

FINANCE COMMITTEE AGENDA

**Tuesday, December 14, 2021
11:30 a.m. – Council Chamber**

GENERAL BUSINESS

11:30 a.m.

1. Approval of the Draft Finance Committee Meeting Notes from October 26, 2021.

Contact: Donna Witt, Chief Financial Officer 455-3968

11:35 a.m.

2. Report on the General Fund Reserve for Contingencies.

Contact: Donna Witt, Chief Financial Officer 455-3968

11:40 a.m.

3. Consider a request to adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$60,000 with resources of \$30,000 from the Bulletproof Vest Partnership 2021 Grant Program and \$30,000 transferred from the FY 2022 General Fund Police Department (\$26,000) and Sheriff's Office (\$4,000) budgets to purchase 75 replacement ballistic vests for law enforcement officers.

Contact: Chief Ryan M. Zuidema, Police Department 455-6171

11:45 a.m.

4. Consider a request to adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$38,326 with resources from the 2021 Edward Byrne Memorial Justice Assistance Grant (JAG) to purchase law enforcement equipment for the Lynchburg Police Department and technology equipment for the Lynchburg Sheriff's Office and the Office of the Commonwealth's Attorney.

Contact: Chief Ryan M. Zuidema, Police Department 455-6171

11:50 a.m.

5. Consider a request to adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$22,717 with resources from the American Rescue Plan Act IMLS Sub-grant from the Library of Virginia to the Lynchburg Public Library to provide rapid emergency relief to safely reopen libraries, promote digital inclusion, and support library services that meet the needs of the community.

Contact: Beverly Blair, Library Director 455-6301

11:55 a.m.

6. Consider a request to adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$636 with resources from the United States Tennis Association for the Lynchburg Parks and Recreation Department (LPRD) to purchase tennis equipment for the youth tennis programs.

Contact: Maggie Mace, Recreation Services Manager 455-5877

12:00 p.m.

7. Consider a request to adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget to appropriate \$50,000 with resources from the Virginia Housing Fiscal Year 2022 Community Impact Grant, which will be used to study potential housing opportunities in the Dearington neighborhood.

Contact: Kent White, Community Development Director

455-3900

12:05 p.m.

8. Consider a request to adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$84,000 with resources of \$84,000 from the 2021 State Homeland Security Program (SHSP) from U.S. Department of Homeland Security (DHS) to fund equipment for the Fire Department Technical Rescue Team.

Contact: Greg Wormser, Fire Chief

455-6340

12:10 p.m.

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

Contact: Donna Witt, Chief Financial Officer

455-3968

12:15 p.m.

10. Compression FY 2023

Contact: Donna Witt, Chief Financial Officer

455-3968

Chief Ryan M. Zuidema, Police Department

455-6171

12:20 p.m.

11. Review memo regarding FY 2021 General Fund Unassigned Fund Balance.

Contact: Donna Witt, Chief Financial Officer

455-3968

12:25 p.m.

12. Roll Call

The next Finance Committee meeting is Tuesday, January 25, 2022 at 11:30 a.m.

FINANCE COMMITTEE NOTES -- DRAFT
Tuesday, October 26, 2021

GENERAL BUSINESS

Meeting commenced at 11:30 a.m. in Council Chamber in order to allow for social distancing requirements due to COVID-19.

ATTENDEES

Committee Members: Council Member Jeff S. Helgeson, Chair; Council Member Randy Nelson; Council Member Beau Wright

Others: Wynter Benda, City Manager; Reid Wodicka, Deputy City Manager; Donna Witt, Chief Financial Officer; Reid Lanham, Accounting Manager; Starlette Early, Budget Analyst

1. Approval of the Draft Finance Committee Meeting Notes from May 25, 2021.

The Finance Committee meeting notes for May 25, 2021 were approved as submitted.

2. Report on the General Fund Reserve for Contingencies.

Donna Witt reported there have been no expenditures during FY 2022 from the General Fund Reserve for Contingencies, leaving a current balance of \$1,200,000.

3. Consider a request to adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$15,300 with resources of \$7,650 from the Virginia Office of Emergency Medical Services Emergency Medical Services Grant Program through the Rescue Squad Assistance Fund (RSAF) and \$7,650 from the FY 2022 General Fund Fire Department budget to purchase six (6) Dell Latitude 5420 Rugged laptops carried on EMS apparatus for the Fire Department.

Fire Chief Greg Wormser presented the item. This item was approved by the Finance Committee and will be considered by Council at the October 26, 2021 meeting.

4. Consider a request to adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$58,785 with resources of \$39,190 from the Department of Motor Vehicles Highway Safety Grant, an in-kind service and equipment match of \$16,917, and \$2,678 from the FY 2022 General Fund Police Department budget to facilitate selective enforcement activities, equipment, and training.

Police Chief Ryan Zuidema presented the item. This item was approved by the Finance Committee and will be considered by Council at the October 26, 2021 meeting.

5. Consider a request to adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$26,250 with resources of \$17,500 from the Department of Motor

Vehicles Highway Safety Grant, an in-kind service and equipment match of \$7,411, and \$1,339 from the FY 2022 General Fund Police Department budget to facilitate speed enforcement activities.

Police Chief Ryan Zuidema presented the item. This item was approved by the Finance Committee and will be considered by Council at the October 26, 2021 meeting.

6. 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, Children's Services Act, Water Operating, Sewer Operating, Stormwater Operating, and General Funds for the quarter ending June 30, 2021

GLTC: Lawson Albritton, Interim General Manager, presented the report for fourth quarter. He noted total revenues are approximately 5% under budget for the quarter and ended at 8% below budget for the year. Passenger Revenue and Access Contracts remain significantly under budget due to waiving the monthly fee as a result of operating service fare free through November 16, 2020. Non-operating revenues exceeded budget by \$43,700 due to insurance proceeds received for vehicle related accidents. Advertising Revenue is below budget by 17% for the quarter and 3% year to date. State Operating Assistance is over budget by 14% and Federal Operating Assistance reflects being under budget by 11% based on updated projections for expenditures and revenue needs for the year. GLTC anticipates utilizing Federal CARES Act funds to support operating expenditures in FY 2021 and FY 2022. Expenditures overall are under budget 24% for the quarter and 16% for the year. Salaries are below budget by 14% due to vacant positions, overtime is above budget by 21% due to additional coverage as a result of the vacancies. Maintenance expenses are under budget 16% for the quarter, due to fuel expenses less during the pandemic. Administrative expenses are 15% below budget for the quarter, and Miscellaneous expenses reflect limited travel and public relations at 66% under budget for the year. GLTC is closing the fourth quarter with a \$625,319 surplus, an increase over third quarter projections due to a large adjustment made in June for an updated OPEB valuation report.

Airport: Andrew LaGala reported overall the Airport is within 12% of pre-pandemic levels. He noted despite the impact of COVID-19 on revenues, a multi-year federal CARES grant more than offset the loss of revenues during Fiscal Year 2021. Operating revenues were at approximately \$2.5 million, slightly lower than budget. However, with the CARES grant, operating revenues came in at \$4.3 million. Airfield and Terminal Revenues were both less than budget by more than \$600,000 due to decrease in landing fees with less airline traffic, as well as lower revenues from parking and rental cars due to COVID-19 impacts. Operating expenditures were generally less than budget due to not filling positions. Overall expenses were higher than the previous year due to a planned \$1,000,000 transfer to the capital fund for local matching funds for future federal, state, and local projects. The Airport ended FY 2021 with a surplus of \$569,057, allowing the sixth straight year with a surplus and on a trajectory to not require City financial support during the next several years as the airline industry gradually recovers and revenues return to normal levels.

Lynchburg Regional Juvenile Detention Center: Preston Sellers presented the quarterly report, noting the following revenue amounts: Charges for Services is at \$1,191,638 (107.8%)

of budget; Juvenile Justice Block Grant revenue is \$1,039,786; Community Placement Revenue is at \$846,283 (92.2%) of budget; and year-end revenue received from USDA is \$34,212. Expenditures overall are within budget for year-end at \$3,067,839 and currently serving 22 residents. The average number of juveniles served per day through the fourth quarter is 18.06 compared to 23.18 in FY 2020.

Children's Services Act (CSA): Preston Sellers presented the quarterly report, noting the following receipts through fourth quarter FY 2021: reimbursement of Public Assistance is \$5,321,870; CSA Contributions received from local match are \$2,112,856 from the General Fund and \$196,541 from Schools; Miscellaneous revenues totaled \$72,603. Expenditures through the fourth quarter included: Administrative is at \$59,769 (83.7% of budget); Mandated Foster Care totaled \$3,801,325 (98.4%); Mandated Special Education totaled \$2,839,748 (99.9%); Non-Mandated Services is at \$202,469 (53.9%); and Community Based Services ended at \$726,662, or 128.9% of budget due to rise in costs with more youth accessing services in FY 2021.

Water: Tim Mitchell reported overall Water Fund revenues at the completion of fourth quarter is above budget by \$347,368 (2.2%). He noted Charges for Services is down \$208,503, primarily due to \$169,182 less than expected water consumption from commercial and industrial customers, and \$103,902 loss related to the state's utility disconnection moratorium. Revenues in Water Contracts ended at \$532,948 more than budget, with \$450,181 associated with additional water purchases from Bedford County. Overall expenses for FY 2021 are \$1,258,185 less than budget with Departmental Operation and Maintenance accounting for \$1.4 million of the variance primarily due to vacancy savings (\$579,674) and lower expenditures for Supplies and Materials (\$223,384). Non-Departmental Operation expenses are \$320,483 above budget primarily due to higher than anticipated worker compensation claims. Capital Outlay is \$76,000 under budget and expenditures for Debt Service is \$90,023 less than budgeted due to less usage of line of credit and refinancing of 2010 and 2015 bond issues. Debt coverage ratio for the end of the fiscal year is at 1.73 (above Council's minimum target of 1.20) and the fund balance ratio for year end is 51% compared to a target range of 25% - 40%.

Sewer: Tim Mitchell summarized the Sewer Operating Fund overall revenues for FY 2021 are \$2,014,234 (8.6%) more than budget. Charges for Services are \$1,043,924 (5.4%) over budget due to higher septic hauler charges, offset by COVID-19 economic impacts including decreased inside sewer sales and cut-off charges revenues. Sewer Contracts are \$1,042,323 (28.3%) above budget, and Interest and Other earnings are \$72,013 less than expected. Expenses overall for FY 2021 are \$683,121 less than budget. The savings of \$471,587 in vacant positions are offset by increased costs in Contractual Services and Supplies and Materials due to unplanned debris removal around sewer mains with numerous heavy rains, increased costs in temporary personnel due to the vacant positions, and updates to the operations and maintenance manual associated with the Recovery Facility CSO Upgrade Project. Non-Departmental Operation expenses are below budget by \$134,871. Debt coverage ratio is 1.47 compared to a target range of 1.20 to 1.50, and the fund balance ratio is at 42% for the end of the fiscal year compared to a target range of 25% - 40%.

Stormwater: Tim Mitchell reported overall revenues for the Stormwater Fund for fourth quarter exceeded budget by \$28,684. Charges for Services are \$40,939 higher than budgeted, with budgeted refunds allowed to property owners less than budgeted by \$38,433. Interest was \$12,255 less than budget due to lower than expected earnings offset by higher than expected miscellaneous revenues and grants. Expenses ended fourth \$475,640 less than budget primarily due to savings in vacant positions and Contractual Services for less than expected maintenance and repair services. Non-Departmental Operation ended \$11,598 below budget, Capital Outlay is \$40,000 less than budget, and Debt Service is \$26,855 less than budget. The debt coverage ratio for end of the fiscal year is 4.53, more than the Council's minimum target of 1.20, and the fund balance ratio is 40% compared to the target range of 15% - 20%.

