student housing for up to fifty-eight (58) students. The structures located at 2711 Rivermont Avenue & 227 Westmoreland Street are proposed to be used for college offices. A thirty-one (31) space parking area is proposed between the two proposed office buildings.

7. **Traffic, Parking and Public Transit.** The City's Transportation Engineer had no concerns regarding the CUP petition.

The property is served by Greater Lynchburg Transit Company (GLTC) Route 3A, with bus stops immediately adjacent to 2715 Rivermont Avenue.

Section 35.1-25 of the City's Zoning Ordinance states that "for colleges exceeding one hundred (100) on campus and commuting students, the parking need shall be determined by the petitioner and approved as part of a conditional use permit as required by Section 35.1-15. The submitted site plan indicates a total of forty (40) parking spaces on site. Other parking areas are available on the main campus of the college located across Rivermont Avenue.

Of concern is the potential for students to cross Rivermont Avenue midblock instead of at designated pedestrian crossings. A note on the submitted site plan indicates that students have been directed to cross Rivermont Avenue at the pedestrian crossing located at the intersection of Rivermont Avenue and North Princeton Circle.

8. **Stormwater Management.** An Erosion & Sediment Control/Stormwater Management Plan will be required prior to final site plan approval.
9. **Emergency Services.** The City's Fire Marshal had no comments of concern regarding the proposed use of the property.

The City's Crime Prevention Specialist expressed concern with the safety of pedestrians crossing Rivermont Avenue.

10. **Impact.** The proposed conversion of the existing apartments to student housing should have limited impact on the area beyond what currently exists. The construction of the parking area should improve conditions as the existing apartments are currently being used by the college with up to three (3) students per unit as is allowed by the Zoning Ordinance.

The proposed parking area would not connect to Westmoreland Street and would be screened from view with a six (6) foot landscaped berm. Ingress and egress to the parking areas would be from the existing entrances located on Rivermont Avenue and South Princeton Circle.

The Planning Division and, as previously noted, the City's Police Department are concerned with the safety of students crossing Rivermont Avenue "midblock" instead of at the designated crossing at Rivermont Avenue & South/North Princeton Circle.

11. **Technical Review Committee.** The TRC reviewed the concept plan on June 16, 2015. Comments related to the proposed use would need to be addressed prior to final site plan approval.

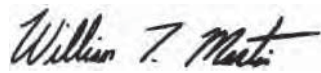
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**VI. PLANNING DIVISION RECOMMENDATION**

**Based on the preceding Findings of Fact, the Planning Commission recommends to City Council approval of the petition of Randolph College for a Conditional Use Permit at 2711 and 2715 Rivermont Avenue and 227 Westmoreland Street to allow the use of existing structures for student housing, college offices and the construction of an associated parking area.**

- 1. The property will be developed in substantial compliance with the site plan “Randolph College Parking Lot Study” dated October 2, 2015 and received October 5, 2015.**
- 2. All exterior lighting shall be controlled so that no direct illumination will occur beyond any property line.**

This matter is respectfully offered for your consideration.



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 Thomas Goode, Fire Marshal  
Mr. Doug Saunders, Building Commissioner  
Mr. Kevin Henry, Zoning Administrator  
Mr. Tommy Hammock, P.E., Wiley Wilson  
Mr. John Wood, Petitioner

**VII. ATTACHMENTS**

- 1. Zoning Map**
- 2. FLUM Map**
- 3. Watershed Map**
- 4. Planimetric and Topographic Map**
- 5. Concept Plan and Narrative**
- 6. Property Photographs**

MINUTES OF THE OCTOBER 28, 2015 PLANNING COMMISSION MEETING (MINUTES HAVE NOT BEEN APPROVED. THERE WERE NO PLANNING COMMISSION MEETINGS IN NOVEMBER):

Petition of Randolph College for a Conditional Use Permit (CUP) at 2711 and 2715 Rivermont Avenue and 227 Westmoreland Street to allow the use of existing buildings at 2715 Rivermont Avenue for student housing and existing buildings at 2711 Rivermont Avenue and 227 Westmoreland Street as school offices with the construction of an associated parking area in an R-4, Medium-High Density, Multi-Family Residential District.

Mr. Tom Martin had the following summary for the commissioners. The petition of Randolph College for a CUP would allow an increase in occupancy from three students per unit to four students per unit per unit at the existing apartments at 2715 Rivermont Avenue. The CUP would also allow the existing buildings at 2711 Rivermont Avenue and 227 Westmoreland Street to be used for college offices and to allow the construction of a parking area.

The properties are recommended for a Traditional Residential use on the City's *Future Land Use Map (FLUM)*. These areas are comprised of the City's older neighborhoods predominantly constructed prior to World War II. Institutional uses compatible in scale with single-family residential uses are typically appropriate in these areas. The adaptive reuse of the existing buildings and proposed screening of the parking area would be in keeping with the *FLUM* category.

The preliminary concept plan indicates that the existing gravel driveway and entrance from Westmoreland Street would be removed. Ingress to the properties would be from Rivermont Avenue with egress to South Princeton Circle. A traffic signal with pedestrian heads is located at the intersection of South Princeton Circle and Rivermont Avenue. The City's Transportation Engineer had no comments of concern with the proposed use.

The college has indicated that students will be directed to cross at this intersection. The Planning Division, as well as some citizens, has expressed concerns with the possibility of students crossing Rivermont Avenue at an unsafe location. Police reports for the past five years indicate that there have been no pedestrian related accidents in this area. A member of planning staff went by the intersection this morning and saw that there were students lined up at the approved location to cross the street. Hopefully, this will continue as the college has indicated that it is working with the students to instruct them that this is the designated location to cross the street. The petitioner conducted a neighborhood meeting on May 14, 2015. The Planning Division recommends approval of the CUP with the outlined conditions.

Mr. John Wood of Randolph College and Mr. Tommy Hammock of Wiley Wilson were present to represent the petition. Mr. Wood said Mr. Martin did an excellent job summarizing what the college would like approval to do at these properties. Both representatives indicated they were available to answer any questions.

Mr. Chuck Hurt, the owner of 220 South Princeton Circle and 231 Westmoreland Street, came forward to speak in opposition to the petition. Mr. Hurt noted that since Randolph College began using the Grosvenor Apartments for student housing, parking has been tight in the vicinity, especially in the evenings and weekends. It has been tolerable but he also noted that the GLTC bus is often not able to get into the bus stop because there are parked cars located in it. This backs up traffic on Rivermont Avenue. Even though the plan shows that traffic will enter from Rivermont Avenue and exit to South Princeton Circle, there is little the college can do to control where students and visitors park their cars. Rivermont Avenue parking is limited and usually full. Most of what Randolph College is requesting would appear to be by right but is leaving little, if any, excess capacity for parking and traffic in the area.



The main objection he has with the petition is pedestrian traffic crossing Rivermont Avenue. He has observed very few students that live or visit the Grosvenor Apartments using the traffic light at South Princeton Circle to cross the street. Most of them cross at the main entrance of the Grosvenor Apartments because it is directly across from the entrance to the college. The situation is further compromised for westbound traffic on Rivermont Avenue. The drivers are looking at a traffic light that is about 150 feet beyond the path where the students cross Rivermont Avenue. They may be distracted by the light and not see pedestrians crossing at an unapproved location. The situation is similar to the one on Odd Fellows Road where Liberty University students cross the road and there have been two students injured there in the last year. Mr. Hurt believes it will only be a matter of time before a Randolph College student is injured or killed crossing the street, if this CUP is approved.

If the college continues to purchase properties on the south side of Rivermont Avenue, the situation will only get worse. Randolph College may be developing by right but that does not mean that it is best for the community or its students. Mr. Hurt thinks the college has done a great job of getting students to cross at the crosswalk in the past few days but he thinks that is because of today's public hearing. He questions whether it will last.

Mr. Carter Haley of 2721 Rivermont Avenue was present to speak in opposition of the petition. His family has owned the property since 1962. He has lived there for fifteen years. He would like to live there for the rest of his life but the situation at the Grosvenor Apartments may make that impossible. For him, the situation has been between barely tolerable to intolerable due to partying, drunkenness and loudness,. This has been since Randolph College began using the apartments for student housing. He complained directly to the president of the college and has seen a modest improvement since then. There are six balconies that overlook his back yard. He asked that they be forbidden from partying on their balconies or with their doors open, but that has not been done. He objects to increasing the number of noisy students that are allowed to live next door to him. He can see no argument that this would be a benefit to the community only to the college.

He is sympathetic to Randolph College and its bottom line. He wants the college to remain there. However, Mr. Haley understands that these apartments are owned by the college but are not ruled by the same guidelines as the campus housing. He feels that the problems he is describing would not be tolerated if the housing were behind the wall of the campus. Mr. Haley does not see any way that it will not get worse if 12 more students are allowed to live at the Grosvenor Apartments. He respectfully requests that they deny at least that part of the CUP petition.

There were no others who wished to speak in opposition to the petition. Mr. Wood returned to address these concerns. He explained that there was a neighborhood meeting at which Mr. Haley was able to address the president directly. Since then, the college has looked at ways to address the situation. It has improved and Mr. Wood believes security is still working on ways to minimize the disruptive activities. Mr. Wood indicated that the rules at this facility are the same as those for the housing located on campus. Mr. Wood indicated that there is a selection process for the students allowed to live at this facility and acknowledged that maybe it needs to be addressed to make it more stringent. They are currently working on ways to address the situation and will continue to do so in the future.

Chair Swienton asked Mr. Hurt and Mr. Haley if they had anything to add. They both indicated that they did not and Chair Swienton closed the public hearing portion of the petition.

Commissioner Marion asked Mr. Martin to clarify what Randolph College can do by right and what the approval of this CUP will allow them to do that is not by right. Mr. Martin indicated that the CUP will allow the apartments to be used as student housing and to increase the occupancy of each unit to four instead of three. It will also allow them to use the two properties at 2711 Rivermont Avenue and 227 Westmoreland Street to be used as offices associated with the college and allow the construction of a

parking lot. None of the above would be allowed by right and all require the approval of a conditional use permit.

Commissioner Marion asked how much parking is required for the offices and how much will be left for use by the student housing. Mr. Martin indicated that the *Zoning Ordinance* allows an institution to dictate how much parking it needs when requesting a conditional use permit. If this were a standalone request, the *Zoning Ordinance* would require one parking space per residential unit and one parking space per 1,000 square feet of office space. Mr. Martin noted that the existing parking for the apartments is currently substandard. The additional parking will only improve the situation; they will be going from 13 existing spaces to a total of 40 spaces. However, he is not sure how many employees the college is proposing to have in the office space. Mr. Wood indicated that the college is not sure how the office space will be used at this time, so it is not sure how many employees will be there either.

Commissioner Light asked how many students are in the Grosvenor Apartments at this time and how many will be there if the increase is approved. Mr. Wood indicated that there are currently 46 students and this petition, if approved, would allow there to be 58 occupants. Mr. Wood indicated that there is a Dean of Students employee in one of the units that oversees some of the residential life programs. Mr. Wood indicated that the occupants of the Grosvenor are given parking decals that are specific for this housing. Visitors coming to the units should not be parking in the lot designated for the students that live there. Mr. Wood pointed out that the ingress from Rivermont Avenue is one way in and he thinks that has improved the situation in terms of the safety for people using the sidewalk there.

Mr. Wood indicated that the college had a meeting with City staff about pedestrians crossing Rivermont Avenue. They all agreed that the college needs to encourage the students to cross the street at South Princeton Circle. The City can ticket students who do not cross at the designated crosswalk. Mr. Wood feels that for the most part, it is working to have students cross at South Princeton Circle.

Commissioner Light asked Mr. Wood to explain the rules governing the activities at the apartments, particularly with regard to parties and alcohol. Mr. Wood was not sure of the exact rules but he knows there are rules in place. Obviously, the students under age are not supposed to be consuming alcohol.

Mr. Wes Fugate, the Vice President and Chief of Staff of Randolph College, came forward to address these questions. He reiterated that those under age are not permitted to consume alcohol. There are hours posted for the residential halls. He believes it is midnight during the week and it is extended on the weekends. There are two professional staff members living in the Grosvenor Apartments that are responsible for the monitoring of those posted hours. There is also a head resident that lives across the street on the main campus and does rounds as well in addition to the rounds done by security. Mr. Fugate indicated that he lives on Westmoreland Street and the students are very aware that he is walking by frequently. He has made visits to let the students know of any concerns he has as well. Mr. Fugate also indicated that he would hope that the college would do everything it can to address and resolve any complaints it receives. Mr. Fugate also confirmed for the commission that it has policies to address any student that is disruptive. He or she can be removed from the apartments and if need be, suspended from the college entirely.

Commissioner Light remarked that the last time he can remember a fatality on Rivermont Avenue was the tragic death of Dr. Calvert about 15 years ago. That was very tragic but he does not remember anything else since then. Mr. Wood believes there is more of a problem in the area to the east at the intersection where you are getting close to Magnolia Foods.

Commissioner Lowe asked Mr. Martin to compare this request to those requested by Lynchburg College. He remembers one they recommended of just recently. Mr. Martin said it varies from house to house there. Some have been for four students and some have been up to eight students depending on the size of the house. Chair Swienton asked if Lynchburg College owns the properties adjacent to its

student housing. Mr. Martin said they have acquired some over time but he would not say that they own all the properties adjacent to every one of its student housing.

Commissioner Perault thought that signage could be helpful to remind the students to use the crosswalk. The spillover of students parking in this area is a concern, as well as the blockage of the bus stop. Commissioner Perault thought that the bus stop issue could easily be dealt with by using enforcement. Commissioner Perault noted that Lynchburg College struggles with neighbor relations. Reaching out by both sides and having open lines of communication has made a big difference. Knowing that if one has a complaint that it will be followed up and dealt with really makes a difference. He would encourage Randolph College to really make endeavors in that area. He would encourage Randolph College to be proactive with its own security. He will be supporting the petition. He feels there are valid concerns but there are efforts being made by the college to address those concerns.

Chair Swienton asked for clarification as to when the Grosvenor Apartments were constructed. Mr. Martin indicated that the assessor's records show they were built in 1954. Chair Swienton asked if all the buildings were constructed at the same time. Mr. Martin could not tell that from the assessor's records. Chair Swienton asked Mr. Haley to come back and asked him if he knew when they were constructed. Mr. Haley thought that the apartments were not there in 1962 when his family first purchased their property. He thought they were built between 1966 and 1968.

Chair Swienton indicated that he supports the office use request. He gets very concerned when people bought next to an apartment use and now there are a lot more residents packed in next to them. He thinks it is a precedent about which they need to be very careful. He thought of the Lynchburg College one they recommended approval of recently but he thought that the college owned the surrounding properties in that case.

Mr. Martin wished to point out that the property is zoned R-4. The college could get 21 units per acre. With the new *Zoning Ordinance* and if the college were willing to do certain design standards, it could get up to 29 units per acre. They could get many more units and many more students by right than what they are proposing to put in there now. The college could also demolish the building on the Moyanne property and the one on Westmoreland Street. What Mr. Martin thinks the college is trying to do is to fit into the existing neighborhood a little better. Mr. Martin indicated that the apartments were built in 1954 not in the 1960's, unless the assessor's records are incorrect; however, Mr. Martin has to answer questions based on those records.

Mr. Martin remarked that we have been talking about having about an urban environment and supporting our colleges. It is staff's opinion that adding 12 additional students to these apartments is not going to be detrimental to the neighborhood. It is really a wiser use of the properties. If the apartments were to maintain private ownership, it would be even more difficult to control because they could still be leased to students and there would be no interaction with the campus security. Chair Swienton said he was not talking about college versus private ownership. He is speaking about the quality of life for the nearby residents.

Chair Swienton made a motion that the Grosvenor Apartments' occupancy limit remain at three per unit. Commissioner Lowe seconded the motion. Commissioner Marion wished they knew more about how much parking the college feels it needs in order to assess whether or not the new parking lot will ease the parking situation significantly. Mr. Fugate came to address that question. He indicated that the average is between 50 and 60 percent of students with vehicles on campus. Much of the faculty has parking passes but many are within walking distance and frequently choose to walk.

Commissioner Light said he drives up and down in this area quite often. Not to minimize the increase of 46 students to 58 students, but we are not talking about an increase in the number of units. If that were the request, he would be more concerned. He thinks Randolph College is going to manage the

situation as well as it can. He thinks they are trying to keep the neighborhood flavor there. He has been concerned about what will happen with several of these historic buildings just as a citizen. He thinks that Randolph College will continue to be as responsible of a neighbor as it can be in that setting. He will be voting again Chair Swienton's amended condition.

The motion failed by the following vote:

|              |                           |   |
|--------------|---------------------------|---|
| AYES:        | Lowe and Swienton         | 2 |
| NOES:        | Light, Marion and Perault | 3 |
| ABSTENTIONS: |                           | 0 |
| ABSENT:      |                           | 0 |
| VACANCIES:   |                           | 2 |

Commissioner Light made the following motion, which was seconded by Commissioner Perault:

"That the Planning Commission recommends to City Council approval of the petition of Randolph College for a Conditional Use Permit at 2711 and 2715 Rivermont Avenue and 227 Westmoreland Street to allow the use of existing structures for student housing, college offices and the construction of an associated parking area.

1. The property will be developed in substantial compliance with the site plan "Randolph College Parking Lot Study" dated October 2, 2015 and received October 5, 2015.
2. All exterior lighting shall be controlled so that no direct illumination will occur beyond any property line."

Commissioner Marion is still concerned with the parking situation and would consider making a motion that Randolph College is not allowed to put in any more students with cars or employees with cars than it has available parking. She thinks they could make it work if they could give them that guarantee. Chair Swienton seconded the motion in order to have discussion.

Commissioner Lowe asked Mr. Fugate if there is designated student parking. Mr. Fugate indicated that the Grosvenor Apartments' parking lot is already permitted parking for the students that live there only. There is also adequate parking for the entire student body behind Bell Hall. There is a lot near the athletic and dance center. There is plenty of parking; it may not be at their front door but there is ample parking for students elsewhere on the campus. The same could be said for faculty and staff. Mr. Fugate indicated that the Grosvenor Apartment occupants get two decals, one for their lot and one for the overall student parking available elsewhere. Mr. Fugate indicated that people who park on this lot illegally can be ticketed or "booted" and there has been a need to tow a vehicle at times.

Commissioner Light pointed out that Mr. Fugate already indicated that approximately half of the students typically have a vehicle. If there are 58 occupants, approximately 29 of them would have cars. Commissioner Light also pointed out that the commission recently recommended approval of a Liberty University petition and the college did not know what it would be doing with a particular property. He respects that Randolph College does not know exactly what type of office use will be in the two properties that are part of this petition. If approximately 30 spaces are used for residential purposes, that still leaves 10 spaces for office use. He is comfortable with the parking situation and thinks the new lot will improve the parking situation that currently exists for the neighborhood. Commissioner Light pointed out that parking was tight when Moyanne had a sale. There is likely to be a net decrease with the college using the residences for offices rather than a retail use. In his opinion, dealing with parking is a tradeoff when you want to live in a closer knit neighborhood.

Commissioner Marion withdrew her motion and the commission went back to considering Commissioner Light's motion.

Chair Swienton noted many of the pros and cons of this petition. Most notable for him is the comment that Commissioner Perault made about Lynchburg College and how it has adequately addressed neighborhood complaints over time. He gets concerned when he hears complaints about noise and a lack of prompt resolution. He will be voting in favor of this petition because of what overrides his concerns. He thinks City Council should certainly take note of the neighbors' concerns expressed today and consider them in its deliberations.

The motion passed by the following vote:

|              |                                           |   |
|--------------|-------------------------------------------|---|
| AYES:        | Light, Lowe, Marion, Perault and Swienton | 5 |
| NOES:        |                                           | 0 |
| ABSTENTIONS: |                                           | 0 |
| ABSENT:      |                                           | 0 |
| VACANCIES:   |                                           | 2 |

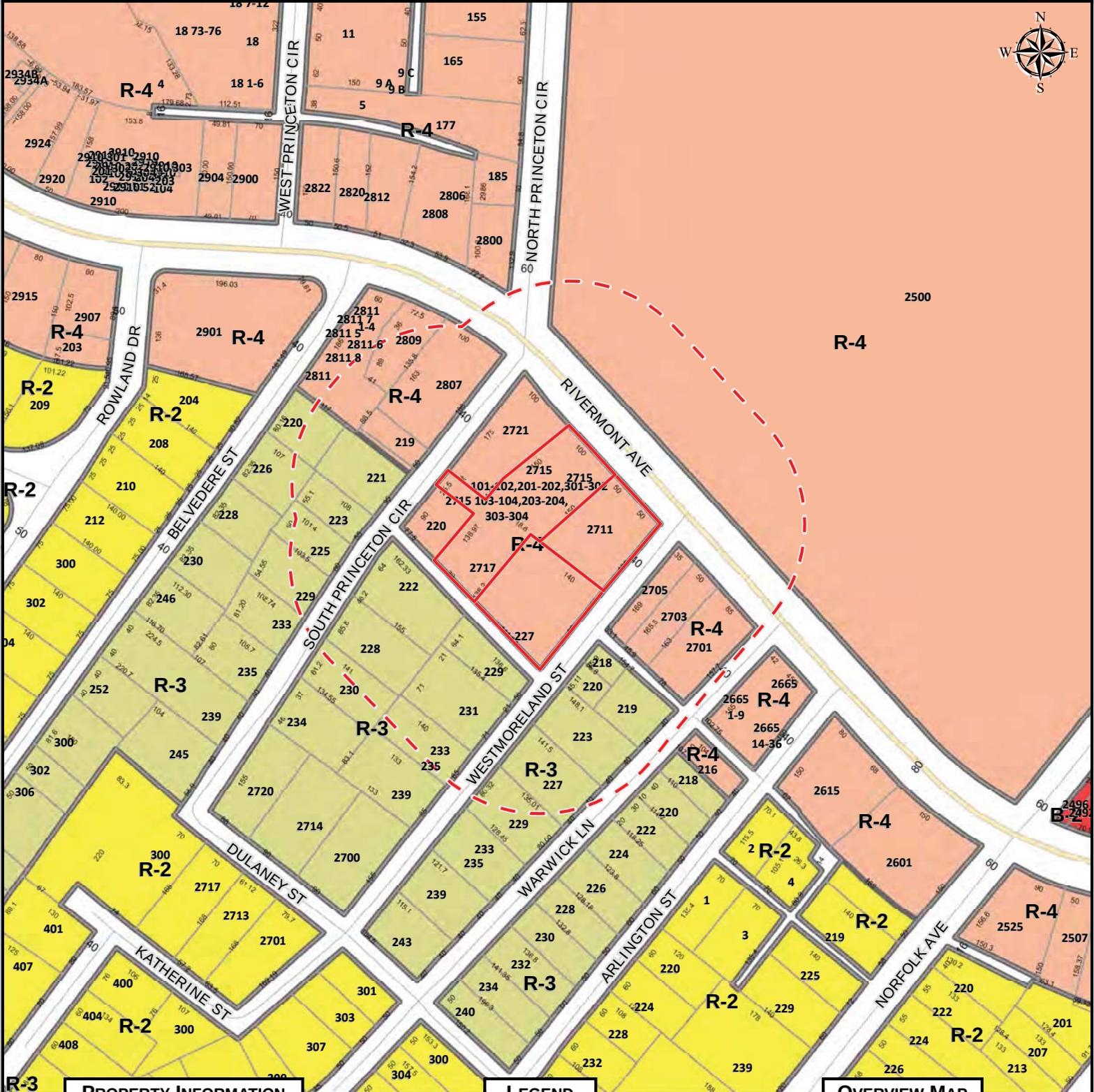


# Zoning Map

# CONDITIONAL USE PERMIT

Conditional Use Permit Request

Randolph College



## PROPERTY INFORMATION

| PARCEL ID | ADDRESS             |
|-----------|---------------------|
| 01902002  | 2715 RIVERMONT AVE  |
| 01902003  | 2711 RIVERMONT AVE  |
| 01902005  | 227 WESTMORELAND ST |

## LEGEND

|                                                                                                                             |                  |
|-----------------------------------------------------------------------------------------------------------------------------|------------------|
| <span style="border: 1px solid red; padding: 2px;"> </span>                                                                 | Subject Property |
| <span style="border: 1px dashed red; padding: 2px;"> </span>                                                                | 215' Buffer      |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #FF4500; border: 1px solid black;"></span> | B-1              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #FF0000; border: 1px solid black;"></span> | B-2              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #FF0000; border: 1px solid black;"></span> | B-3              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #8B0000; border: 1px solid black;"></span> | B-4              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #654321; border: 1px solid black;"></span> | B-5              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #008000; border: 1px solid black;"></span> | B-6              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #FF69B4; border: 1px solid black;"></span> | I-1              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #800080; border: 1px solid black;"></span> | I-2              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #A9A9A9; border: 1px solid black;"></span> | I-3              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #FFFF00; border: 1px solid black;"></span> | R-1              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #90EE90; border: 1px solid black;"></span> | R-2              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #90EE90; border: 1px solid black;"></span> | R-3              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #FFDAB9; border: 1px solid black;"></span> | R-4              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #FFDAB9; border: 1px solid black;"></span> | R-5              |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #90EE90; border: 1px solid black;"></span> | R-C              |