General Fund: Reid Lanham reported the General Fund ended FY 2021 with an Unassigned Fund balance of \$49.7 million (ratio of 23.9%) compared to a projected balance of \$22.1 million. The ending FY 2021 Committed and Assigned Fund balances were \$12.6 million and \$9.7 million, respectively. Overall revenues are \$8.7 million more than the amended budget. Non-dedicated revenues at end of fourth quarter includes: Real Property Tax is \$2,593,118 more than amended budget (net of allowances and tax relief credits); Personal Property Tax is \$2,263,718 more than budget; Consumer Utility Tax- Electric is down by \$169,073; Communication Sales and Use Tax is down by \$2,221; Local Sales Tax is \$3,163,767 more than budget; Business License Tax is \$763,963 more than budget; Meals Tax is slightly up over budget by \$204,549; Lodging Tax is less than budget by \$393,893. Dedicated Revenues are at \$38,592,078, just 0.6% less than budget projections. Expenses for Operating are at \$13,532,852 (92.1%) less than FY 2021 budget compared to 95.4% for FY 2020.

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

Donna Witt summarized the revenues received through August 2021. Sales and Use Tax is continuing to increase with more online sales, and is currently \$435,376 over budget; Consumer Utility Tax- Electric is on target with budget; Meals Tax and Lodging Tax are both moving towards pre-Covid levels, both currently exceeding budget; and Amusement Tax is increasing with movies back open and the Academy of Fine Arts having well attended events.

8. Roll Call.

There were no items for roll call.

Meeting adjourned at 12:59 p.m.

FY 2022 GENERAL FUND RESERVE FOR CONTINGENCIES

	Reserve for Contingencies	City Manager's Discretionary Funding
BEGINNING BALANCE, JULY 1, 2021	\$1,150,000	\$50,000
Carryforward to FY 2022 Reserve for Contingencies - FY 2022 Adopted Budget	0	0
BALANCE	\$1,150,000	\$50,000
APPROPRIATIONS (Second Reading)		
TOTAL APPROPRIATIONS	\$0	\$0
REMAINING BALANCE	\$1,150,000	\$50,000
ITEMS INTRODUCED		
TOTAL INTRODUCED ITEMS	\$0	\$0
REMAINING BALANCE	\$1,150,000	\$50,000
PENDING ITEMS		
TOTAL PENDING ITEMS	\$0	\$0
ENDING BALANCE, JUNE 30, 2022	\$1,150,000	\$50,000

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **3**

REGULAR: **X**
ACTION: **X**

WORK SESSION:
INFORMATION:

CLOSED SESSION (Confidential):

ITEM TITLE: 2021 Police Bulletproof Vest Partnership Grant Program

RECOMMENDATION: Adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$60,000 with resources of \$30,000 from the Bulletproof Vest Partnership 2021 Grant Program and \$30,000 transferred from the FY 2022 General Fund Police Department (\$26,000) and Sheriff's Office (\$4,000) budgets to purchase 75 replacement ballistic vests for law enforcement officers.

SUMMARY: The Police Department applies annually for the Bulletproof Vest Partnership through the Office of Justice Programs. For the 2021 Police Bulletproof Vest Partnership, the City was awarded funding that covers the cost of replacement ballistic vests for both the Lynchburg Police Department and the Lynchburg Sheriff's Office. The vests provide protection to officers in the line of duty and the life of the vest is five years from the manufacturing date. The total replacement cost for 75 vests is \$60,000. The grant requires a 50% local match; these funds are available in the FY 2022 General Fund Police (\$26,000) and Sheriff's Office (\$4,000) operating budgets.

PRIOR ACTION(S):

December 14, 2021: Finance Committee will consider request to appropriate funds

FISCAL IMPACT:

The required local match of \$30,000 is budgeted in the FY 2022 General Fund Police and Sheriff's Office operating budgets; no additional funds are required.

CONTACT(S):

Chief Ryan Zuidema, 455-6045
Amy Lowe, Administrative Manager, 455-6128

ATTACHMENT(S):

- Resolution

REVIEWED BY: raw

RESOLUTION:

BE IT RESOLVED that the FY 2022 City/Federal/State Aid Fund budget is amended and \$60,000 is appropriated with resources of \$30,000 from the Bulletproof Vest Partnership 2021 Grant Program and \$30,000 transferred from the FY 2022 General Fund Police Department (\$26,000) and Sheriff's Office (\$4,000) budgets to purchase 75 replacement bulletproof vests for law enforcement officers.

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **4**

REGULAR: **X** WORK SESSION: CLOSED SESSION (Confidential):
ACTION: **X** INFORMATION:

ITEM TITLE: 2021 Edward Byrne Memorial Justice Assistance Grant (JAG)

RECOMMENDATION: Adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$38,326 with resources from the 2021 Edward Byrne Memorial Justice Assistance Grant (JAG) to purchase law enforcement equipment for the Lynchburg Police Department and technology equipment for the Lynchburg Sheriff's Office and the Office of the Commonwealth's Attorney.

SUMMARY: The City of Lynchburg was awarded \$38,326 in Edward Byrne Memorial JAG funding. The Lynchburg Police Department will use this funding to purchase 28 tactical headsets (\$17,718) to replace current headsets that are outdated and broken. The tactical headsets are used for effective communication in tactical operations. These innovative headsets mount to the rear of an officer's helmet, which frees up the forward rail of the helmet for infrared attachments or riot shields. The Lynchburg Police Department will also purchase a global navigation satellite system (\$12,747) for use in crash reconstruction. The GPS-based global navigation satellite system will provide quicker and more efficient scene mapping and evidence collection. It will be operated by one officer and will create a safer environment for both drivers and officers because it will shorten the amount of time roadways are blocked. The Lynchburg Sheriff's Office will use funds to purchase a file server (\$3,763). The server is required to accommodate expansion needs due to additional software programs. The Office of the Commonwealth's Attorney will use the funds to purchase two desktop computers (\$4,098). The computers will be used by the General District Court and Circuit Court legal assistants. The total equipment cost of \$38,326 is fully reimbursable by the grant. No local matching funds are required.

PRIOR ACTION(S):

December 14, 2021: Finance Committee will consider request to appropriate funds

FISCAL IMPACT: None, no local match

CONTACT(S): Chief Ryan Zuidema, 455-6045
Amy Lowe, Administrative Manager, 455-6128

ATTACHMENT(S):

- Resolution

REVIEWED BY: raw

RESOLUTION:

BE IT RESOLVED that the FY 2022 City/Federal/State Aid Fund budget is amended and \$38,326 is appropriated with resources from the 2021 Edward Byrne Memorial Justice Assistance Grant (JAG) to purchase law enforcement equipment for the Lynchburg Police Department and technology equipment for the Lynchburg Sheriff's Office and the Office of the Commonwealth's Attorney.

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **5**

REGULAR: **X** WORK SESSION: CLOSED SESSION (Confidential):
ACTION: **X** INFORMATION:

ITEM TITLE: Lynchburg Public Library American Rescue Plan Act (ARPA) Institute of Museum and Library Services (IMLS) Sub-grant from the Library of Virginia

RECOMMENDATION: Adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund Budget and appropriate \$22,717 with resources from the American Rescue Plan Act (ARPA) Institute of Museum and Library Services (IMLS) Sub-grant from the Library of Virginia to the Lynchburg Public Library to provide rapid emergency relief to safely reopen libraries, promote digital inclusion, and support library services that meet the needs of the community.

SUMMARY: The Lynchburg Public Library has received an American Rescue Plan Act IMLS Sub-grant from the Library of Virginia in the amount of \$22,717. The funding is intended to provide rapid emergency relief to safely reopen libraries, promote digital inclusion, and support library services that meet the needs of the community. The award amount is based on the Lynchburg Public Library's FY 2022 state aid allocation of \$180,175.

The Lynchburg Public Library plans to use the award money as follows:

- To improve virtual programming capabilities with the purchase of new technology and equipment, which will allow library programs to continue to reach the community despite pandemic and public health challenges.
- To purchase a collection analysis tool to assess the diversity of our materials. This project will provide us with detailed reporting that shows us where we are currently and to help guide us as we work to develop a more diverse and inclusive collection that mirrors the Lynchburg community and the nation.
- To provide library patrons with safe seating options that can be wiped clean and sanitized regularly throughout the day with the purchase of un-upholstered furniture. This furniture will help create a welcoming and safe environment for patrons during current and future public health challenges.

PRIOR ACTION(S):

December 14, 2021: Reviewed by Finance Committee

FISCAL IMPACT: As noted; there is no local match for this grant

CONTACT(S): Beverly Blair, Library Director, 434-455-6301
John H. Hughes, IV, Assistant City Manager, 434-455-3990

ATTACHMENT(S):

- Resolution

REVIEWED BY: JHH

RESOLUTION:

BE IT RESOLVED that the FY 2022 City/Federal/State Aid Fund Budget is amended and \$22,717 is appropriated with resources from the American Rescue Plan Act (ARPS) Institute of Museum and Library Services (IMLS) Sub-grant from the Library of Virginia to the Lynchburg Public Library to provide rapid emergency relief to safely reopen libraries, promote digital inclusion, and support library services that meet the needs of the community.

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **6**

REGULAR: **X**
ACTION: **X**

WORK SESSION:
INFORMATION:

CLOSED SESSION (Confidential):

ITEM TITLE: United States Tennis Association (USTA) Grow the Game Grant

RECOMMENDATION: Adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund Budget and appropriate \$636 with resources from the United States Tennis Association for the Lynchburg Parks and Recreation Department (LPRD) to purchase tennis equipment for the youth tennis programs.

SUMMARY: The USTA Grow the Game Grant is designed to help grow the sport of tennis in communities. The grant will be used to purchase tennis equipment including tennis balls, ball carriers, and targets for the youth tennis program. The grant is awarded based on the number of participants in the tennis program and does not require a local match.

PRIOR ACTION(S): December 14, 2021: Reviewed by Finance Committee

FISCAL IMPACT: No additional appropriation is required. Future funds will be included in LPRD budget.

CONTACT(S): Maggie Mace, Recreation Services Manager, 455-5877
Jenny Jones, Director, 455-5868
Avery Watkins, Athletics & Aquatics Supervisor, 455-5882

ATTACHMENT(S):
• Resolution

REVIEWED BY: raw

RESOLUTION:

BE IT RESOLVED that the FY 2022 City/Federal/State Aid Fund Budget is amended and \$636 is appropriated with resources from the United States Tennis Association for the Lynchburg Parks and Recreation Department to purchase tennis equipment for the youth tennis programs.

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **7**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Virginia Housing Fiscal Year 2022 Community Impact Grant Appropriation

RECOMMENDATION: Adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget to appropriate \$50,000 with resources from the Virginia Housing Fiscal Year 2022 Community Impact Grant, which will be used to study potential housing opportunities in the Dearington neighborhood.

SUMMARY: For the last two years, Dearington community stakeholders have worked jointly with City staff to master plan their neighborhood. As a result of the COVID-19 pandemic and limited funding for the planning effort, the scope primarily focused on improvements to City facilities and infrastructure such as Jefferson Park. However, the plan also recommends study of other neighborhood priorities, including housing opportunities.

The City has been selected to receive a Virginia Housing Fiscal Year 2022 Community Impact Grant for community engaged planning. The effort would continue work with neighborhood stakeholders to identify opportunities for infill housing focused on the City's "missing middle" housing types. The City's "missing middle" includes single, two and three-household housing types typically priced between \$100,000 and \$150,000. The grant deliverable would be a plan book with site concepts, schematic designs and recommendations, including funding options, zoning/regulatory changes and a market strategy aspect focused on how the neighborhood and City can work together to repurpose vacant neglected properties and/or get them onto the market.

PRIOR ACTION(S): December 14, 2021: Finance Committee (consider request to appropriate funds)

FISCAL IMPACT: No local match is required.

CONTACT(S): Kent White, Community Development Director – 455-3900

ATTACHMENT(S):

- Resolution

REVIEWED BY: MMB raw

RESOLUTION:

BE IT RESOLVED that the FY 2022 City/Federal/State Aid Fund budget is amended and \$50,000 is appropriated with resources from the Virginia Housing Fiscal Year 2022 Community Impact Grant Program that will be used to identify housing opportunities in the Dearington neighborhood.

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **8**

REGULAR: **X** WORK SESSION: CLOSED SESSION (Confidential):
ACTION: **X** INFORMATION:

ITEM TITLE: 2021 State Homeland Security Program (SHSP) grant: \$84,000 for the Fire Department Technical Rescue Team.