## OVERVIEW MAP



MAP SCALE: 1" to 4,000' DATE PRINTED: 10/14/2015

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

| Parcel ID | Address                 | Owner                              |
|-----------|-------------------------|------------------------------------|
| 01901024  | 226 BELVEDERE ST        | BERKELEY, THOMAS H                 |
| 01902011  | 233 WESTMORELAND ST     | CARRELLA, KENNETH P &              |
| 01903002  | 2701 RIVERMONT AVE      | CLARK, GEORGE B                    |
| 01901008  | 225 SOUTH PRINCETON CIR | EASON, LAWRENCE & ARRINGTON, WENDY |
| 01901011  | 233 SOUTH PRINCETON CIR | FISCHER, DEBORAH A                 |
| 01901009  | 229 SOUTH PRINCETON CIR | FISCHER, DEBORAH A                 |
| 01902001  | 2721 RIVERMONT AVE      | HAILEY, ROBERT C JR ET AL          |
| 01903019  | 2703 RIVERMONT AVE      | HARRISS, FRANCES P                 |
| 01901002  | 2809 RIVERMONT AVE      | HUGHES, GERALD B                   |
| 01902009  | 231 WESTMORELAND ST     | HURT, CHARLES K & TERRY W          |
| 01902016  | 220 SOUTH PRINCETON CIR | HURT, CHARLES K & TERRY W          |
| 01901007  | 223 SOUTH PRINCETON CIR | HURT, CHARLES K & TERRY W          |
| 01902013  | 228 SOUTH PRINCETON CIR | IBARRA, ROBERTO A & KAREN J        |
| 01901003  | 2807 RIVERMONT AVE      | JONES, ANGIE R                     |
| 01903003  | 219 WARWICK LN          | JP&L LLC                           |
| 01902012  | 230 SOUTH PRINCETON CIR | LATHAM, CHARLES R & TAMARA E       |
| 04106007  | 2800 RIVERMONT AVE      | LAWSON, STEVEN E                   |
| 01901005  | 221 SOUTH PRINCETON CIR | MULLEN, STEPHEN H & BETH E         |
| 01903001  | 2705 RIVERMONT AVE      | NARDI, DAVID A                     |
| 01902014  | 222 SOUTH PRINCETON CIR | OVERBEY, W H JR & JOSEPHINE W      |
| 01903007  | 227 WARWICK LN          | POSSELT, BARTHOLOMEW &             |
| 01903009  | 229 WARWICK LN          | POSSELT, BARTHOLOMEW &             |
| 01902005  | 227 WESTMORELAND ST     | RANDOLPH COLLEGE                   |
| 01902003  | 2711 RIVERMONT AVE      | RANDOLPH COLLEGE                   |
| 04104005  | 2500 RIVERMONT AVE      | RANDOLPH COLLEGE                   |
| 01902002  | 2715 RIVERMONT AVE      | RANDOLPH COLLEGE INC               |
| 01903017  | 220 WESTMORELAND ST     | RAYMOND, KEVIN W & LAUREL E        |
| 01903018  | 218 WESTMORELAND ST     | RAYMOND, KEVIN W & LAUREL E        |
| 01901025  | 220 BELVEDERE ST        | ROSCELLEY PROPERTIES LLC           |
| 01901001  | 2811 RIVERMONT AVE      | SMITH, ARTHUR G & JUDY B &         |
| 01902008  | 229 WESTMORELAND ST     | ST CLAIR, GILBERT J & CHELSEA E    |
| 01901004  | 219 SOUTH PRINCETON CIR | STEPHENS, GRAHAM & TRINA D         |
| 01903005  | 223 WARWICK LN          | WILLMAN, FRED E & NARCISSA J       |

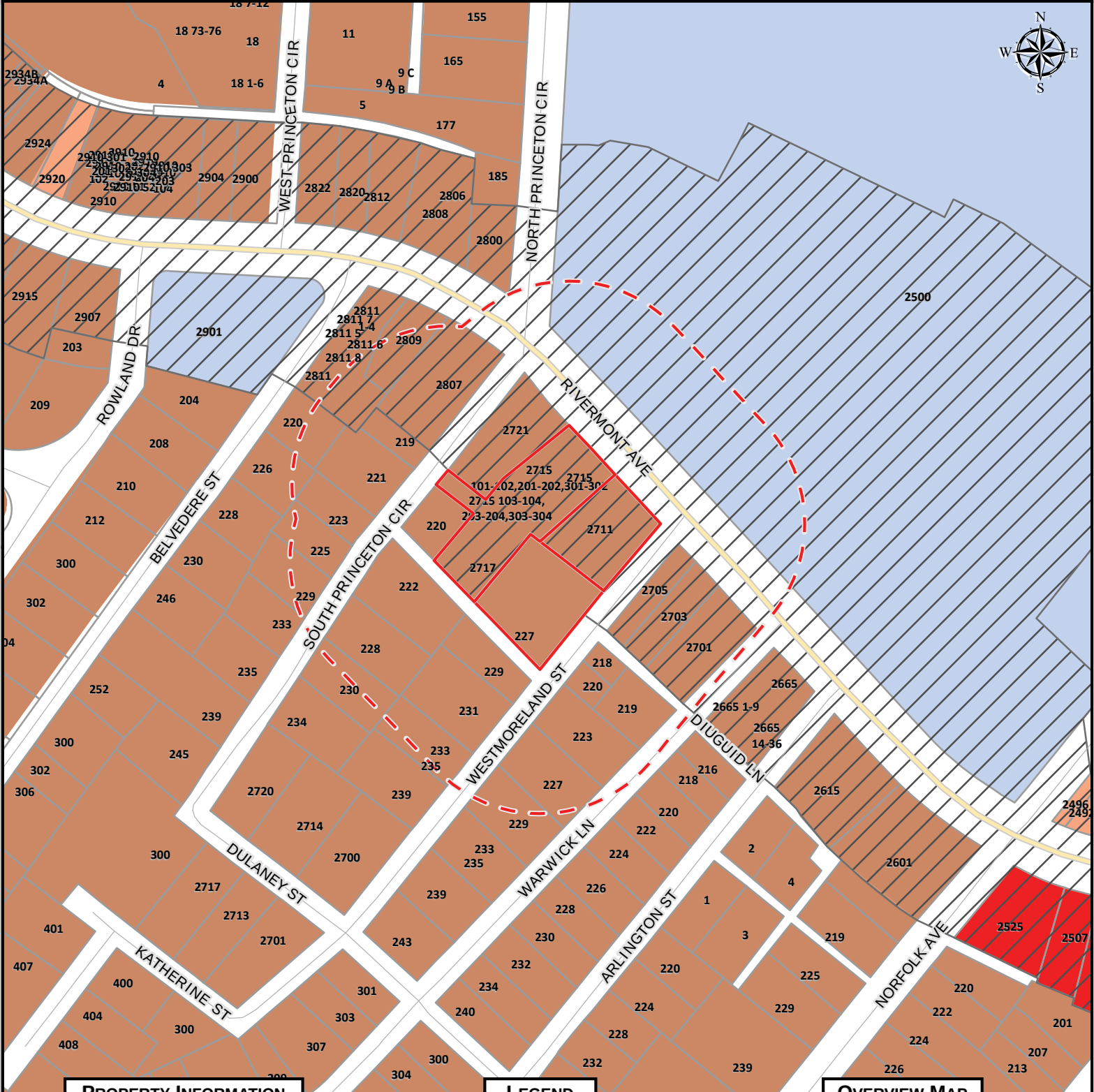


# FLUM Map

# CONDITIONAL USE PERMIT

Conditional Use Permit Request

Randolph College



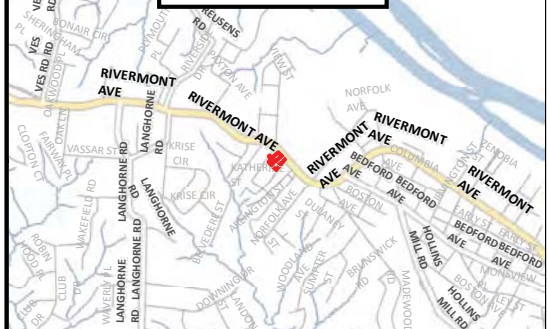
## PROPERTY INFORMATION

| PARCEL ID | ADDRESS             |
|-----------|---------------------|
| 01902002  | 2715 RIVERMONT AVE  |
| 01902003  | 2711 RIVERMONT AVE  |
| 01902005  | 227 WESTMORELAND ST |

## LEGEND

- Local Historic District
- Traditional Residential
- Low Density Residential
- Medium Density Residential
- High Density Residential
- Neighborhood Commercial
- Community Commercial
- Employment 1
- Employment 2
- Downtown
- Public Use
- Public Parks
- Resource Conservation
- Mixed Use

## OVERVIEW MAP



MAP SCALE: 1" to 4,000' DATE PRINTED: 10/14/2015

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

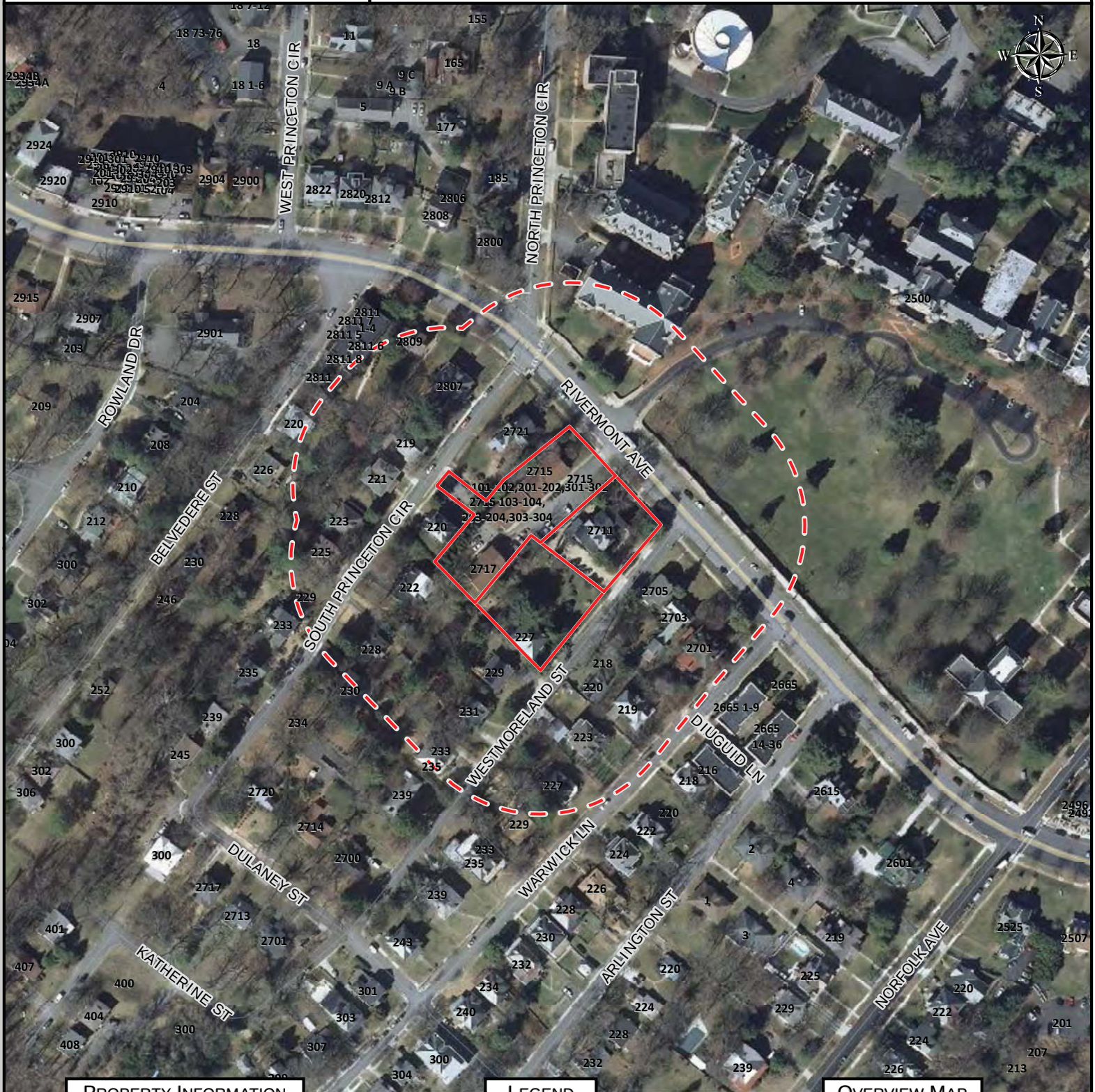


# Watershed Map

# CONDITIONAL USE PERMIT

Conditional Use Permit Request

Randolph College



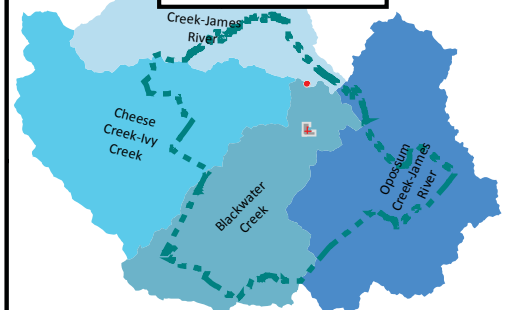
## PROPERTY INFORMATION

| PARCEL ID | ADDRESS             |
|-----------|---------------------|
| 01902002  | 2715 RIVERMONT AVE  |
| 01902003  | 2711 RIVERMONT AVE  |
| 01902005  | 227 WESTMORELAND ST |