RECOMMENDATION: Adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$84,000 with resources of \$84,000 from the 2021 State Homeland Security Program (SHSP) from U.S. Department of Homeland Security (DHS) to fund equipment for the Fire Department Technical Rescue Team.

SUMMARY: The Fire Department seeks authorization to apply for a non-matching grant for technical rescue equipment. The Virginia Department of Emergency Management administers this grant from the United States Department of Homeland Security (DHS) through the State Homeland Security Program (SHSP). The grant program provides funding to improve the nation's readiness in preventing, protecting against, responding to, recovering from, and mitigating terrorist attacks, major disasters and other emergencies. The grant reflects DHS's focus on implementation of an all-of-nation, whole-community approach to building, sustaining, and delivering core capabilities essential to achieving a secure and resilient nation.

The funds will be used for the purchase of equipment to effectively respond to and mitigate hazards that include water rescues, structural collapse, USAR incidents and confined space rescues. Additionally, the equipment will provide for more effective team communications, search capabilities and team sustainability.

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

PRIOR ACTION(S): Finance Committee, December 14, 2021 (request to appropriate funds)

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

CONTACT(S): Greg Wormser, Fire Chief 455-6340
Sean Regan, Battalion Chief 546-1648
Annette Pettyjohn, Fire Administrative Manager 455-6368

ATTACHMENT(S):
• Resolution

REVIEWED BY:

RESOLUTION:

BE IT RESOLVED that the FY 2022 City/Federal/State Aid Fund budget is amended and \$84,000 is appropriated with resources of \$84,000 from the 2021 State Homeland Security Program (SHSP) grant from U.S. Department of Homeland Security (DHS) to fund equipment for the Fire Department Technical Rescue Team.

Introduced:

Adopted:

Certified:

Clerk of Council

FINANCE COMMITTEE

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **9**

CONSENT:

REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

ACTION:

INFORMATION: **X**

(Confidential)

ITEM TITLE: Revenue Update

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

SUMMARY: Five of the City's major revenue sources are taxes collected on a monthly basis: Local Sales and Use Tax, Consumer Utility Tax – Electric, Meals Tax, Lodging Tax, and Amusement Tax. Since the last Finance Committee meeting, revenue information through September 2021 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, Chief Financial Officer, 455-3968

ATTACHMENT(S): Comparison of Collections Budget to Actual FY 2021 – FY 2022

REVIEWED BY:

Comparison of Collections
Budget to Actual FY 2021 - FY 2022

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Adopted FY 2022	Actual FY 2022	Actual FY 2022 to Adopted FY 2022	Actual FY 2022 to Actual FY 2021
SALES & USE TAX							
<i>ADOPTED FY 2022 BUDGET - \$17,500,000</i>							
JULY	\$1,361,089	\$1,306,001	\$1,503,837	\$1,413,787	\$1,595,392	\$181,605	\$91,555
AUGUST	1,287,868	1,400,949	1,396,989	1,313,336	1,567,107	253,771	170,118
SEPTEMBER	1,305,048	1,423,548	1,531,422	1,439,719	1,702,723	263,004	171,301
TOTAL	\$3,954,005	\$4,130,498	\$4,432,248	\$4,166,842	\$4,865,222	\$698,380	\$432,974

CONSUMER UTILITY TAX - ELECTRIC
ADOPTED FY 2022 BUDGET - \$3,500,000

JULY	\$343,448	\$323,666	\$329,721	\$316,099	\$320,904	\$4,805	(\$8,817)
AUGUST	332,393	335,376	331,969	318,254	340,374	22,120	8,405
SEPTEMBER	324,940	322,201	313,877	300,910	321,494	20,584	7,617
TOTAL	\$1,000,781	\$981,243	\$975,567	\$935,263	\$982,772	\$47,509	\$7,205

	Actual Collected FY 2019 ²	Actual Collected FY 2020 ²	Actual Collected FY 2021 ²	Adopted FY 2022	Actual Assessed FY 2022	Actual Assessed FY 2022 to Adopted FY 2022	Actual Collected FY 2022 ²	Actual Collected FY 2022 to Adopted FY 2022	Actual Collected FY 2022 to Assessed FY 2022
MEALS TAX									
<i>ADOPTED FY 2022 BUDGET - \$14,700,000</i>									
JULY ¹	\$1,157,381	\$1,167,412	\$1,090,332	\$1,052,346	\$1,413,796	\$361,450	\$1,381,486	\$329,140	(\$32,310)
AUGUST	1,208,215	1,327,301	1,186,360	1,140,916	1,488,707	347,791	1,506,141	365,225	17,434
SEPTEMBER	1,301,166	1,348,242	1,203,439	1,177,862	1,476,642	298,780	1,457,339	279,477	(19,303)
TOTAL	\$3,666,762	\$3,842,955	\$3,480,131	\$3,371,124	\$4,379,145	\$1,008,021	\$4,344,966	\$973,842	(\$34,179)
LODGING TAX									
<i>ADOPTED FY 2022 BUDGET - \$2,600,000</i>									
JULY ¹	\$291,530	\$235,865	\$155,637	\$203,296	\$233,066	\$29,770	\$242,273	\$38,977	\$9,207
AUGUST	266,637	359,491	213,511	240,709	327,847	87,138	333,446	92,737	5,599
SEPTEMBER	242,417	257,054	257,411	222,656	251,735	29,079	263,845	41,189	12,110
TOTAL	\$800,584	\$852,410	\$626,559	\$666,661	\$812,648	\$145,987	\$839,564	\$172,903	\$26,916
AMUSEMENT TAX									
<i>ADOPTED FY 2022 BUDGET - \$420,000</i>									
JULY ¹	\$72,761	\$90,398	\$13,970	\$19,173	\$59,531	\$40,358	\$59,351	\$40,178	(\$180)
AUGUST	51,694	56,722	19,248	25,161	54,181	29,020	55,160	29,999	979
SEPTEMBER	54,943	62,500	19,538	27,469	45,763	18,294	45,639	18,170	(124)
TOTAL	\$179,398	\$209,620	\$52,756	\$71,803	\$159,475	\$87,672	\$160,150	\$88,347	\$675

¹ Due to year end accounting activities, a portion of revenues associated with May and June were posted in June and July.

² "Actual Collected" includes all revenue received per month regardless of whether the payment is current or delinquent.

FINANCE COMMITTEE

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **10**

CONSENT: REGULAR: **X**
ACTION: INFORMATION: **X**

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Compression FY 2023

RECOMMENDATION: Receive information regarding compression issues affecting the City's workforce.

SUMMARY: Staff will provide background information regarding historical wage increases and the impact on current compression for City employees. A proposed progression plan to address compression issues within the Police Department will be presented by the Chief of Police.

PRIOR ACTION(S): None

FISCAL IMPACT: None

CONTACT(S): Donna Witt, Chief Financial Officer, 455-3968
Chief Ryan Zuidema, 455-6045

ATTACHMENT(S): City of Lynchburg General Wage Increase (GWI) 24-year History

REVIEWED BY:

City of Lynchburg
General Wage Increase (GWI) 24 year history
(not including market studies)

	% Increase	Date of GWI	Comments			Recommended Merit Increase ¹	Employment Cost Index ²	CPI-U ³
FY 2022	5.0%	7/7/2021				3.0%	N/A	N/A
FY 2021	N/A	9/29/2020	A one-time bonus of \$1,700 (full-time) and \$250 (part-time) was provided for employees with a rating of meets expectations and above			3.0%	N/A	N/A
FY 2020	2.0%	7/10/2019				3.0%	2.3%	1.4%
FY 2019	N/A	7/11/2018	A one-time bonus of \$500 (full-time) and \$250 (part-time) was provided for employees with a rating of meets expectations and above			3.0%	2.9%	2.3%
FY 2018	N/A					3.0%	2.6%	1.9%
FY 2017	2.0%	1/1/2017				3.0%	2.5%	2.1%
FY 2016	2.0%	7/1/2015				3.0%	2.4%	2.1%
FY 2015	2.0%	7/2/2014				3.0%	2.5%	0.7%
FY 2014	3.0%	7/3/2013				3.0%	2.0%	0.8%
FY 2013	net 0.0%	7/1/2012	5.6% for staff to offset 5% employee share of VRS previously funded by the City = net 0.0% increase			3.0%	1.9%	1.5%
FY 2012	N/A	6/30/2011	A \$787 one-time bonus was provided for full-time and prorated for part-time; use of FY 2011 fund balance			2.1%	1.9%	1.7%
FY 2011	N/A	6/22/2010	A \$500 one-time bonus was provided for full-time and prorated for part-time; use of FY 2010 fund balance			2.5%	1.3%	3.0%
FY 2010	N/A					2.9%	1.8%	1.5%
FY 2009	2.0%	7/9/2008	Furlough Days = 2.5 days or 20 hours (04/10/09 (a half day), 04/13/09 and 05/22/09)			3.0%	2.3%	2.7%
FY 2008	2.0%	7/11/2007				N/A	3.0%	0.1%
FY 2007	varies	7/12/2006	Varied based on the following matrix			N/A	4.1%	4.1%
			Rating	< 5 years on the job or >80% market average	> or equal to 5 years on the job and <80% market average			
			Acceptable	2.00%	2.50%			
			Commendable	3.00%	3.50%			
			Exceptional	4.75%	5.25%			
FY 2006	varies	12/28/2005	Varied based on the following matrix			N/A	4.1%	2.5%
			Rating	< 5 years on the job or >80% market average	> or equal to 5 years on the job and <80% market average			
			Acceptable	2.00%	2.50%			
			Commendable	3.00%	3.50%			
			Exceptional	5.00%	5.50%			
FY 2005	varies	6/30/2004	Increase based on current base salary and \$60 per (whole) years of service with City			N/A	4.1%	3.4%
FY 2004	2.0%	7/1/2003				N/A	3.6%	3.3%
FY 2003	2.0%	7/1/2002				N/A	3.5%	1.9%
FY 2002	3.0%	7/1/2001				N/A	4.1%	2.4%
FY 2001	4.0%	7/1/2000				N/A	4.1%	1.6%
FY 2000	4.0%	6/9/1999				N/A	N/A	N/A
FY 1999	4.0%	see comment	First Pay Period of Fiscal Year 1999 as noted on the notification to employees			N/A	N/A	N/A

¹ Source: Korn Ferry

² Source: U.S. Bureau of Labor Statistics - Total compensation for State and local government workers in All industries and occupations, 12-month percent change

³ Source: U.S. Bureau of Labor Statistics - Consumer Price Index for all Urban Consumers (CPI-U)

FINANCE COMMITTEE

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **11**

CONSENT:

REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

ACTION:

INFORMATION: **X**

(Confidential)

ITEM TITLE: FY 2021 General Fund Unassigned Fund Balance

RECOMMENDATION: Receive information regarding the FY 2021 General Fund Unassigned Fund Balance.

SUMMARY: During the presentation of fourth quarter reports at the October 26, 2021 Finance Committee meeting, there was discussion on the large ending FY 2021 General Fund Unassigned Fund Balance. In response to Councilmember Wright's request for additional information, the Chief Financial Officer provided a memo to the City Manager as further explanation. This memo was provided via email to City Council on November 19, 2021 and indicated staff would address any further questions at the December 14, 2021 Finance Committee meeting.

PRIOR ACTION(S):

October 26, 2021: Finance Committee Meeting (Presentation of fourth quarter reports)

FISCAL IMPACT: None

CONTACT(S): Donna Witt, Chief Financial Officer, 455-3968

ATTACHMENT(S): Memo Dated November 17, 2021 Re: Information Regarding FY 2021 General Fund Unassigned Fund Balance

REVIEWED BY:



The City of Lynchburg, Virginia

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

FINANCIAL SERVICES
OFFICE OF MANAGEMENT AND BUDGET

TO: Wynter C. Benda, City Manager
Through: Reid Wodicka, Deputy City Manager

FROM: Donna Witt, Chief Financial Officer 

DATE: November 18, 2021

RE: Information Regarding FY 2021 Unassigned General Fund Balance

During the presentation of fourth quarter reports at the Finance Committee meeting, there was discussion on the large ending FY 2021 Unassigned General Fund Balance (UGFB). As you are likely aware, this amount was significantly higher than anticipated and Councilmember Wright requested additional information to be provided as further explanation. In addition to this memo, I would like to meet with Councilmembers to walk through the information, if they feel it's a valuable use of their time.

Bottom line, higher than anticipated funds fell to UGFB in Fiscal Year 2021 due to uncertainty of COVID and the economic recovery. This memo provides details for the additional revenues and reduced expenditures that occurred in Fiscal Year 2021 that were not available for use during Fiscal Year 2022 budget preparation. The following chart shows the breakdown of the \$27.7 million increase in UGFB followed by a narrative outlining additional context related to Fiscal Year 2022's budget discussion.

Fiscal Year 2021 Unassigned General Fund Balance (UGFB)

FY 2021 Adopted Budget Ending Fund Balance	\$22,101,557	Estimated based on FY 2019 Ending Unassigned Fund Balance
FY 2021 Actual Ending Fund Balance	49,771,343	
	(\$27,669,786)	Variance
Additional Beginning Fund Balance Above Adopted	8,404,618	
Revenues Above Budget	9,443,740	
Expenditures Below Budget (Savings)	9,260,781	
	(\$560,647)	Miscellaneous Additions and Savings
FY 2021 Adopted Budget Beginning Fund Balance	\$26,175,226	Revised FY 2020 based on Audited Actual FY 2019
FY 2021 Actual Beginning Fund Balance	34,579,844	Audited Actual FY 2020
	\$8,404,618	Variance
Revenues Above Budget		
Real Estate Tax	\$2,655,942	Allowance for Uncollectible was budgeted at 5% compared to historical 2.5% to allow for payment uncertainty
Delinquent Real Estate Tax	391,801	Public Auction of Real Estate was able to be held
Personal Property Tax	2,263,718	Vehicles held their value due to limited supply of new vehicles
Sales and Use Tax	3,163,767	On-line sales accelerated with stimulus funds and the passing of the Wayfair Act
Business License Tax	763,963	Revenue is based on 2020 sales which reflected 9 months of healthy economy
Meals Tax	204,549	Restaurants opened with pick-up and delivery options
	\$9,443,740	
Expenditures Below Budget (Savings)		
CARES Funding	\$5,195,546	CARES funds used to replace Public Safety Payroll
Personnel Services	3,355,122	\$1m more than average savings from vacancies
Blue Ridge Jail Per Diem	710,113	True-up of per diem costs
	\$9,260,781	

Additional Beginning Unassigned General Fund Balance (UGFB) Above Adopted (\$8.4 million of \$27.7 million)

Each year, the proposed beginning UGFB is reflected in the proposed budget (i.e. FY 2021) as the prior year adopted budget UGFB (i.e. FY 2020) revised with the prior year actual (i.e. FY 2019) audited ending UGFB. A larger than anticipated Fiscal Year 2020 UGFB was realized for two reasons: 1) The revenues until COVID began were remarkably strong and, 2) when the State shut down due to COVID, the City worked diligently to reduce spending. As a result, the City ended Fiscal Year 2020 \$8.4 million higher than was adopted in the Fiscal Year 2021 budget. This \$8.4 million additional fund balance above adopted reflects 30% of the higher-than-anticipated fund balance for FY 2021.

Revenues Above Budget (\$9.4 million of \$27.7 million – 34% of higher-than-anticipated UGFB)

The Fiscal Year 2021 Budget was adopted with revenue projections revised down extensively from the original proposed projections in anticipation of less revenue due to COVID impacts. This occurred in April 2020 when there was little predictability as to how the pandemic would impact revenues. While some key City revenues (meals tax, for instance) did not actually begin to recover until April 2021, several revenues performed better than expected, lending to 34% of the higher-than-anticipated UGFB:

1. Real Estate Tax – The City budgets 2.5% of owed real estate taxes to not be remitted (“allowance for uncollectible”), and historically this has been very accurate. As COVID began to ravage communities around the world, it was not clear how it would impact various revenue sources. Staff was concerned more people might not remit their real estate tax; therefore, the uncollectible allowance was increased from 2.5% to 5% in the budget. However, there was very little reduction in the actual number of people paying their real estate tax and the City received more revenue than budgeted (\$2.66 million). Delinquent collections also exceeded expectations. (\$392,000)
2. Personal Property Tax was projected on historical collections but, with fewer new vehicles available for purchase, used car assessments were higher than anticipated. This inflation of the used car market will not likely last. (\$2.26 million)
3. Sales and Use Tax –Consumer buying patterns changed drastically in FY 2021 as a result of the pandemic. With many citizens at home during COVID, grocery stores were challenged to keep up with demand, home improvement sales skyrocketed with opportunities for DIY projects, and online sales increased dramatically globally. When budgeting for Fiscal Year 2021, we had no idea this would be the case and, as a result, our Sales and Use Tax revenues were up considerably over budget. (\$3.2 million)
4. Business License Tax for FY 2021 is based on CY 2020 collections. With the first nine months of FY 2020 reflecting an extremely strong economy, collections exceeded projected revenues. (\$764,000)
5. Meals Tax revenue collections exceeded projections slightly, even with restaurants primarily closed for the first two quarters of FY 2021, due to restaurants reopening with take-out and delivery options. (\$205,000)

Expenditures Below Budget (\$9.3 million of \$27.7 million – 33% of higher-than-anticipated UGFB)

The expenditures below budget listed in the chart above are fairly self-explanatory, but a large consideration is the CARES funds available to assist with paying for Fire and Police salaries during Fiscal Year 2021, accounting for \$5.2 million additional towards the fund balance. The reduced spending and savings in expenditures accounted for 33% of the higher-than-anticipated UGFB.

Fiscal Year 2022 Budget

Staff recognizes there is much conversation in the community regarding how this higher-than-anticipated UGFB may be related to the Fiscal Year 2022 Budget, and we understand why that might be confusing. As a matter of accuracy, it is important to note that an end of year fund balance has very little to do with the next year's budget, particularly in a year that has so many unforeseen and unusual occurrences. The fund balance is a complex calculation based on estimated outcomes from several prior years layered over a "snapshot" of the year ending. It can serve to establish important historical trends and provide important assessments for future financial policies and forecasting models. The actual funds that make up the ending fund balance are not available for future on-going needs of the City.

The additional UGFB above City Council's adopted Financial Policies requires the funds to be spent on one-time expenditures. Historically, these funds have been used to fund Pay-As-You-Go capital. Excess UGFB from FY 2020 was utilized for Pay-As-You-Go capital projects for the FY 2022 Capital Improvement Program in the amount of \$6 million. Another approximately \$1 million was utilized for the following: refuse equipment (\$300,000), addition to the Concord Turnpike reserve (\$240,000), and use of funds above the Council established 11.8% fund balance (\$440,588).

Revenues adopted for Fiscal Year 2022:

1. Real Estate Tax – Because the Allowance for Uncollectible percentage was reduced from 5% back to 2.5% for Fiscal Year 2022 budget, the additional \$2.65 million realized in Fiscal Year 2021 was not available to balance the Fiscal Year 2022 budget.
2. Personal Property Tax – Projections were based on the increased assessed values of vehicles due to limited supply. These additional revenues will not likely continue as the new vehicle market recovers from the various shocks including a semiconductor chip shortage.
3. Sales and Use Tax – Projections were increased to reflect the additional sales tax collections anticipated due to the current influx of federal stimulus funds into the economy and increased on-line purchases. These additional revenues may not continue as consumer spending returns to a more historical level and many people have left the job market.
4. Business License Tax – Fiscal Year 2022 projections remained flat with FY 2021 Adopted due to the uncertainty of business and professional activity in the COVID environment

Expenditures (Structural: \$9.2 million; Policy-driven: \$5.1 million)

Budgeted expenditures for Fiscal Year 2022 compared to actual ending expenditures for Fiscal Year 2021 can be categorized as either structural matters or policy-driven matters. Structural matters are those items over which we have very little immediate control – receipt of federal relief funds such as CARES Act Funds, vacancy savings, etc. Policy-driven matters are those decisions that are a choice and generally require additional funding in the budget.

Structural Budget Expenditures Adopted in FY 2022 (\$9.2 million continuing City funds required)

1. Because we do not have CARES funds to use again for Fire and Police salaries for Fiscal Year 2022, City funds must be used to pay their salaries. The \$5.2 million savings realized in FY 2021 will not be available again in FY 2022 and funds were required to be budgeted for this expenditure.
2. All positions are budgeted for full employment; to do otherwise would have the impact of cutting positions. In Fiscal Year 2021, the City realized \$3.3 million in savings from vacant positions. These savings may not be realized again, and full funds were required to be budgeted in Fiscal Year 2022.

3. Payment to the Blue Regional Jail Authority is budgeted based on the budget approved by their Board. A savings of \$700,000 was recognized at year end FY 2021, adding to the higher-than-expected UGFB. The full funds were required to be budgeted again in Fiscal Year 2022.

Policy-Driven Budget Expenditures Adopted for Fiscal Year 2022 (\$5.1 million additional City funds required compared to Adopted Fiscal Year 2021)

These expenditures are new for Fiscal Year 2022 Adopted Budget and additional funds above FY 2021 adopted were required to implement:

\$3,013,605	A 5% salary increase for general fund employees
382,915	Six additional firefighter positions added in FY 2021
112,847	Three new firefighter positions to assist with relief staffing offset with overtime savings
267,956	Three administrative support associates and two vehicles in the Police Department to allow flexibility for sworn officers to return to the streets
152,023	Implementation of a shift differential for the Department of Emergency Services
311,001	Additional staff and equipment for the Refuse Division
180,195	Implementation of a progression pay plan to the Refuse, Streets, and Grounds Divisions of Public Works
100,000	Added a Diversity, Equity and Inclusion position, oversight, and initiatives
200,000	Added to the Fleet Reserve
400,000	Added a Debt Service Reserve
\$5,120,542	

December 14, 2021



WORK SESSION AGENDA

City Council Work Session – 4:00 p.m.

Council Chamber | City Hall, 900 Church Street, Lynchburg, VA 24504

- | | | |
|-------------|-------------------------------------|--------------------------------------|
| I. | Welcome | <i>MaryJane Dolan, Mayor</i> |
| II. | Work Session Agenda Overview | <i>Wynter C. Benda, City Manager</i> |
| III. | Work Session Agenda Items | <i>Wynter C. Benda, City Manager</i> |
- 1) Presentation of Comprehensive Annual Financial Report by Brown Edwards
 - 2) African American Culture Committee Presentation
 - 3) Police Department Headquarters Discussion
 - 4) Business Item Briefings:
 - a. Taxi Fare Increase - *This item will appear before Council for action on January 11, 2022*
 - 5) Roll Call
 - 6) Consideration of a closed meeting to discuss the City's participation in the National Opioid Settlement and Virginia Intrastate MOU concerning the same, pursuant to Sections 2.2-3711(A)(7) and 2.2-3711(A)(8) of the Code of Virginia, 1950, as amended.

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **1**

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

ACTION: INFORMATION: **X**

ITEM TITLE: Presentation of the FY 2021 Annual Comprehensive Financial Report and Related Reports

RECOMMENDATION: Hear a presentation on the FY 2021 Annual Comprehensive Financial Report from the City's auditors.