## LEGEND

- Subject Property
- Base Flood Elevation
- Floodway
- Floodzone
- River / Lake / Stream

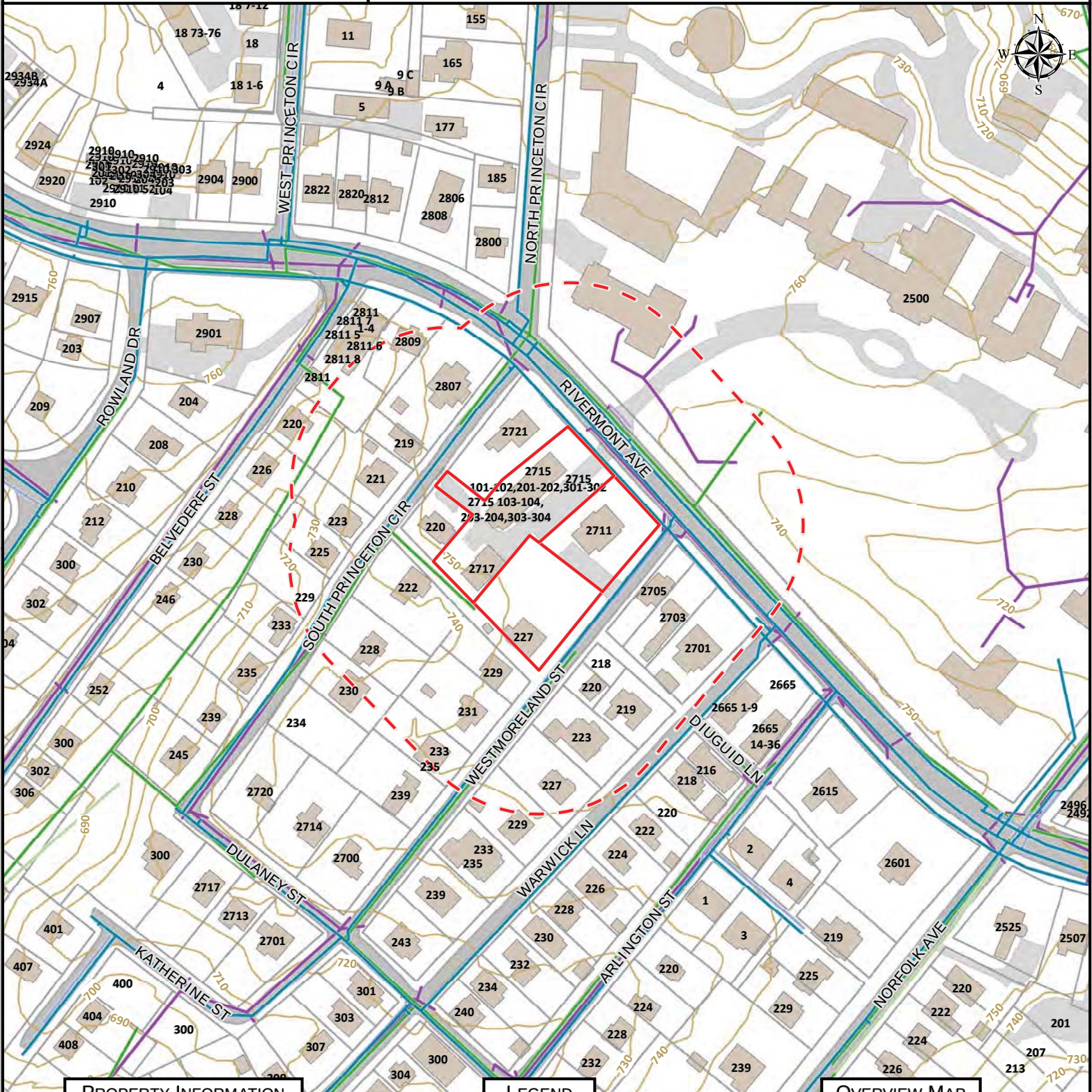
## OVERVIEW MAP



MAP SCALE: 1" to 33,333' DATE PRINTED: 10/14/2015

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





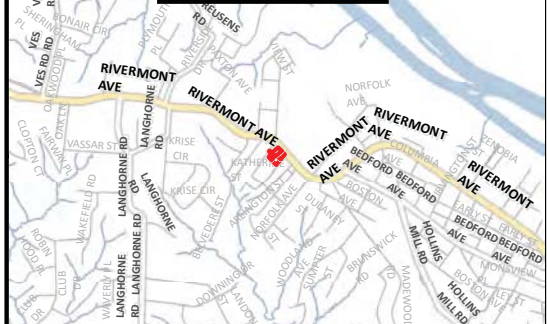
### PROPERTY INFORMATION

| PARCEL ID | ADDRESS             |
|-----------|---------------------|
| 01902002  | 2715 RIVERMONT AVE  |
| 01902003  | 2711 RIVERMONT AVE  |
| 01902005  | 227 WESTMORELAND ST |

### LEGEND

|              | Active   | Proposed | Abandoned |
|--------------|----------|----------|-----------|
| Utilities    | Water    | Sanitary | Storm     |
| Structure    | Roadway  | Parking  | Sidewalk  |
| Planimetrics | Driveway |          |           |
| Topography   | Contour  |          |           |

### OVERVIEW MAP



MAP SCALE: 1" to 4,000' DATE PRINTED: 10/14/2015



30' 0 30'

1" = 30'

|                                       |                |
|---------------------------------------|----------------|
| PROJECT                               | TITLE          |
| COMM. NO.<br>214195.00                |                |
| DRAWN<br>JLW                          | CHECKED<br>ETH |
| DWG. REFERENCE NO.<br>214195SK-4. DWG |                |
| SKETCH NO.<br><br>SK-4                |                |
| DATE<br>10/02/15                      | REV.           |



Wiley|Wilson  
Constant Progress

127 Nationwide Drive  
Lynchburg, Virginia 24502-4272



2711 Rivermont Avenue





2715 Rivermont Avenue



227 Westmoreland Street

Randolph College  
Conditional Use Permit  
October 28, 2015

**PLEASE PRINT**

[illegible]

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **December 8, 2015**

AGENDA ITEM NO.: 12

CONSENT: REGULAR: **X**

WORK SESSION:

CLOSED SESSION:  
(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Franchise Agreement between Humble, LLC (Mark Borel) and the City of Lynchburg**

RECOMMENDATION: After a public hearing, adopt the attached franchise agreement allowing Humble LLC (Mark Borel) use of both, the 13<sup>th</sup> Street and Lower Bluffwalk city right of ways, which are adjacent to #50 13<sup>th</sup> Street for the building renovations' private utilities and outdoor seating.

SUMMARY: Humble LLC has requested a franchise agreement from the city to allow use of city right of ways along 13<sup>th</sup> Street and the Lower Bluffwalk for the installation of a sewer pump, grease trap, private utility services, a vestibule and outdoor seating for the proposed restaurant abutting the Lower Bluffwalk. Humble, LLC will construct, operate and maintain these facilities in conjunction with the building and restaurant. See attached map for franchise area.

Since this item relates to a franchise agreement, the procedure will be a little different from a typical lease proposal and public hearing.

- 1) The Mayor will announce that the City is receiving bids to award a franchise to Humble LLC.
- 2) Humble LLC will submit a cover letter to go with the proposed Franchise Agreement stating that Humble LLC wishes to enter into a Franchise Agreement with the City under the terms and conditions set forth in the proposed Franchise Agreement.
- 3) If no other party submits a proposal for the franchise, Council can proceed with the public hearing.
- 4) If another party submits a proposal, Council should defer this matter until January 12, 2016 and ask staff to review the proposal(s) and make a recommendation.

PRIOR ACTION(S): None

FISCAL IMPACT: Humble LLC will make a one-time payment of \$10,000 that will be deposited in the Capital Fund.

CONTACT(S): Cheree Taylor, Construction Manager – 455-4451; Lee Newland, City Engineer – 455-3947; Gaynelle Hart, Public Works Director – 455-4406

ATTACHMENT(S): Franchise Agreement ; Map of Franchise Area

REVIEWED BY: lkp

133K



**AN ORDINANCE GRANTING A FRANCHISE TO HUMBLE, LLC, FOR THE CONSTRUCTION, OPERATION, AND MANAGEMENT OF AN OUTDOOR CAFÉ FOR RESTAURANT USE, A RESTAURANT VESTIBULE AND A SECOND FLOOR BUILDING OVERHANG , LOCATED IN THE PUBLIC RIGHTS OF WAY OF THE LOWER BLUFFWALK AND 13<sup>TH</sup> STREET, WHICH OUTDOOR RESTAURANT SPACE WILL BE OPEN TO THE GENERAL PUBLIC. THE FRANCHISE SHALL BE FOR A PERIOD OF FORTY YEARS BEGINNING ON JANUARY 1, 2016, AND ENDING ON DECEMBER 31, 2056.**

WHEREAS, this Franchise is between the City of Lynchburg, a municipal corporation of the Commonwealth of Virginia, hereinafter referred to as the "City," and Humble, LLC, hereinafter referred to as "Humble " in this Franchise; and,

WHEREAS, the City is the owner of (i) the public rights of way for 13<sup>th</sup> Street, and (ii) the public rights of way of the Lower Bluff Walk at the intersection of 13<sup>th</sup> Street, which are adjacent to the parcel of property owned by Humble, Tax ID Number 04604009, which public rights of way are collectively and hereinafter referred to in this Franchise as the "Premises." A plat made by Perkins & Orrison, dated 10/26/2015, and entitled "Exhibit Drawing Showing Proposed Lease Property City of Lynchburg, Virginia" is attached hereto as "Exhibit A." References in this Franchise are references to the facilities that will be constructed and operated under this Franchise on (i), the public rights of way for 13<sup>th</sup> Street and (ii) the public rights of way of the Lower Bluff Walk, and do not include the facilities that will be constructed on the property that is owned by Humble; and,

WHEREAS, the Premises are to be used for the following: the establishment and operation of an outdoor café for restaurant use; the establishment of a non-load bearing partition type vestibule for the restaurant; the installation of a sewer pump and grease trap for the establishment of the building renovations; for a mechanical room for the establishment of building renovations; and, the encroachment in the air rights of the Lower Bluff Walk right of way is to be used for the construction of a cantilevered overhang for the second floor of a building and related facilities that will be constructed by Humble.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG AS FOLLOWS:

**ARTICLE I-GRANT AND PURPOSE**

Subject to the provisions, conditions and restrictions hereinafter set in this Franchise, Humble is hereby granted the right, privilege, franchise, and authority to construct, maintain, and oversee the operation of an outdoor café space for restaurant use, a restaurant vestibule, the installation of a sewer pump and grease trap, the establishment of a mechanical room, and a second floor building overhang on the Premises, which outdoor restaurant use space shall be open to the general public. The facilities will be located in the public right of way for 13<sup>th</sup> Street and the public right of way of the Lower Bluff Walk at the intersection of 13<sup>th</sup> Street, which are adjacent to the parcel of property owned by Humble, Tax ID Number 04604009

**ARTICLE II-TERM & CONSIDERATION**

This Franchise will be effective for a term of forty years, beginning on January 1, 2016 and will remain in effect until December 31, 2056, unless the Franchise is sooner terminated as provided under Article VI—Damage to Property, Article VII—Indemnification and Insurance, or Article X—Termination of the Franchise.