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

PRIOR ACTION(S): Email sent by Wynter C. Benda, City Manager to City Council November 29, 2021

FISCAL IMPACT: N/A

CONTACT(S): Donna Witt, Chief Financial Officer – 455-3968

ATTACHMENT(S):

- FY 2021 Annual Comprehensive Financial Report
- Audit Committee Letter (ACL) – Required Communication with those Charged with Governance - City of Lynchburg
- Management Letter (ML) – City of Lynchburg
- Independent Auditor's Report on Applying 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
- Management Letter (ML) – Lynchburg City Schools
- Audit Committee Letter (ACL) – Required Communication with those Charged with Governance – Lynchburg City Schools

REVIEWED BY: raw

151A

**CITY OF
LYNCHBURG, VIRGINIA**

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2021

**CITY OF LYNCHBURG,
VIRGINIA**

Prepared by:
Financial Services

CITY OF LYNCHBURG, VIRGINIA

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Letter of Transmittal	i
Directory of Principal Officials	vi
Organizational Structure	vii
Certificate of Achievement for Excellence in Financial Reporting.....	viii

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	4

Basic Financial Statements

Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position.....	6
Exhibit 2 Statement of Activities	7
Fund Financial Statements:	
Exhibit 3 Balance Sheet – Governmental Funds	8
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	9
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	10
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	11
Exhibit 7 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	12
Exhibit 8 Statement of Net Position – Proprietary Funds	13
Exhibit 9 Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	14
Exhibit 10 Statement of Cash Flows – Proprietary Funds	15
Exhibit 11 Statement of Fiduciary Net Position – Fiduciary Fund	17
Exhibit 12 Statement of Changes in Fiduciary Net Position.....	18
Notes to Financial Statements	19

Required Supplementary Information

Exhibit 13a Schedule of Changes in Net Pension Liability and Related Ratios – Primary Government	101
Exhibit 13b Schedule of Changes in Net Pension Liability and Related Ratios – Schools – Non Professional Employees.....	102
Exhibit 14 Schedule of Pension Contributions	103
Exhibit 15 Schedule of Employer's Share of Net Pension Liability – VRS Teachers Retirement Plan	104
Exhibit 16 Schedule of Pension Contributions – VRS Teacher Retirement Plan.....	105

TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION
(Continued)

Required Supplementary Information (Continued)

Exhibit 17a	Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios – Primary Government	106
Exhibit 17b	Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios – Lynchburg City Schools	107
Exhibit 18	Schedule of Changes in Net OPEB for Line of Duty Act (LODA) – Primary Government	108
Exhibit 19a	Schedule of OPEB Contributions Group Life Insurance	109
Exhibit 19b	Schedule of OPEB Contributions Group Life Insurance – Schools General Employees	110
Exhibit 19c	Schedule of OPEB Contributions Group Life Insurance – School Teachers	111
Exhibit 20	Schedule of OPEB Contributions for Health Insurance Credit – School Teachers	112
Exhibit 21a	Schedule of Employer’s Share of Net OPEB Liability – City of Lynchburg Group Life Insurance	113
Exhibit 21b	Schedule of Employer’s Share of Net OPEB Liability Group Life Insurance – Schools General Employees	114
Exhibit 21c	Schedule of Employer’s Share of Net OPEB Liability Group Life Insurance – School Teachers	115
Exhibit 22	Schedule of Employer’s Share of Net OPEB Liability Health Insurance Credit – School Teachers	116
Notes to Required Supplementary Information		117

Other Supplemental Information

Notes to Combining and Individual Fund Statements and Schedules		
Nonmajor Governmental Funds		120
Nonmajor Special Revenue Funds		
Exhibit A-1	Combining Balance Sheet	121
Exhibit A-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	123
Exhibit A-3	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – City/Federal/State Aid Fund.....	125
Exhibit A-4	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Development Block Grant Fund.....	126
Exhibit A-5	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Forfeited Assets Fund.....	127
Exhibit A-6	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Children’s Services Act Fund.....	128
Exhibit A-7	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Lynchburg Expressway Appearance Fund	129
Exhibit A-8	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – HOME Investment Partnerships Program Fund.....	130
Exhibit A-9	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Lynchburg Regional Juvenile Detention Center Fund	131

TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION
(Continued)

Other Supplemental Information (Continued)

Major Capital Projects Fund

Exhibit B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – City Capital Projects.....	132
Exhibit B-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – School Capital Projects	133

Discretely Presented Component Unit – Lynchburg City Schools

Exhibit C-1	Combining Balance Sheet	134
Exhibit C-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	135
Exhibit C-3	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	136
Exhibit C-4	Statement of Fiduciary Net Position	137
Exhibit C-5	Combining Statement of Fiduciary Net Position	138
Exhibit C-6	Statement of Changes in Fiduciary Net Position	139

Discretely Presented Component Units – Other

Exhibit D-1	Combining Statement of Net Position	140
Exhibit D-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	141
Exhibit D-3	Combining Statement of Cash Flows	142

Supplemental Schedules

Schedule 1	Schedule of Expenditures of Federal Awards.....	144
Notes to Schedule of Expenditures of Federal Awards		152
Schedule 2	Schedule of Passenger Facility Charges	154
Schedule 3	Schedule of Expenditures of Passenger Facility Charges	154

STATISTICAL SECTION

Statistical Section Table of Contents.....		156
Miscellaneous Statistical Data.....		157
Table 1	Net Position by Component, Last Ten Fiscal Years	163
Table 2	Changes in Net Position, Last Ten Fiscal Years	164
Table 3	Program Revenues by Function/Program, Last Ten Fiscal Years.....	167
Table 4	Fund Balances, Governmental Funds, Last Ten Fiscal Years	168
Table 5	Changes in Fund Balances of Governmental Funds, Last Ten Fiscal Years	169
Table 6	Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund, Last Ten Fiscal Years.....	170
Table 7	Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – School Fund, Last Ten Fiscal Years.....	171
Table 8	Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position – Water Fund, Last Ten Fiscal Years	172

TABLE OF CONTENTS (Continued)

STATISTICAL SECTION (Continued)

Table 9	Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position – Sewer Fund, Last Ten Fiscal Years	173
Table 10	Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position – Stormwater Fund, Last Nine Fiscal Years	174
Table 11	Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position – Airport Fund, Last Ten Fiscal Years.....	175
Table 12	Tax Revenues by Source, Governmental Funds, Last Ten Fiscal Years.....	176
Table 13	Assessed Value of Taxable Real Property, Last Ten Fiscal Years.....	177
Table 14	Assessed Value of All Taxable Property, Last Ten Fiscal Years.....	178
Table 15	Principal Property Taxpayers, Current Year and Nine Years Ago	179
Table 16	Property Tax Levies and Collections, Last Ten Fiscal Years	180
Table 17	Property Tax Rates, Last Ten Fiscal Years	181
Table 18	Taxable Retail Sales and Taxable Retail Sales per Capita, Last Ten Fiscal Years	182
Table 19	Water and Sewer Rates, Last Ten Fiscal Years	183
Table 20	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	184
Table 21	Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	185
Table 22	Legal Debt Margin Information, Last Ten Fiscal Years	186
Table 23	Pledged Revenue Coverage Sewer, Last Ten Fiscal Years.....	187
Table 24	Pledged Revenue Coverage Stormwater, Last Three Fiscal Years	188
Table 25	Demographic and Economic Statistics, Last Ten Calendar Years	189
Table 26	Principal Employers, Current Year and Nine Years Ago	190
Table 27	Full-Time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years	191
Table 28	Operating Indicators by Function/Program, Last Ten Fiscal Years	192
Table 29	Capital Assets Statistics by Function/Program, Last Ten Fiscal Years.....	193
Table 30	Lynchburg City Schools – Student Enrollment, Employees and Schools by Fiscal Year, Last Ten Years.....	194

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 <i>Government Auditing Standards</i>	196
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance	198
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	200
Summary of Compliance Matters.....	202
Schedule of Findings and Questioned Costs	203

INTRODUCTORY SECTION



THE CITY OF LYNCHBURG, VIRGINIA

OFFICE OF THE
CITY MANAGER

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

November 19, 2021

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

The Comprehensive Annual Financial Report (Annual Report) for the City of Lynchburg, Virginia, (City) for the year ended June 30, 2021, is hereby submitted in accordance with the *City Code* and State statutes. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the City. With reasonable assurance, based upon a comprehensive framework of internal controls, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows, as applicable, of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

City Council has approved Debt Management, Fund Balance, Budget, and Investment policies to guide fiscal decision-making and to ensure continued strong financial health. These policies were revised and re-adopted by City Council in December 2019. During the fiscal year, adherence to these financial policies guided the City's management of its investment portfolio, the maintenance of budget reserve levels, and the development of the Capital Improvement Plan.

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

The City of Lynchburg was incorporated in 1805 by the Virginia General Assembly and became an independent city in 1852. Encompassing 50 square miles, Lynchburg is located adjacent to Amherst, Bedford, and Campbell Counties, on the eastern edge of the beautiful Blue Ridge Mountains, and is within 54 miles of the geographic center of the Commonwealth of Virginia. The County of Appomattox is also included in the Lynchburg Metropolitan Statistical Area. With an estimated population of 81,266, Lynchburg is an important commercial center for the four-county region known as Central Virginia. It serves a regional population of just over 264,000 and benefits from an economy that remains diversified among the manufacturing, health services, technology, retail, trade, and higher education sectors. The City is home to five colleges and universities with a sixth in Amherst County.

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

Local Economic Condition and Outlook

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

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

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

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

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

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

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

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

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

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

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

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

Major Initiatives and Accomplishments

Education

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

Infrastructure

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

Technology

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

Transportation

Greater Lynchburg Transit Company (GLTC) provides critical public bus and paratransit services for Lynchburg citizens. GLTC operates 14 bus routes within the City of Lynchburg and a portion of Madison Heights. Heavily impacted by COVID-19, GLTC is currently operating seven days a week with fare-free rides funded by CARES.

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

Prospects for the Future

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

Certificates of Achievement for Excellence

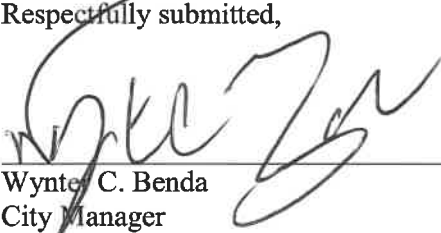
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lynchburg for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This is the City's twenty-fourth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

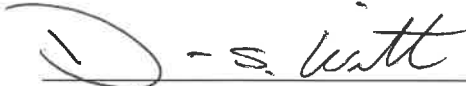
GFOA also awarded the Distinguished Budget Presentation Award to the City of Lynchburg for its FY 2020 Adopted Budget. This is the City's sixteenth consecutive year receiving this award.

Acknowledgments

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

Respectfully submitted,



Wynter C. Benda
City Manager

Donna S. Witt
Chief Financial Officer

CITY OF LYNCHBURG, VIRGINIA
COUNCIL-MANAGER FORM OF GOVERNMENT

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2021

CITY COUNCIL

MaryJane Dolan, Mayor

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

Jeff S. Helgeson
Trenay Tweedy
Chris Faraldi

CITY OFFICIALS

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

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

SCHOOL BOARD

Dr. Michael J. Nilles, Chair

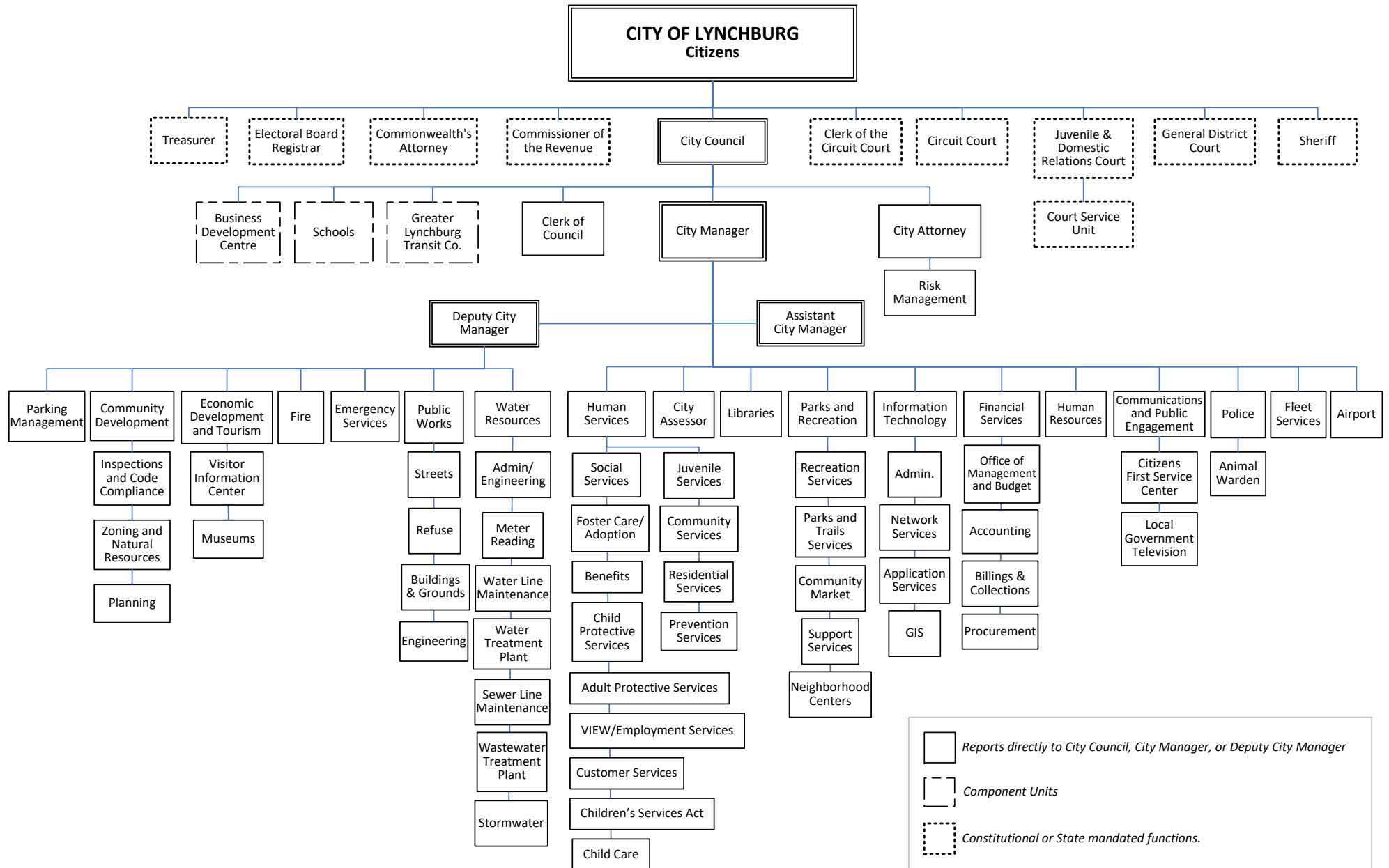
Dr. James E. Coleman, Vice Chair
Ms. Sharon Y. Carter
Dr. Robert O. Brennan
Ms. Charleta F. Mason

Mrs. Susan D. Morrison
Mr. Derek L. Polley
Dr. Kimberly A. Sinha
Mrs. Katie K. Snyder

SCHOOL BOARD OFFICIALS

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

Superintendent of Schools
Deputy Superintendent
Chief Financial Officer





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lynchburg
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Auditor's Responsibility (Continued)

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

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

Other Matters

Required Supplementary Information

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

Other Information

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

Other Matters (Continued)

Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 19, 2021

CITY OF LYNCHBURG, VIRGINIA

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) of the City of Lynchburg's (City) financial statements offers readers a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2021. The Lynchburg City Schools (Schools) component unit is included in this narrative also. The information presented here should be considered in conjunction with additional information provided in the Letter of Transmittal.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources at June 30, 2021 by \$446.2 million (net position). Unrestricted net position of (\$49.7) million represented (\$71.8) million for governmental activities, which included the general fund, and \$22.1 million for business-type activities, which included the enterprise funds (water, sewer, stormwater, and airport).
- The general fund's unassigned fund balance of \$49.8 million was 25.3% of total general fund revenues, which were \$197.0 million. This was \$30.1 million more than the City Council adopted unassigned fund balance policy requirement of 10%, or \$19.7 million.
- In comparison with the prior fiscal year, the City's total net position increased 8.5%, or \$35.1 million, from FY 2020. Net position of governmental activities increased 17.1%, or \$25.3 million, from FY 2020; and, net position of business-type activities increased 3.7%, or \$9.8 million. The Schools' total net position increased 1.4% or \$1.3 million, from FY 2020.
- The City's total revenues of \$287.3 million increased 4.9%, or \$13.5 million, and total expenses of \$252.2 million increased 3.6%, or \$8.8 million, from FY 2020. General revenues of \$152.7 million were \$35.1 million more than the expenses net of program revenues of \$117.6 million.
- For the current fiscal year, the City's total liabilities and deferred inflows of resources of \$673.3 million decreased 0.4% or \$2.8 million from FY 2020.
- The City decreased its overall debt by \$15.9 million. Governmental activities decreased by \$9.8 million and business-type activities decreased by \$6.1 million. This includes the issuance of new debt totaling \$23.9 million, of which \$13.4 million was for governmental activities and \$10.5 million was for business-type activities. Debt retirements, through a combination of planned retirements and debt refunding, totaled \$39.8 million; of which \$23.2 million was for governmental activities and \$16.6 million was for business-type activities. The City's general obligation bonds continued to maintain an Aa2 rating from Moody's Investors Service; an AA+ rating from Fitch Ratings; and, an AA+ from Standard & Poor's Global Ratings Services.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

Proprietary Funds

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

Custodial Funds

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

Notes to the Financial Statements

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

Other Information

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

The combining and individual fund statements and schedules for all nonmajor funds include the governmental, special revenue, and capital projects funds. Budget to actual statements are provided for governmental and special revenue funds with legally adopted budgets. The City's and the Schools' financial statements are included in one Comprehensive Annual Financial Report. The Greater Lynchburg Transit Company and the Business Development Centre, Inc. issue separate reports.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

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

***Summary of Statement of Net Position
As of June 30, 2021/2020
(in millions)***

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

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

Net investment in capital assets of \$492.4 million was 110.4% of total net position and increased 1.2%, or \$5.7 million. Net position invested in capital assets was not available for future expenses because the assets are facilities, equipment, and infrastructure, etc. utilized to provide services. Please refer to Notes 8 and 9 of this report and the MD&A's capital assets and long-term debt sections.

The City has unrestricted net position of (\$49.7) million, which is comprised of (144.5%), or (\$71.8) million, for governmental activities, and 44.5%, or \$22.1 million, for business-type activities. Unrestricted net position available for providing services to the citizens increased 37.0%, or \$29.2 million from FY 2020. Restricted net position of \$3.5 million is comprised primarily of \$0.1 million of grant funds restricted for transportation projects and \$3.4 million of grant funds restricted mainly for public safety.

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

Statement of Activities

The City's total revenues and expenses for governmental activities, business-type activities, and the Schools' component unit are reflected in the following table. Percentage changes in the table below were rounded for the following narrative.

Summary of Changes in Net Position
For Fiscal Years Ended June 30, 2021/2020
(in millions)

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

Governmental Activities

The City's governmental activities are comprised of the general fund, fleet internal services fund, special revenue funds, and capital projects funds. Total net position of \$173.1 million increased 17.1%, or \$25.3 million from FY 2020.

Revenue highlights:

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

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

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

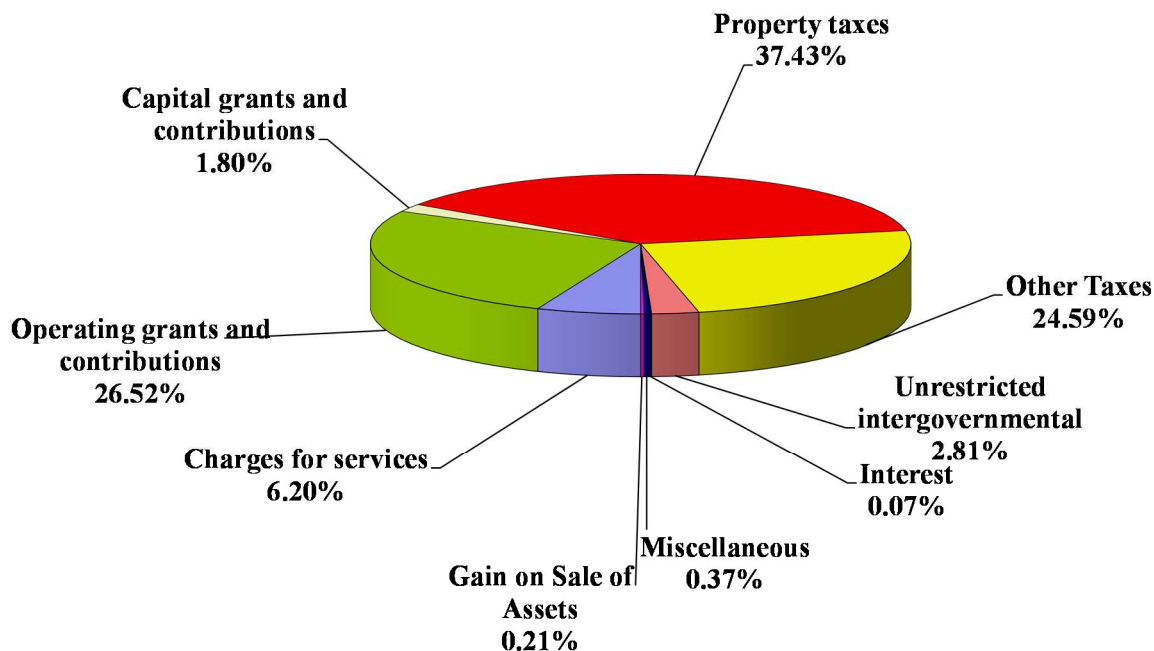
General revenues, specifically property taxes of \$87.1 million, increased \$1.6 million. Property taxes are comprised mainly of real property and personal property taxes. The City's general reassessment of real property occurs biennially and is effective on July 1 of the fiscal year. Real estate taxes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

Other taxes revenue of \$57.2 million increased \$3.5 million. Other taxes are comprised mainly of revenue from local sales, meals, lodging, consumer utilities, business licenses, motor vehicle licenses, and communications sales and use taxes. The increase is primarily attributed to the following: \$2.1 million increase in local sales tax; \$1.6 million increase in meals tax; \$0.2 million decrease in business license tax; \$0.3 million increase in bank stock tax; and \$0.3 million decrease in amusement tax.

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

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

Revenue by Source-Governmental Activities



Expense highlights:

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

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

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

***Net Cost of Governmental Activities
For Fiscal Years Ended FY 2021/2020
(in millions)***

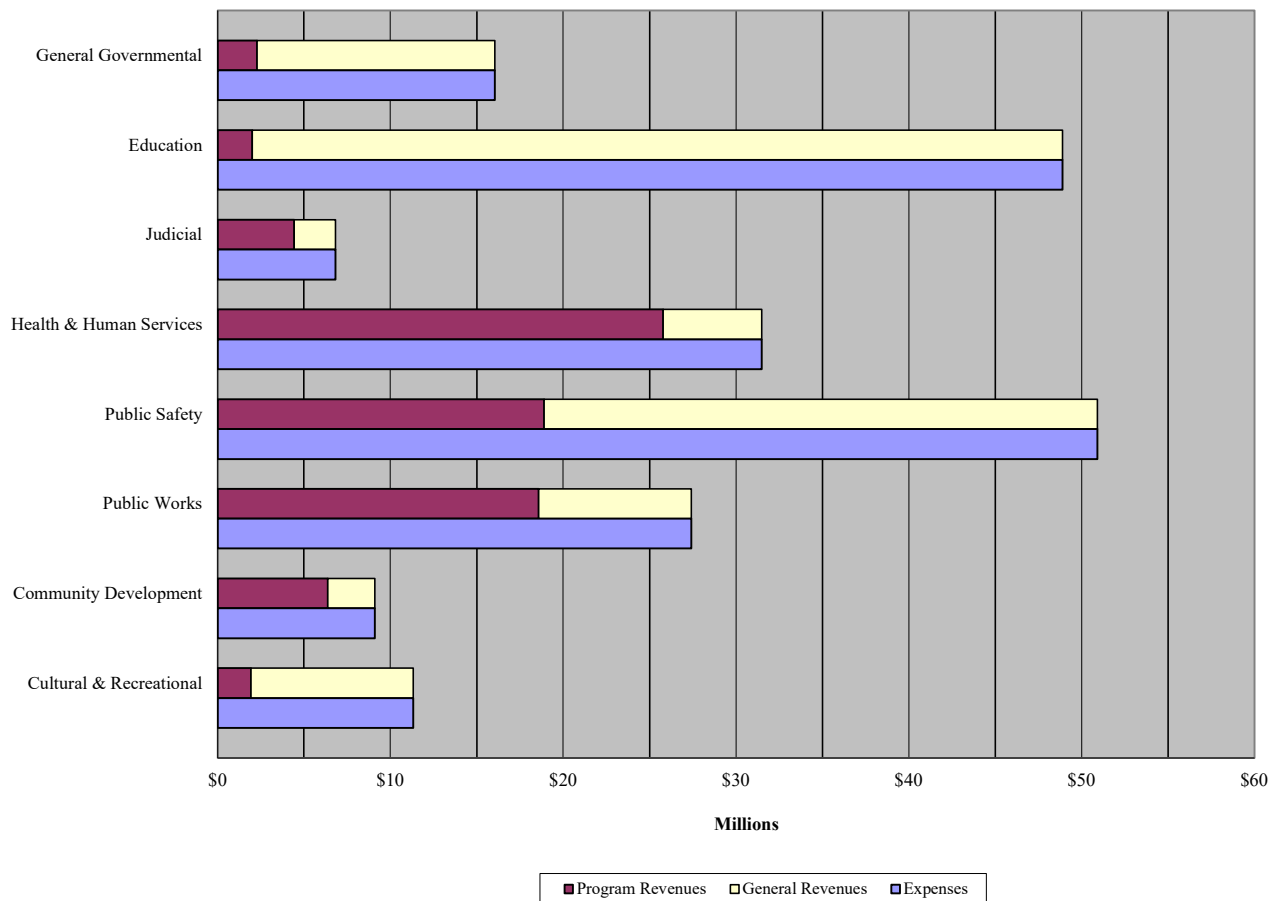
Governmental Activity	Total Cost of Services		Percentage Change 2021-2020	Net Cost of Services		Percentage Change 2021-2020
	2021	2020		2021	2020	
General government	\$ 16.1	\$ 14.4	12%	\$ 13.8	\$ 13.4	3%
Judicial	6.8	6.5	5%	2.4	2.0	20%
Public safety	50.9	49.5	3%	32.1	36.2	-11%
Public works	27.4	29.0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

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

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

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

Program Expenses and Program Revenues - Governmental Activities



Business-type Activities

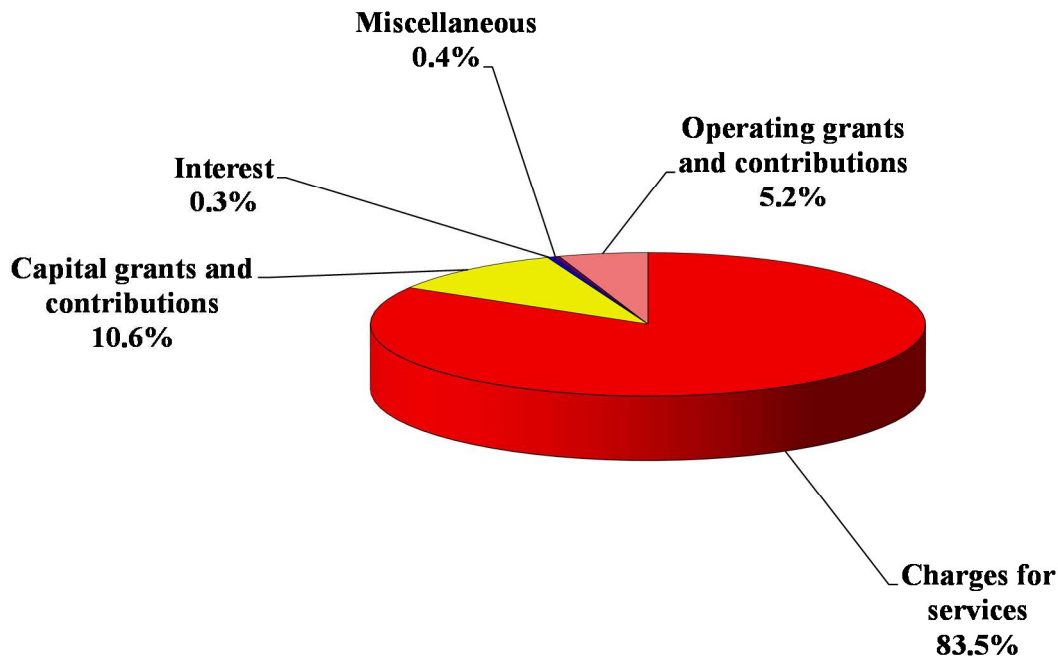
The business-type activities are comprised of enterprise funds for water, sewer, stormwater, and airport operations. Total net position of \$273.1 million increased 3.7%, or \$9.8 million from FY 2020.

Revenue highlights:

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

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

Revenues by Source - Business-type Activities



Expense highlights:

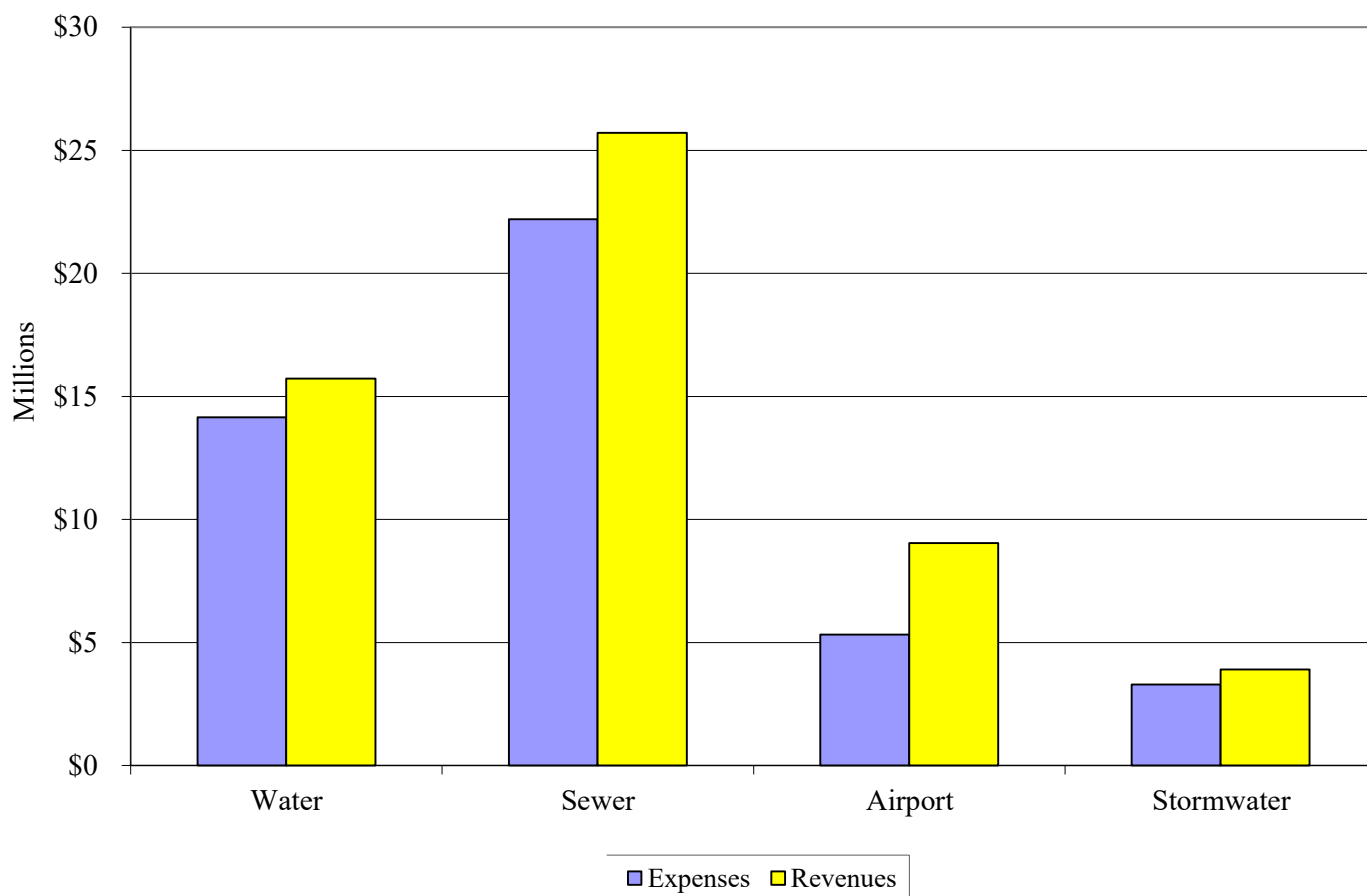
Business-type activities expenses of \$44.9 million increased \$0.4 million from the prior year.

Overall, business-type activities revenues of \$54.7 million were \$9.8 million more than expenses of \$44.9 million.

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

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

Program Expenses and Program Revenues - Business-type Activities



Component Unit – Schools

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

Revenue Highlights

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

Expenditure Highlights

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

FUND FINANCIAL ANALYSIS

Governmental Funds

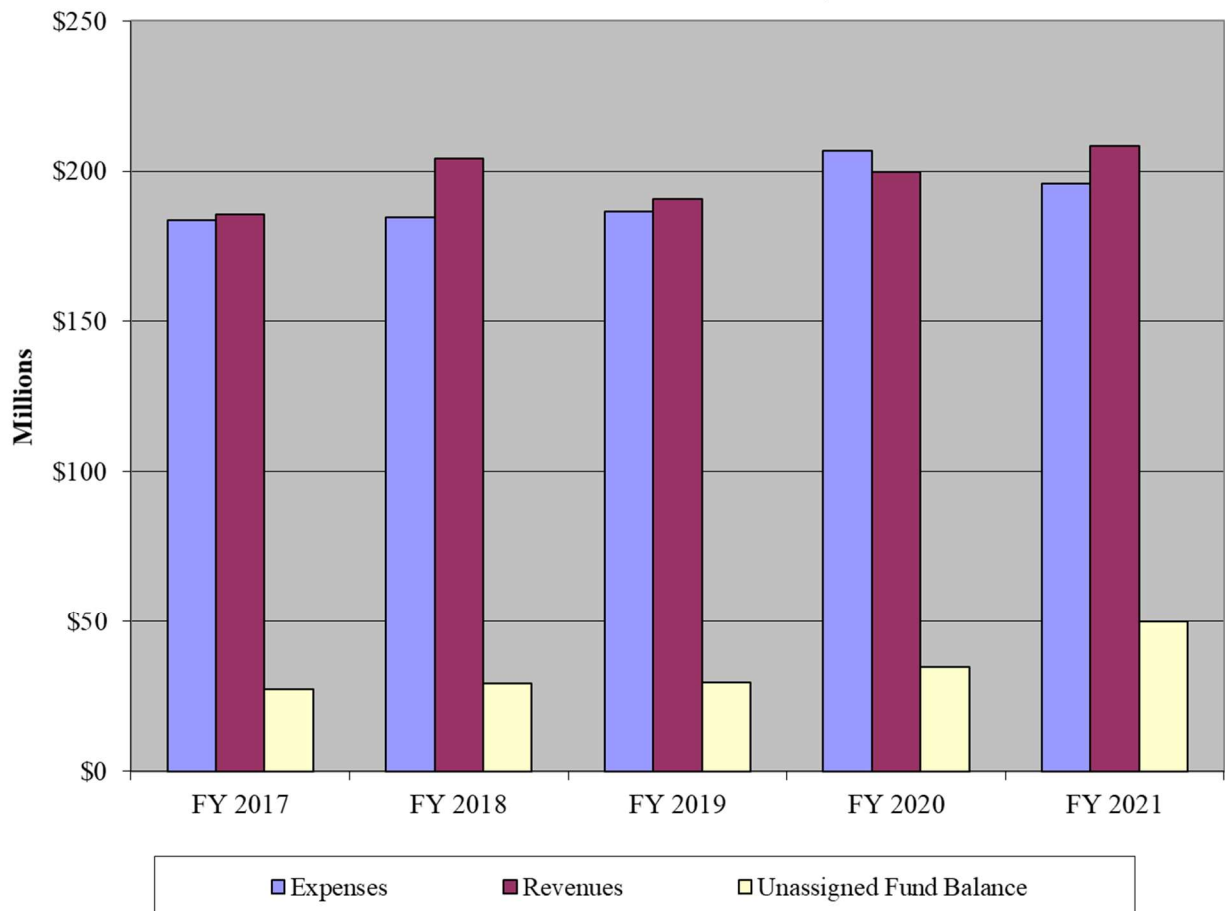
Governmental funds include the general fund, special revenue funds, and capital projects funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

- For FY 2021, the City's governmental funds reported combined fund balances of \$112.9 million, an increase of \$3.2 million from FY 2020. Of that amount, \$3.5 million was restricted; \$49.9 million was committed; \$9.7 million was assigned; and \$49.8 million was unassigned. The general fund's increase in fund balance was \$12.5 million. The City capital projects fund's decrease in fund balance was \$11.0 million. The decrease is attributed to an increase in expenditures for capital projects and a decrease in revenue due to the issuance of general obligation bonds in FY 2020. The school capital projects fund's increase in fund balance was \$0.9 million and was primarily due to decrease in project expenses of \$0.3 million and an increase in the transfer from the general fund of \$0.5 million. Special revenue funds increase in fund balance was \$0.8 million.
- As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28.1% of total general fund expenditures, while total fund balance represents 41.8% of that same amount.