It is intended that the Franchise between the City and Humble allowing the public rights of way to be used for the construction, operation and maintenance of an outdoor café space, a restaurant vestibule, a sewer pump and grease trap, a mechanical room, and second floor building overhang shall be a long term arrangement, and at the expiration of the initial term, the City and Humble will negotiate in good faith for a renewal of the Franchise for an additional term under mutually acceptable conditions.

During the term of the Franchise and any extension thereof, Humble shall not sell, transfer, lease, assign, sublet, or dispose of this Franchise, or any of the rights or privileges granted to Humble by this Franchise, in whole or in part, either by forced or involuntary sale, or by ordinary sale, consolidation, or otherwise, without the prior written approval of the City.

This Franchise is being granted to allow the Premises to be used in conjunction with the operation of a restaurant, in the event the restaurant ceases to operate, this Franchise shall automatically terminate at that time.

At the end of the Franchise period, unless a new Franchise has been negotiated, this Franchise agreement shall continue as a month-to-month tenancy, subject to all terms and conditions contained in this Franchise. Such month-to-month tenancy shall continue until such time as the City gives Humble thirty days written notice of the termination of the month-to-month tenancy.

Upon expiration or termination of this Franchise or the month-to-month tenancy, or earlier if the Premises ceases to be used for restaurant related activities, Humble must, at its own expense, remove the facilities that were installed in the public rights of way from the public rights-of-way, and return the Premises to the City in good condition with ordinary wear and tear excepted.

At the execution of this Franchise, Humble agrees to pay the City a one-time payment of \$10,000.00 in exchange for the rights and privileges granted by the award of the Franchise.

### **ARTICLE III-CONSTRUCTION OF FACILITIES**

The Premises shall be used for the construction, operation, and maintenance of an outdoor café space for restaurant use, a restaurant vestibule, the installation of a sewer pump and grease trap, the establishment of a mechanical room, and a second floor building overhang, all of which is to be located in the public right of way for 13<sup>th</sup> Street and the public right of way of the Lower Bluff Walk at the intersection of 13<sup>th</sup> Street. The use of the Premises shall not be expanded or extended for any other purposed or to any other locations without a written amendment to this Franchise as provided in Article IX—Amendments to Franchise. It is understood that under the terms of this Franchise, Humble will not become vested with any property rights in any portion of the Premises.

Prior to constructing the outdoor café space, the restaurant vestibule, the sewer pump and grease trap, the mechanical room, and second floor building overhang, Humble or its representatives must submit a site plan showing all work that will occur within the City's right of way along 13th Street and the Lower Bluff Walk.

The plan will need to go through the City's Road, Water, and Sewer review process and the City must approve such plans in writing. Humble shall install and maintain the facilities so as not to unreasonably interfere with other uses of or compromise the integrity of the public right of way

or other public property. Humble shall be responsible for any damages resulting to the City's utility lines or other facilities as a result of the installation, maintenance and operation of the outdoor café space, the restaurant vestibule, the sewer pump and grease trap, the mechanical room, and second floor building overhang. Humble shall also be responsible for any damages it causes to privately owned property as a result of the installation, maintenance and operation of the outdoor café space, the restaurant vestibule, the sewer pump and grease trap, the mechanical room, and second floor building overhang. A bond may be required of Humble with the amount to be determined by the City Engineer. Humble shall apply to the Department of Public Works for written approval by the City Engineer, prior to commencement of any construction or alteration of its facilities in the City right of way, and must submit all available "as built" plans and other location data indicating the existence and approximate location of all facilities in the right of way to the City Engineer.

Humble shall obtain a permit from the City and shall perform the work authorized in such permit in accordance with all requirements of any City and State Codes that are applicable to the construction and maintenance of the outdoor café space, the restaurant vestibule, the sewer pump and grease trap, the mechanical room, and second floor building overhang. The permit fee required by the City Code shall be in addition to any other fees that may be required. The maintenance obligations required in this Franchise shall be performed in accordance with City and State standards.

#### **ARTICLE IV-RELOCATION OF FACILITIES**

Humble shall be responsible for all costs associated with its installation, operation, and maintenance of the outdoor café space, the restaurant vestibule, the sewer pump and grease trap, the mechanical room, and second floor building overhang. Whenever the City determines it is necessary in connection with the repair, relocation, or improvement of the public right of way or the repair, relocation or improvement of City-owned facilities that are located in the public rights of way or on public property, the City may require by written notification that Humble facilities shall be removed or relocated. Humble shall remove or relocate its facilities within the time period designated by the City to such place and under such terms and conditions as specified by the City. Humble shall bear all expenses associated with the removal and relocation except that the City will issue, without charge to Humble, whatever City permits are required for the removal or relocation. If Humble does not complete its removal within the period of time specified by the City, the City may take such actions as necessary to effect such removal or relocation. Further, Humble will be responsible for any additional costs and expenses incurred by the City as a result of their failure to remove or relocate the outdoor café space, the restaurant vestibule, the sewer pump and grease trap, the mechanical room, and second floor building overhang. In the event it is necessary for the City to make emergency repairs to its utility lines or facilities or to perform any other emergency work within public rights of way or public property, the City shall not have to give Humble any advance notice of such emergency work. The City shall have the right to remove or relocate the outdoor café space, the restaurant vestibule, the sewer pump and grease trap, the mechanical room, and second floor building overhang to perform emergency work and Humble shall be responsible for all costs and expenses incurred by the City in such removal or relocation.

#### **ARTICLE V-MAINTENANCE & INSPECTION**

During the term of this Franchise, Humble will be responsible for the maintenance of all of the facilities that are installed on the Premises and at its sole cost and expense maintain such facilities in a safe and presentable condition. The City, its agents and employees, shall have the

right to inspect the Premises at all reasonable times to make sure Humble is fulfilling its maintenance obligations, and if the City in its sole discretion determines it is appropriate to do so, the City may develop a maintenance schedule that Humble shall follow to properly maintain the facilities. In the event Humble fails to follow the maintenance schedule, the City, after giving Humble thirty days notice, shall have the right to perform the needed maintenance and bill Humble for the costs.

The failure of Humble to maintain the facilities shall be grounds for the termination of this Franchise as provided in Article X-Termination of the Franchise.

#### **ARTICLE VI—DAMAGE TO PROPERTY**

If the facilities that are installed on the Premises shall be partially damaged by fire, the elements, public enemy or other casualty so as to affect the use of the facilities, such damage shall be promptly repaired by Humble at its own cost and expense. If Humble's facilities shall be damaged or destroyed by a fire, the elements, a public enemy or other casualty to the extent that such facilities become unusable, either the City or Humble may cancel this Franchise unless the parties reach an agreement concerning Humble's repair of the facilities. However, the City shall be under no obligation to repair or rebuild any of the facilities.

The City shall not be liable for any damage to or loss of any of the Humble's property or the property of its employees, tenants, representatives, agents, or guests, regardless of how such damage or loss occurs. It is expressly agreed and understood that Humble, its agents, employees, tenants, representative, agents, and guests in placing property in the outdoor café space, the restaurant vestibule, the sewer pump and grease trap, the mechanical room, and second floor building overhang, do so at their own risk.

Humble shall be responsible for repairing or replacing any damages to the City's property that are caused by the acts or omissions of Humble, its employees, tenants, representatives, agents, or guests.

#### **ARTICLE VII-INDEMNIFICATION AND INSURANCE**

Indemnification—Humble shall indemnify, hold harmless, and defend the City, its employees, officials, and agents, from and against any and all lawsuits, claims, causes of action, liability, demands, damages, disability, losses and expenses, of any nature whatsoever, including reasonable attorneys' fees, resulting or in any manner arising from the action or inaction of Humble in constructing, operating, maintaining, repairing, or removing the time travel exhibit and education center, or in carrying on its operations in the City, or in exercising any right or failing to exercise any obligation contained in this Franchise.

The City shall promptly notify Humble of any claims or lawsuits subject to indemnification and defense, and shall cooperate with all reasonable requests by the Humble for information, documents, testimony, or other assistance appropriate to a resolution of such claims. Humble shall have full responsibility for and control of any action or undertaking directed at the resolution of such claims or lawsuits.

Insurance--During the term of this Franchise, Humble shall obtain and maintain at Humble's sole expense, with financially reputable insurers which are Franchised to do business in all

jurisdictions where any work is performed, naming the City, its employees, officials, and agents, as an additional insured, not less than the following insurance:

- (a) Workers' compensation as provided for under any worker's compensation or similar law in the jurisdiction where any work is performed with an employer's liability limit of not less than \$500,000 per accident.
- (b) Commercial general liability, including coverage for contractual liability and products completed operations liability, with a limit of not less than \$1,000,000 combined single limit per occurrence for bodily injury, personal injury, and property damage liability, naming the City, its employees, officials, and agents, as an additional insured.
- (c) "All risk" property insurance covering not less than the full replacement costs of any damage Humble, employees, tenants, representatives, agents, or guests, may cause to the City's property.

Humble shall, as condition of this Franchise, prior to the commencement of any work, deliver to the City a certificate of insurance, satisfactory in form and content to the City, evidencing that the above insurance is in force and effect. Humble will be with companies acceptable to the City. The insurance required herein shall require that Humble must give the City thirty calendar days advance written notice of any cancellation, nonrenewal, or modification of coverage and a binder or certificate verifying new coverage in accordance with the requirements herein prior to any change, cancellation or nonrenewal date. In the event of such cancellation or nonrenewal notice, Humble shall obtain, pay all premiums for the renewal or replacement of the insurance required hereunder. Humble shall, at least thirty days prior to the expiration of the policies, furnish City with renewals or "binders" for the policies, or City may order the required insurance and charge the cost to Humble. Any and all such insurance policies shall name the City, its employees, officials and agents, as insured parties and shall include or be endorsed to include contractual liability. The insurance required hereunder shall be primary, and any insurance or self insurance maintained by the City shall be in excess of and shall not contribute with any insurance required of Humble under this Franchise. Any deductibles or self-insured retentions applicable to required coverage shall be paid by the Humble, and the City shall not be required to participate therewith. All rights of subrogation against the City shall be waived.

Nothing contained in this Franchise shall limit Humble's liability to the City to the limits of the insurance certified or carried.

Notwithstanding any of the other provisions of this Franchise, Humble's failure to maintain the required insurance coverage throughout the term of this Agreement or the failure of Humble to deliver a new and valid binder or certificate verifying such coverage is grounds for the immediate termination of this Franchise without prior notice.

#### **ARTICLE VIII-COMPLIANCE WITH LOCAL, STATE AND FEDERAL RULES AND REGULATIONS**

The grant of this Franchise is subject to all ordinances, resolutions and procedures of the City as the same now exist or may be hereinafter be adopted, amended, revised, or codified, in lawful exercise of any power granted to the City by the General Assembly or any other lawful body. The City agrees that, except in cases of emergency, it will give Humble thirty days' notice of all such rules and regulations adopted by the City before Humble shall be required to comply therewith. In performing its responsibilities under this Franchise, Humble will comply with all

applicable state and federal laws and regulations all federal, state and local law, ordinances, rules and regulations, currently in force or subsequently adopted that may apply to its activities.

#### **ARTICLE IX-AMENDMENTS TO FRANCHISE**

The City and Humble may agree to modify the Franchise from time to time; however, any significant changes in the Franchise must be approved by City Council as required by the Code of Virginia.

#### **ARTICLE X-TERMINATION OF THE FRANCHISE**

The City retains the right to withhold or withdraw any and all privileges granted under this Franchise and to terminate this Franchise at any time if Humble fails to comply with any of the terms of the Franchise. Exercise of this right by the City shall be in addition to and not in place of any other rights, which the City has under the terms of this Franchise. Prior to exercising this right, the City Manager, or such other person or persons as the City Manager may from time to time designate, shall provide Humble with written notification of Humble's failure to comply with the terms of the Franchise. Humble shall have thirty days from the date of such notice to remedy any such default. Humble may make a written request for a reasonable extension of the period in which it may remedy any such default to the City Manager, or such other person or persons as the City Manager may from time to time designate. Any such request by Humble shall be in writing and must be made at least fifteen days prior to the expiration of the initial thirty day period. Any subsequent request shall be in writing and must be made prior to the expiration of any subsequent period.

If there are instituted by or against Humble proceedings in bankruptcy or insolvency during the term of this Franchise, the City may terminate the Franchise at any time thereafter. The exercise of this right by the City shall be in addition to and not in place of any other rights, which the City has under the terms of this Franchise. Any successors, or assignee or assignees, or trustee, or receiver of Humble resulting from proceedings in bankruptcy or under any insolvency law shall be subject to and bound by all of the provisions, terms, conditions, and limitations of this Franchise. The City may terminate the Franchise as to any such successor or successors, or assignee or assignees, or trustee, or receiver of Humble at any time.

The City retains the right to withhold or withdraw any and all privileges under this Franchise and to terminate this Franchise at any time if there is a taking of the Humble's assets by a court of competent jurisdiction. Exercise of this right by the City shall be in addition to and not in place of any other rights, which the City has under the terms of this Franchise.

#### **ARTICLE XI-NOTICES**

Notices to the City and Humble shall be sufficient if sent to the following persons and addresses or to such other persons and addresses as the City or Humble may designate in writing from time to time.

Notices to Humble shall be sufficient if sent by registered mail, postage prepaid, addressed to:

Mr. Mark Borel  
PO Box 640

Lynchburg, VA 24505

Notices to the City shall be sufficient if sent by registered mail, postage prepaid, addressed to:

The Lynchburg City Manager  
900 Church Street,  
Lynchburg, Virginia 24504

## **ARTICLE XII-GENERAL CONDITIONS**

(a) Construction, repairs, or expansion of the public streets and City owned utilities may take place during the term of this Franchise and Humble accepts this Franchise subject to any inconvenience or loss of use of the outdoor café space, the restaurant vestibule, the sewer pump and grease trap, the mechanical room, and second floor building overhang or any part thereof which may become necessary because of said construction, repairs, or expansion, and the City shall not be responsible for any loss of revenues Humble may experience as a result of such construction, repairs or expansion.

(b) Marginal headings contained in this Franchise are for convenience only and shall not be considered to amplify, relate, modify or otherwise affect any of the terms, provisions or conditions of this Franchise.

(c) In the event that any provision of this Franchise shall be construed to be invalid or unenforceable, then the remaining portions shall remain in full force and effect.

(d) This Franchise shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia. Any legal action filed by either party to this lease arising out of the performance or non-performance of the terms of this Franchise shall be filed in the courts of the City of Lynchburg, Virginia and in no other forum.

(e) Humble does hereby covenant and agree that no person on the grounds of race, sex, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the operation of the restaurant that is to be constructed on the parcel of property owned by Humble. Further, Humble agrees that it will not discriminate against and will make all reasonable efforts to accommodate persons with disabilities as required by the Americans with Disabilities Act.

(f) There are no intended third party beneficiaries of this Franchise.

(g) All terms and conditions with respect to this Franchise are expressly contained herein, may only be modified as provide in Article IX—Amendments to Franchise, and both parties agree that no representative or agent of City or Humble has made any representation or promise with respect to this Franchise not expressly contained herein.

## **ARTICLE XIII-METHOD OF ACCEPTANCE**

Any person, firm, corporation, or other entity bidding for this Franchise shall deposit with the bid its check in the sum of \$100.00, payable to the City as the security to the City that the Grantee shall accept the Franchise within thirty days after the adoption of the ordinance granting the same. Upon the failure of the Grantee to accept this Franchise pursuant to the provisions of this section, such Grantee shall forfeit this deposit to the City. The checks of all other bidders shall be returned upon the

acceptance of the Franchise by the selected Grantee. The check will be returned to the successful bidder upon the execution of the Franchise.

This Franchise shall be and become effective and shall constitute a contract of Franchise between the City and Grantee when the Grantee shall cause a copy thereof to be signed by a proper official of the Grantee duly authorized thereto and under its corporate seal, duly attested to by an authorized official of the Grantee, accepting the terms and provisions of this Franchise on behalf of said Grantee.

Adopted: \_\_\_\_\_

Certified: \_\_\_\_\_  
Clerk of Council

### **FORM OF ACCEPTANCE**

The foregoing Franchise, as set forth in the ordinance adopted by the Council of the City of Lynchburg, Virginia on December 8, 2015, is hereby accepted by Humble, LLC, according to the terms thereof for a period beginning January 1, 2016 and ending December 31, 2056.

This acceptance is executed on behalf of Humble, LLC, by Mark Borel and \_\_\_\_\_, its President and Secretary, respectively, this \_\_\_\_\_ day of \_\_\_\_\_, and 20\_\_\_\_\_, by virtue of the authority duly and properly vested in them as officers of Humble, LLC.

HUMBLE, LLC

By: \_\_\_\_\_  
Mark Borel, President

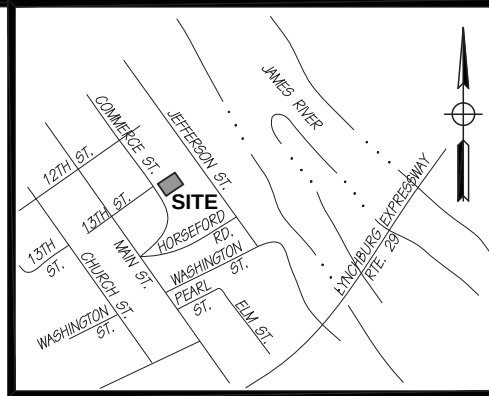
Attested:

By: \_\_\_\_\_  
Secretary

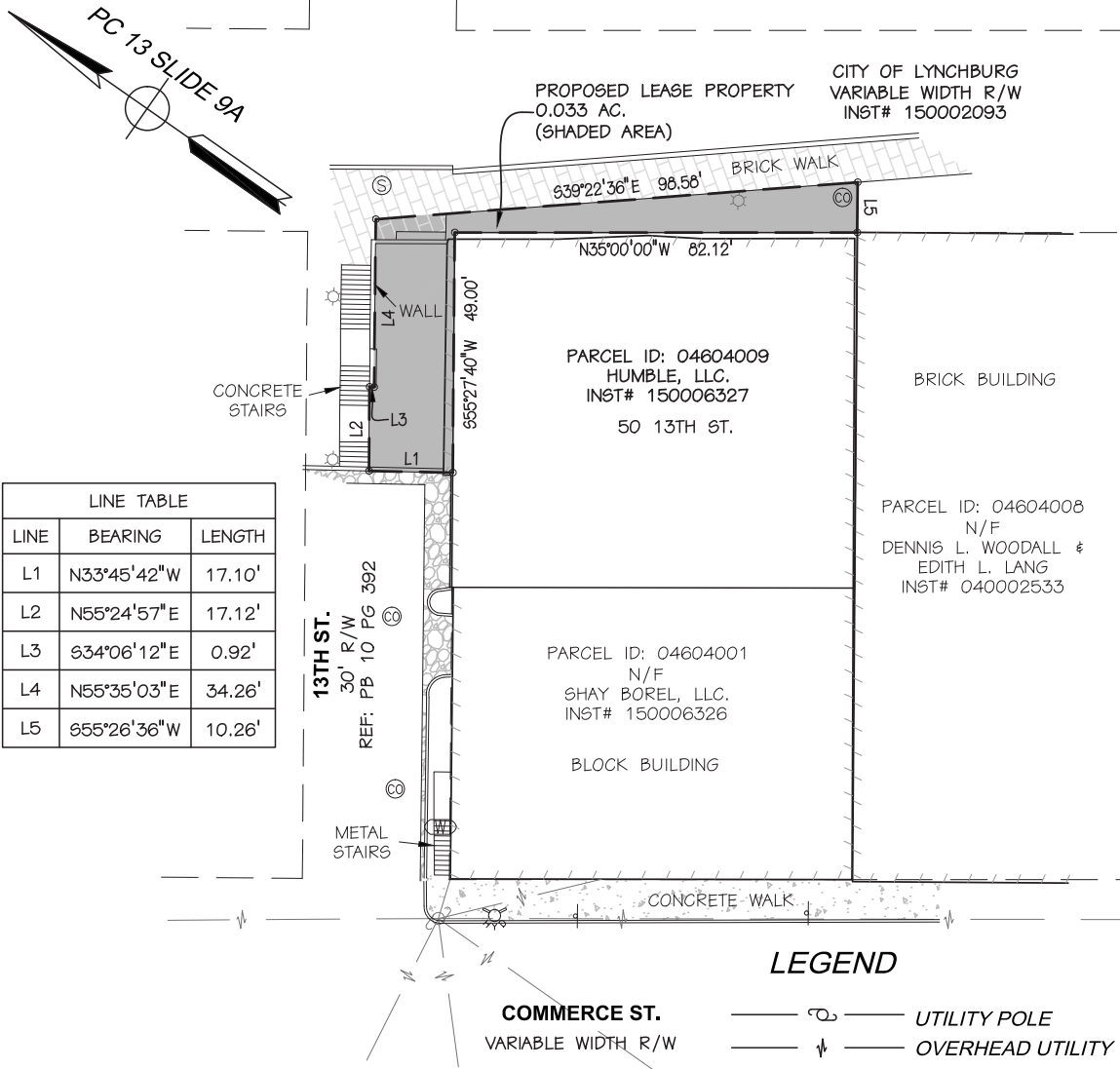


NOTES:

1. THIS DRAWING HAS BEEN PREPARED FROM RECORD INFORMATION.
2. THIS DRAWING HAS BEEN PREPARED WITHOUT THE BENEFIT OF A TITLE REPORT AND MAY NOT INDICATE ALL OF THE ENCUMBRANCES UPON THE PROPERTY.
3. AS DETERMINED BY GRAPHIC SCALING ONLY, THIS PROPERTY IS NOT WITHIN THE 100 YEAR FLOOD ZONE ACCORDING TO FEMA PANEL NUMBER 5100930042D DATED JUNE 3, 2008.



VICINITY MAP - NOT TO SCALE



SHEET 1 OF 1

27 Green Hill Drive  
Forest, Virginia 24551

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JOB#: 15281  
DATE: 10/26/2015  
DWN: AAD

EXHIBIT DRAWING SHOWING  
**PROPOSED LEASE PROPERTY**  
CITY OF LYNCHBURG, VIRGINIA

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **December 8, 2015**

AGENDA ITEM NO.: 13

CONSENT:

REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Franchise Lease of the City Armory by the Central Virginia Criminal Justice Academy**

RECOMMENDATION: After a public hearing, adopt the attached ordinance granting the Central Virginia Criminal Justice Academy a franchise to continue leasing the second floor of the City Armory Building, located at 1200 Main Street, for a period of twenty (20) years.

SUMMARY: The Central Virginia Criminal Justice Academy (CVCJA) has occupied the second floor of the City Armory since 1994. Each year CVCJA trains approximately 7000 law enforcement students for its 60 member cities, counties, towns and jails. Many of its students stay in lodging downtown or in other parts of the City during their training.

The last lease with CVCJA was entered into in 2000. At that time the City made certain concessions to guarantee parking for CVCJA students and faculty in close proximity to the armory. As downtown as developed, that arrangement became problematic and CVCJA purchased surface parking at the corner of Commerce and Twelfth Streets. Since then, CVCJA has considered other alternatives for its future operations, including relocating outside of the City. Subsequently, after discussions with City administration, the CVCJA board determined that it would be most cost effective for its member agencies if it remained in its current location under terms mutually beneficial to both parties.

The attached ordinance, if adopted, grants a twenty (20) year franchise to CVCJA under terms similar to the current lease, with a 20% increase in the rent and the elimination of any requirement for the City to guarantee parking for the academy.

Since this item relates to a franchise agreement, the procedure will be a little different from a typical lease proposal and public hearing.

- 1) The Mayor will announce that the City is receiving bids to award a franchise to the Central Virginia Criminal Justice Academy (CVCJA).
- 2) CVCJA will submit a cover letter to go with the proposed Franchise Agreement stating that CVJCA wishes to enter into a Franchise Agreement with the City under the terms and conditions set forth in the proposed Franchise Agreement.
- 3) If no other party submits a proposal for the franchise, Council can proceed with the public hearing.
- 4) If another party submits a proposal, Council should defer this matter until January 12, 2016 and ask staff to review the proposal(s) and make a recommendation.

PRIOR ACTION(S): N/A

FISCAL IMPACT: \$36,250 in annual rent. CVCJA students and instructors patronize City businesses and have an undetermined economic impact.

CONTACT(S): Kimball Payne, City Manager, 455-3990

ATTACHMENT(S): Franchise Ordinance

REVIEWED BY: lkp

140K

**AN ORDINANCE GRANTING A FRANCHISE TO THE CENTRAL VIRGINIA CRIMINAL JUSTICE ACADEMY TO ALLOW THE CRIMINAL JUSTICE ACADEMY TO CONTINUE LEASING THE SECOND FLOOR OF THE CITY ARMORY BUILDING LOCATED AT 1200 MAIN STREET, LYNCHBURG, VIRGINIA, FOR A PERIOD OF TWENTY (20) YEARS BEGINNING ON JANUARY 1, 2016, IN ORDER THAT THE CRIMINAL JUSTICE ACADEMY CAN PROVIDE CRIMINAL JUSTICE TRAINING TO THE COUNTIES, CITIES, AND TOWNS IN CENTRAL VIRGINIA.**

WHEREAS, this Franchise is between the City of Lynchburg, a municipal corporation of the Commonwealth of Virginia, hereinafter referred to as the "City," and the CENTRAL VIRGINIA CRIMINAL JUSTICE ACADEMY, an organization created pursuant to Section 15.2-1747, of the Code of Virginia, hereinafter referred to as the "Academy."

WHEREAS, the City owns and operates a public facility known as the Lynchburg City Armory located at 1200 Main Street, Lynchburg, Virginia, hereinafter referred to as the "Armory"; and

WHEREAS, the Academy was created by various counties, cities and towns in Central Virginia to provide the participating jurisdictions and their agencies with the highest level of criminal justice training through the development and operation of training programs; and

WHEREAS, since March 28, 1994, the Academy has leased and wishes to continue to lease the second floor of the City Armory, referred to herein as the "Premises" from the City and the City is willing to lease the Premises to the Academy in accordance with the terms set forth in this Franchise, hereinafter referred to as the "Franchise;" and,

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG AS FOLLOWS:

**ARTICLE I - GRANT AND PURPOSE**

The City hereby leases unto the Academy, and the Academy hereby leases from the City, the following: the second floor of the City Armory building located at 1200 Main Street, consisting of approximately 17,000 square feet of space, including two (2) storage rooms in the gymnasium for equipment storage. In addition, the Academy shall have the right to pay for and receive six (6) parking permits in the City Market Parking Deck, for as long as such deck is operated by the City.

## **ARTICLE II - TERM**

This Franchise will be effective for a term of twenty years, beginning on January 1, 2016 and will remain in effect until December 31, 2036, unless the Franchise is sooner terminated as provided herein.

## **ARTICLE III - RENTAL AND FEES**

(a) As rent for the use of the Premises, the Academy agrees that it will pay to the City the annual sum of \$36,250 payable in biannual installments of \$18,112.50 each. The biannual installments will be payable on April 1 and October 1st of each year. At its option, the Academy may pay the entire rent in an annual sum payable at the beginning of each twelve month period.

(b) The rent shall be adjusted every five years, based on the average change in the United States Department of Labor Bureau of Labor Statistics' Consumer Price Index over the preceding five year period, and the new rent shall apply for the succeeding five years.

(c) If any payment of rent and fees shall not be paid within fifteen days of the due date, the Academy shall pay a ten percent late penalty on the amount of such delinquent payment, which penalty shall at once become due and collectable. Also, interest at a rate equal to the prime lending rate as quoted in the Wall Street Journal on the due date for such rent and fees shall be paid and collected on the delinquent rent and fees and the applicable penalty. Such interest shall begin on the day following the due date, and all interest shall be calculated on a 365 day year. In the event it becomes necessary to initiate legal proceedings to collect any of the rent and fees payable under this Franchise, the Academy agrees to pay all reasonable and necessary expenses incurred by the City in such legal proceedings, including reasonable attorney's fees. Further the failure of the Academy to timely pay the rent and fees payable under this Franchise is grounds for the termination of the Franchise as provided in Article IX herein.

## **ARTICLE IV - USE OF PREMISES**

The Academy will use the Premises to provide participating counties, cities and towns and their agencies or other governmental agencies with criminal justice training through the development and operation of training programs. The Premises may be used for such other governmental and non-profit activities as mutually agreed upon by the Academy and the City.

## **ARTICLE V - MAINTENANCE, REPAIRS AND IMPROVEMENTS**

(a) The Academy hereby accepts the Premises in their current condition and agrees

that it will, for the term of this Franchise, assume responsibility for the maintenance of the Premises, including HVAC maintenance. The Academy shall at its sole cost and expense, except as herein otherwise specifically provided, maintain and repair the Premises in a presentable condition and provide all custodial services. The Academy shall be responsible for any damages that its employees, officials, students, invitees, or other persons it allows to be on the Premises may cause to the Armory building or any equipment or property the City has in the Armory building. All repairs must comply with all state and local building codes.

(b) The City reserves the right to prescribe a program of preventive maintenance that must be performed by someone qualified under state and local building codes. The City also reserves the right to inspect the Premises and to prepare a list of needed repairs. Should the Academy fail to perform the preventive maintenance, or repair items, or keep the Premises in good order and repair, as is reasonably required in order to preserve the general appearance and value of the Premises, and if such maintenance and repair is not undertaken within ten days after receipt of written notice, the City shall have the right to enter the Premises and perform such maintenance and make such repairs, the cost of which will be the responsibility of the Academy.

(c) The Academy agrees that there will be no outside storage of equipment, material or supplies and the Academy will remove at its expense all trash, garbage, etc. from the premises.

(d) The City will maintain the basic building structure (i.e. the roof, elevator, load bearing walls, utility connections, water, sewer, electricity, boiler, and the fire suppression system, to the Premises, excluding the replacement of window glass) in proper and substantial repair.

(e) The Academy shall be responsible for paying for all heat, sewer, electricity, water, telephone service, refuse disposal, and other utilities that its use of the Premises may require, including all installation costs and deposits. The electric, water and sewage meters for the Premises will remain in the City's name. The City will pay for all electric, water and sewer usage, and the Academy will reimburse the City for the cost of the Academy's electrical, water and sewer usage within thirty days after receipt of a bill from the City. In the event it becomes necessary to separate the electric, water and sewage lines for the City and the Academy, the Academy will pay all costs, deposits and installations, necessary for its meters. The City shall not be liable for any interruption or failure in the supply of any utilities to the Premises.

(f) While the City shall have the right to enlarge or improve the Premises during the term of this Franchise, the City shall be under no obligation to do so. If the Academy desires to make any improvements or changes to the Premises during the term of this Franchise, the Academy must first obtain the written permission of the City to do so. Said improvements or changes if, approved by the City, are to be made at the sole cost and expense of the Academy unless otherwise agreed to in writing by the parties and shall become the property of the City at the termination of this Franchise.

All improvements must comply with federal, state and local building codes, regulations, and ordinances.

(g) The Academy will be permitted to install a sign on the Armory building indicating its presence in the Armory. The location, size and design of the sign shall be mutually agreed upon by the Academy and the City before the sign is erected.

## **ARTICLE VI - OBLIGATIONS OF ACADEMY**

The Academy covenants and agrees:

(a) To observe and obey during the term of this Franchise all federal, state, and local laws, ordinances, rules, and regulations whether currently in force or subsequently adopted that apply to the Academy's criminal justice training activities and its use and maintenance of the Premises.

(b) The Academy shall allow the City, its agents and employees, to inspect the Premises at all reasonable times in order that the City may determine if the Academy is abiding by the conditions and terms of this Franchise.

(c) The Academy agrees to deliver up and surrender possession of the Premises to the City at the expiration of this Franchise, in good condition, ordinary wear and tear excepted.

(d) To conduct its activities in a good, safe, businesslike manner and in compliance with all general or statutory rules and regulations applicable thereto.

(e) The Academy, for itself, its representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree, that no person on the grounds of race, sex, color, or national origin, shall be excluded from participation in, denied the benefits of, or be otherwise subject to discrimination in the use of the Premises.

(f) To the extent permitted by law, the Academy shall indemnify, hold harmless and defend the City from and against any and all claims, actions, damages, liabilities, fines, penalties, costs and expenses suffered or incurred by the City as a result of the Academy's noncompliance with applicable standards of care, laws, ordinances, resolutions or regulations.

## **ARTICLE VII - DAMAGE TO LOSS OR LOSS OF PROPERTY**

The City shall not be liable for any damages to or loss of any of the Academy's property or the property or any of its agents, employees, students, or invitees, which is brought onto the Premises regardless of how such damage or loss may occur. It is expressly agreed and understood that the Academy, its agents, employees, students, and invitees, in placing property in and on the Premises do so

at their own risk. It shall be the Academy's responsibility to insure any property it brings onto the Premises.

#### **ARTICLE VIII - DAMAGE OR DESTRUCTION OF PREMISES**

During the term of this Franchise the City shall continue to carry and pay for fire and casualty insurance on the Premises with the City named as the insured party on such insurance policy. If the Premises shall be partially damaged by fire, the elements, the public enemy or other casualty so as to affect the Academy's use of the Premises, but not render the Premises untenable, the same shall be repaired with due diligence with the proceeds of such insurance coverage. If the damage shall be so extensive as to render untenable the Academy's use of the Premises but capable of being repaired within 90 days, the City shall repair the Premises with the insurance proceeds and the rent payable hereunder shall be proportionally paid up to the time of such damage and thereafter shall cease until such time as the City determines that the Premises are restored to a tenantable condition. In any case where the Premises are completely destroyed by fire, the elements, the public enemy or other casualty, or are so damaged that the Premises will or does remain untenable for more than 90 days then, at the option of the City, either (1) the Premises shall be repaired from the proceeds of the insurance proceeds and the rent payable hereunder with respect to the Academy's use of the Premises shall be proportionally paid up to the time of such damage or destruction and thereafter shall cease until such time as the City determines that the Premises are restored or (2) the City shall notify the Academy within sixty (60) days of the time of such damage or destruction that the City does not propose to restore the Premises in which case, this Franchise shall terminate upon the giving of such notice by the City without any further obligation to the Academy by the City, and the City shall be entitled to the proceeds from such insurance coverage.

#### **ARTICLE IX - CANCELLATION BY THE CITY**

The City may cancel this Franchise without forfeiture, waiver or release of the City's right to any sum of money due or to become due under the provisions of this Franchise by giving the Academy ninety (90) days advance written notice to be served as hereinafter provided, upon or after the happening of any of the following events:

- (a) Filing by the Academy of a voluntary petition of bankruptcy.
- (b) The institution of bankruptcy proceedings against the Academy and the adjudication of the Academy as a bankrupt pursuant to such proceedings.
- (c) The taking by a court of competent jurisdiction of the Academy and its assets pursuant to proceedings brought under the provisions of any Federal Reorganization Act.



- (d) The appointment of any receiver of the Academy's assets.
- (e) The divestiture of the Academy's estate herein by other operation of law.
- (f) The voluntary abandonment of the Academy's operation at the Premises for a period of fourteen days or more.
- (g) The default by the Academy in the performance or nonperformance of any covenant or agreement herein required to be performed by or required not to be performed by the Academy and the failure of the Academy to remedy such default within a period of thirty days after receipt from the City of written notice to remedy the same; provided, however, that no notice of cancellation as above provided shall be of any force or effect if the Academy shall have remedied the default prior to the receipt of the City's notice of cancellation.
- (h) Any assignment made by the Academy for the benefit of its creditors.
- (i) In the event the Academy fails to pay all or any part of the rentals, fees or other charges provided for in this Franchise within thirty days after receiving notice from the City that such rentals, fees or other charges are due and payable.
- (j) The failure of the Academy to maintain any insurance required under this Franchise may result in immediate cancellation without any prior notice to the Academy.
- (k) No waiver of default by the City or any of the terms, covenants or conditions hereof to be performed, kept and observed by the Academy shall be considered to be or act as a waiver in the event of any subsequent default of any of the terms, covenants or conditions herein contained to be performed, kept and observed by the Academy.

#### **ARTICLE X - CANCELLATION BY THE ACADEMY**

The Academy may cancel this Franchise at any time that the Academy is not in default in payment of any of the rentals, fees or charges to the City hereunder by giving the City thirty days advance written notice to be served as provided herein, upon or after the happening of any of the following events:

- (a) The default by the City in the performance of any of the covenants and agreements herein agreed to be performed by the City and upon the failure of the City to remedy such default for a period of thirty days after receipt from the Academy of written notice to remedy the same; provided, however that no notice of cancellation as provided above shall be of any force or effect if the City shall have remedied the default prior to receipt of the Academy's notice of cancellation.

(b) No waiver of default by the Academy of any of the terms, covenants or conditions hereof, to be performed, kept and observed by the City shall be construed to be or act as a waiver in the event of any subsequent default of any of the terms, covenants or conditions herein contained to be performed, kept and observed by the City.

(c) The assumption by the United States Government or any other authorized agency thereof of the operation, control or use of the Armory Building or any substantial part or parts thereof, in any manner so as to substantially restrict the Academy for a period of at least 120 days from operating in the Armory building provided, however, that such assumption is not due to the actions of the Academy.

The Academy may cancel this Franchise at any time that the Academy is not in default in payment of any of the rentals, fees or charges to the City hereunder by giving the City 12 months advance written notice to be served as provided herein, in the event the Academy contracts to purchase another location for its operations.

#### **ARTICLE XI - ASSIGNMENT OR TRANSFER OF FRANCHISE**

The Academy shall not at any time assign or sublet or transfer this Franchise or any portion thereof without the prior written consent of the City.

#### **ARTICLE XII - SURRENDER OF POSSESSION**

Upon the expiration or termination of this Franchise, the Academy's authority to use the Premises and the rights herein granted shall cease, and the Academy shall on the expiration or termination, promptly and in good condition, surrender the Premises to the City, ordinary wear and tear excepted. All permanent fixtures, improvements and renovations brought in, installed or erected, on or about the Premises shall remain the property of the City and shall not be removed from the Premises at the expiration or termination of this Franchise and shall become part of the building in which they are located, and title thereto shall vest in the City. Permanent fixtures shall not include shelves and other items that can be removed without damage to the Premises.

#### **ARTICLE XIII - INDEMNITY AND INSURANCE**

To the extent permitted by law, the Academy shall be responsible for all damage to the City's property and shall indemnify and hold harmless and assume the defense of the City, its employees, agents and officials, from and against any and all claims, liability, judgments, causes of action, damages and expenses, and shall pay all attorney's fees, court costs and other costs incurred in defending such claims which may accrue against, be charged to, be recovered from, or be sought to be recovered from the City, its employees, agents and officials, by reason of or on account of damage to the property of, injury to, or death of any person arising from the academy's use of the Premises and/or its law enforcement training activities

within the City regardless of whether or not such property damage, personal injury or death results from the actions of the Academy's its employees, officials, students, invitees, or other persons it allows to be on the Premises. In order to accomplish this purpose, the Academy agrees to maintain and pay for public liability and property insurance in at least the following amounts: one million dollars per occurrence police and general liability coverage for injuries to or for death of persons and damages to property. Such insurance policy shall name the City, its employees, officials and agents, as insured parties and shall include or be endorsed to include the contractual liability assumed by the Academy in this paragraph. Each year this Franchise is in effect, the Academy shall deliver to the City's Risk Manager a copy of said insurance policy or certificate showing the insurance coverage to be in full force and effect for the upcoming year. The Academy must give the City thirty calendar days advance written notice of any cancellation, nonrenewal, or modification of coverage and a binder or certificate verifying new coverage in accordance with the requirements herein prior to any change, cancellation or nonrenewal date. In the event of such cancellation or nonrenewal notice, the Academy shall obtain, pay all premiums for the renewal or replacement of the insurance required hereunder. The Academy shall, at least thirty days prior to the expiration of the policies, furnish City with renewals or "binders" for the policies, or City may order the required insurance and charge the cost to the Academy.

The insurance required hereunder shall be primary, and any insurance or self-insurance maintained by the City shall be in excess of and shall not contribute with any insurance obtained by the Academy under this Franchise. Any deductibles or self-insurance retentions applicable to required coverages shall be paid by the Academy, and the City shall not be required to participate therewith. All rights of subrogation against the City shall be waived.

The Academy shall provide Worker's Compensation coverage for its employees in the statutory amount.

#### **ARTICLE XIV – NOTICE**

Notices to the City and the Academy shall be sufficient if sent to the following persons and addresses or to such other persons and addresses as the City or the Academy may designate in writing from time to time.

Notices to Academy shall be sufficient if sent by registered mail, postage prepaid, addressed to:

The Director of the Central Virginia Criminal Justice Academy  
P.O. Box 278  
Lynchburg, VA 24505-0287

Notices to the City shall be sufficient if sent by registered mail, postage prepaid, addressed to:

The Lynchburg City Manager  
900 Church Street,  
Lynchburg, Virginia 24504

#### **ARTICLE XV - SECURITY**

The Academy agrees to assume authority and responsibility for providing security for the Premises and security for the gymnasium during the Academy's use of the gymnasium.

#### **ARTICLE XVI - USE OF GYMNASIUM**

This Franchise also entitles the Academy to use the Armory gymnasium for scheduled training programs within pre-arranged hours during the period from 6:00 a.m. and 5:15 p.m. On Monday through Friday of each week, excluding the weeks during which Thanksgiving falls and during which Christmas falls. During such times as the Academy does not need to use the Armory for its training programs, the City shall be able to use the gymnasium for such activities and programs as the City deems appropriate. However, the City will not allow the gymnasium to be used for any activity that would interfere with the Academy's training programs. Basketball will not be permitted in the gymnasium prior to 5:15 p.m. on Monday through Friday because of the noise disruption to the Academy offices above.

In order to coordinate the Academy's and the City's joint use of the gymnasium, a representative from the Academy and the Lynchburg Community Market Manager will meet on a quarterly basis to develop an advanced schedule for the use of the gymnasium floor for the upcoming quarter. Once a schedule for the use of the gymnasium has been developed, such schedule may be amended from time to time by the mutual agreement of the parties in order to accommodate any unforeseen activities and events -i.e., special events which are in the public interest, etc. The parties agree that they will use their best efforts to work together to coordinate their mutual use of the gymnasium.

#### **ARTICLE XVII - AMENDMENTS TO FRANCHISE**

The City and the Academy may agree to modify the Franchise from time to time; however, any significant changes in the Franchise must be approved by City Council as required by the Code of Virginia.

In the event that the City, with the Academy's approval, decides to construct a municipal public parking deck on Academy property located at 1151 Commerce Street, this Franchise shall be amended as provided in Article XVII herein, with respect to both term and rent, to take into account the new investments or other commitments by both parties related to the parking deck.

## **ARTICLE XVIII - GENERAL PROVISIONS**

(a) Marginal headings contained in this Franchise are for convenience only and shall not be construed to amplify, modify or otherwise affect any of the terms, provisions or conditions of this Franchise.

(b) In the event any of the provisions of this Franchise shall be construed to be invalid or unenforceable, then the remaining portions shall remain in full force and effect.

(c) This Franchise shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia. Any legal proceeding filed by either party to this Franchise arising out of the performance or non-performance of the terms of this Franchise shall be filed in the courts of the City of Lynchburg, Virginia and in no other forum.

(d) The City shall not be liable for any loss of revenue to the Academy resulting from the City's acts or omissions in the maintenance of the Armory building or resulting from the construction, repairs, or expansion of the public streets and City owned utilities may take place during the term of this Franchise.

(e) It is understood that all privileges, activities and uses at the Armory building, except to the extent specifically granted to the Academy herein are expressly reserved by the City to grant or use in its sole discretion as the City may deem advisable.

(g) There are no intended third party beneficiaries of this Franchise.

(h) Under the terms of this Franchise, the Academy will not become vested with any property rights in any portion of the Premises.

(i) All terms and conditions in respect to this Franchise are expressly contained herein, and both parties agree that no representative or agent of the City or the Academy has made any representation or promise with respect to this Franchise not expressly contained herein.

## **ARTICLE XIX - METHOD OF ACCEPTANCE**

Any person, firm, corporation, or other entity bidding for this Franchise shall deposit with the bid its check in the sum of \$100.00, payable to the City as the security to the City that the Grantee shall accept the Franchise within thirty days after the adoption of the ordinance granting the same. Upon the failure of the Grantee to accept this Franchise pursuant to the provisions of this section, such Grantee shall forfeit this deposit to the City. The checks of all other bidders shall be returned upon the acceptance of the Franchise by the selected Grantee. The check will be returned to the successful bidder upon the execution of the Franchise.

This Franchise shall be and become effective and shall constitute a contract of Franchise between the City and Grantee when the Grantee shall cause a copy thereof to be signed by a proper official of the Grantee duly authorized thereto and under its corporate seal, duly attested to by an authorized official of the Grantee, accepting the terms and provisions of this Franchise on behalf of said Grantee.

Adopted:

\_\_\_\_\_

Certified: \_\_\_\_\_

\_\_\_\_\_

Clerk of Council

### **FORM OF ACCEPTANCE**

The foregoing Franchise, as set forth in the ordinance adopted by the Council of the City of Lynchburg, Virginia on December 8, 2015, is hereby accepted by the Central Virginia Criminal Justice Academy, according to the terms thereof for a period beginning January 1, 2016 and ending December 31, 2036.

This acceptance is executed on behalf of the Central Virginia Criminal Justice Academy, by \_\_\_\_\_ and \_\_\_\_\_, its Chair and Executive Director, respectively, this \_\_\_\_\_ day of \_\_\_\_\_, and 20\_\_\_\_\_, by virtue of the authority duly and properly vested in them.

CENTRAL VIRGINIA CRIMINAL JUSTICE ACADEMY

By: \_\_\_\_\_  
CVCJA Chair

By: \_\_\_\_\_  
CVCJA Executive Director

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **December 8, 2015**

AGENDA ITEM NO.: 14

CONSENT:

REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: **X**

ITEM TITLE: **Sale of the Lynchburg Hillcats Baseball Team and Stadium Lease Negotiations**

RECOMMENDATION: No action required. A new lease agreement will be advertised for a public hearing and Council action after the first of the year.

SUMMARY: The Lynchburg Baseball Corp. is planning to sell the Lynchburg Hillcats to Elmore Sports Group, Ltd. (Elmore Sports). Elmore Sports is a diverse sports and entertainment business that owns several minor league baseball and hockey teams. More information about the company can be found at <http://elmoresportsgroup.com/>.

Elmore Sports has indicated its intention for the Hillcats to remain in Lynchburg. This will necessitate the development of a lease or franchise between the City and Elmore Sports for the use of the baseball facilities at City Stadium. While lease negotiations are ongoing, the principals of Elmore Sports have indicated a desire to meet with City Council and introduce themselves. They plan to make a short presentation to Council. This will also be an opportunity to outline the general terms of the lease and receive any feedback from Council.

Under the terms of a memorandum of understanding with the Lynchburg Baseball Corp. the sale of the Hillcats will include a payment to the City for remaining debt service on debt that was incurred when the baseball stadium was renovated in 2004. That payment will amount to approximately \$2.1 million.

It is contemplated that the lease for the stadium will include a provision that the City will reinvest the \$2.1 million payment into improvements that are believed necessary to provide a modern facility that is welcoming and safe for both fans and players. Three uses have been identified for the funds:

- field improvements for playability, safety and drainage
- parking lot improvements to maximize available parking
- improved netting and seating behind home plate

Preliminary design work has commenced on the first two items and it is believed that they can be accomplished with the funds from the payment.

Significant additional lease terms would include:

- the team would pay no annual rent for use of the stadium, but would be responsible for certain maintenance and operational costs
- the team would make an annual payment to support City youth sports programs
- the City would retain all sales tax and meals tax revenues from events
- the stadium could be used for other special or City events
- Elmore Sports will pledge that the team will remain in the City for the term of the lease
- the initial lease term will for ten years; a ten-year term would require the granting of a franchise
- the lease would include a provision restricting both the ending time of games (11:30 pm on week nights, and midnight on Friday and Saturday) and the commencement of fireworks displays (10:30 pm)

Other lease provisions would be consistent with the past arrangement with the Lynchburg Baseball Corp. Once the lease provisions have been finalized, the lease (or franchise) will be advertised for a public hearing

and Council action.

PRIOR ACTION(S): N/A

FISCAL IMPACT: To be determined. The City will retain all sales and meals tax revenues from events at the stadium.

CONTACT(S): Kimball Payne, City Manager, 455-3990

ATTACHMENT(S): None

REVIEWED BY: lkp

141K