General Fund

The general fund is the chief operating fund of the City. The following graph and table present a five-year summary of financial information for expenditures, revenues, and unassigned fund balance as well as a FY 2021 summarized comparison of amended budget versus actual information. In accordance with the implementation of GASB 54, the technology fund is utilized for internal reporting purposes only. For financial statement reporting, the technology fund is collapsed into the general fund. The five-year summary includes the technology fund while the budget comparison does not. See further information in Note 1 to the Financial Statements.

Five-Year General Fund Financial Summary



General Fund Budgetary Highlights

<u>Description</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended versus Actual</u>
<u>Revenues & Other Financing Sources</u>				
Taxes	\$ 134.6	\$ 134.6	\$ 144.2	\$ 9.6
Intergovernmental	38.6	38.8	38.6	(0.2)
Other	<u>15.4</u>	<u>26.7</u>	<u>25.5</u>	<u>(1.2)</u>
Total	<u>188.6</u>	<u>200.1</u>	<u>208.3</u>	<u>8.2</u>
<u>Expenditures & Other Financing Uses</u>				
Expenditures	188.4	202.8	187.3	15.5
Transfers	<u>7.0</u>	<u>8.3</u>	<u>8.3</u>	<u>-</u>
Total	<u>195.4</u>	<u>211.1</u>	<u>195.6</u>	<u>15.5</u>
<u>Change in Fund Balance</u>	<u>\$ (6.8)</u>	<u>\$ (11.0)</u>	<u>\$ 12.7</u>	<u>\$ 23.7</u>

Actual expenditures and other financing uses of \$195.6 million was less than revenues and other financing sources of \$208.3 million by \$12.7 million, which resulted in a positive change in fund balance that was more than the amended budget projected decrease of \$11.0 million. The FY 2021 adopted budget included the use of \$6.8 million of the FY 2020 General Fund's unassigned fund balance primarily to resource a planned \$4.6 million transfer out for general government capital projects; \$1.3 million transfer out for School's capital projects; \$0.5 million transfer to the technology fund for equipment purchases; \$0.5 million transfer out to Fleet fund for debt service; and \$0.1 million transfer to the City/Federal/State Aid fund for matching funds on grants. This transfer is in accordance with City Council's adopted Fund Balance Policy (revised in FY 2020) which states that funds in excess of the targeted fund balance of ten percent (10%) of general fund revenues may be considered to supplement "pay-as-you-go" capital outlay expenditures, with the goal of moving towards the target of fifteen percent (15%). In summary, actual revenues were above the amended budget by \$8.2 million and actual expenditures were below the amended budget by \$15.5 million, resulting in a \$12.7 million increase in fund balance for FY 2021.

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

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

- \$4.3 million for general government
- \$0.3 million for judicial
- \$2.6 million for public safety
- \$1.9 million for public works
- \$1.0 million for health and human services
- \$1.3 million for cultural and recreational
- \$0.9 million for community development
- \$2.3 million for education
- \$0.2 million for debt service

Keeping consistent with Council adopted Financial Policies, City Council appropriated \$1.2 million for a General Fund Reserve for Contingencies. City Council authorized 28.0%, or \$0.3 million in expenditures from this contingency. The remaining 72.0%, or \$0.9 million, reverted to unassigned fund balance.

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

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

City Capital Projects Fund

The City capital projects fund accounts for the major construction projects of the City other than those financed by proprietary funds or the school capital projects fund. Annually, the City adopts a five year capital project plan. Year one of the plan is appropriated for current year expenditures. The fund balance of \$31.1 million decreased 26.0%, or \$11.1 million from FY 2020.

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

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

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

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

School Capital Projects Fund

The School capital projects fund accounts for the major construction projects of the Lynchburg City Schools. Annually, the City adopts a five year capital project plan. Year one of the plan is appropriated for current year expenditures. The fund balance of \$4.2 million increased 29.5%, or \$0.9 million, from FY 2020.

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

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

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

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

Proprietary Funds

The proprietary funds are comprised of water, sewer, stormwater, airport, and fleet services. The City accounts for the water, sewer, stormwater, and airport as enterprise funds and fleet services as an internal service fund. In the budgetary management of the enterprise funds, the City has chosen to budget for principal retirement on long-term debt rather than depreciation. Further, the City uses two key financial indicators, fund balance and debt coverage ratios, found in financial policies adopted by City Council to ensure the enterprise funds' financial stability. At the fund level, fund balance is defined as total cash and cash equivalents less unexpended bond proceeds and resources dedicated to capital projects. The fund balance ratio compares fund balance to operating expenses and debt service less depreciation. The debt coverage ratio compares operating income adjusted for depreciation, interest income and miscellaneous income compared to total debt service.

Water Fund

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

Sewer Fund

The sewer fund's total net position of \$188.8 million increased 1.9%, or \$3.5 million, from FY 2020. Net investment in capital assets of \$174.7 million decreased 1.6%, or \$2.9 million, primarily due to decreased grant funding of capital projects. Net investment in capital assets was 92.5% of total net position. Unrestricted net position available to fund future expenditures increased by 83.1%, or \$6.4 million. This was primarily due to an increase of cash and cash equivalents used to fund future capital projects. Unrestricted net position was 7.5%, or \$14.1 million of total net position. Operating revenues totaled \$24.7 million and increased 6.5% or \$1.5 million from FY 2020. This was mostly attributable to increased septic hauler charges and 2.0% increase in sewer volume rate. Operating expenses totaled \$21.5 million and increased 8.6% or \$1.7 million. This was largely due to increased operating expenses at the Water Resources Recovery Facility. Investment earnings decreased \$0.27 million. For FY 2021, the fund balance ratio was 42.0% as compared to City Council's financial policy target range of 25% to 40%. The debt coverage ratio was 1.47 as compared to City Council's financial policy minimum target of 1.20 and was compliant with the Consent Special Order for Combined Sewer Overflows (CSO) Long Term Control Plan requirements. Please refer to Table 23 in the Statistical Section of this report for details.

Stormwater Fund

The stormwater fund's total net position of \$8.2 million increased 6.5%, or \$0.5 million from FY 2020. Net investment in capital assets of \$6.7 million increased 3.1%, or \$0.2 million primarily due to completion of capital projects and increased activity of capital projects that are on-going. Net investment in capital assets was 81.7% of total net position. Unrestricted net position available to fund future expenditures increased by 25.0%, or \$0.3 million. This was primarily due to increase of cash and cash equivalents used to fund capital projects. Unrestricted net position was 18.3%, or \$1.5 million, of total net position. Operating revenues totaled \$3.5 million and were unchanged from the prior year. Operating expenses totaled \$3.3 million and decreased 2.9%, or \$0.1 million due to decreased personal services and benefits. Investment earnings decreased \$0.03 million. For FY 2021, the fund balance ratio was 40.0% as compared to City Council's financial policy target range of 15% to 20%. The debt coverage ratio was 4.55 as compared to City Council's financial policy minimum target of 1.20. Please refer to Table 24 in the Statistical Section of this report for details.

Airport Fund

The airport fund's total net position of \$44.0 million increased 9.4%, or \$3.8 million, from FY 2020. Net investment in capital assets, of \$35.3 million increased \$0.1 million, or 0.3% from the prior year. Net investment in capital assets was 80.3% of total net position. Net position, unrestricted, increased 72.0%, or \$3.6 million from FY 2020. Unrestricted net position was 19.6%, or \$8.6 million, of net position. Operating revenues were \$4.7 million, an increase of \$1.3 million or 38.3%. Operating expenses totaled \$5.3 million, an increase of 3.9% or \$0.2 million from FY 2020. Capital contributions totaled \$4.1 million, an increase of 36.7%, or \$1.1 million, and reflects an increase of state and federal contributions received for airport capital projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets, net of depreciation, were \$844.1 million as reflected in the following schedule. The City of Lynchburg owns the land, buildings, and facilities used by Lynchburg City Schools. The Schools had \$8.2 million in capital assets exclusive of buildings and facilities, which were capitalized as the City's assets.

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

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

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

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

Construction-in-progress at the end of FY 2021 includes Lakeside Drive Bridge over Blackwater Creek; Bikeway Bridge to Linkhorne Renovation; Main Street Renewal; Link Road Bridge; College Lake Dam Removal; Route 501/221 One Way Pair; various other transportation and building projects; various sewer system evaluation and rehabilitation projects; various waterline distribution projects; and Sewer CSO upgrades. Additional information on the City's capital assets can be found in Note 8 of this report.

Long-term Debt

Total outstanding debt was \$358.3 million with \$181.8 million of business-type activities debt supported by the individual funds, resulting in net bonded debt for governmental activities of \$176.5 million. Liabilities of \$8.1 million for compensated absences and workers compensation were excluded.

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

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

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

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

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

- \$21.3 million in planned principal retirements, of which \$11.9 million was for governmental activities and \$9.4 million was for business-type activities.
- \$18.5 million of refunded principal payments, of which \$11.3 million was for governmental activities and \$7.2 million was for business-type activities.

The City's general obligation bonds continued to maintain an Aa2 rating from Moody's Investors Service, an AA+ rating from Fitch Ratings, and an AA+ from Standard & Poor's Global Ratings. These credit ratings were reaffirmed in October 2020 for the City's issuance of \$15.3 million General Obligation Public Improvement Refunding Bonds, Series 2020B on October 29, 2020. All three agencies noted the City's strong management and financial policies and practices when reaffirming the ratings.

On June 30, 2020 the City issued a three-year General Obligation Bond Anticipation Note, Series 2020 and concurrently entered into a line of credit Financing Agreement with JPMorgan Chase, N.A. The Agreement provided for borrowings of up to \$42.0 million to provide interim financing for qualifying city, school, water, sewer, stormwater, and fleet capital improvements. Interest on the unpaid principal is equal to the sum of (i) 80% times Daily One-Month London Interbank Offered Rate (LIBOR), plus (ii) 0.96%, as calculated by the Lender on each day. Interest shall be computed on the basis of the actual number of days elapsed in a 360-day year and paid monthly. Final maturity of the Note is June 15, 2023. Outstanding principal as of June 30 is \$7.7 million. The unused line of credit is \$34.3 million.

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

The Constitution of Virginia limits the amount of general obligation debt a governmental entity may issue to 10% of the total assessed value of real property. As of June 30, 2021, the City's assessed value of real property was \$5.9 billion. The City's debt is less than the current debt limitation of \$591.1 million.

The City's debt management policy states that tax-supported debt should not exceed 4.5% of net assessed valuation of taxable property in the City of Lynchburg. For the purposes of calculating this ratio, assessed value includes real property and personal property. As of June 30, 2021, debt to assessed value was 2.79%. The debt policy also states that the 10-year principal payout ratio shall not be less than 60% at the end of each adopted five-year Capital Improvement Program for tax-supported general obligation indebtedness. As of June 30, 2021, the 10-year principal payout ratio was 63.8%.

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

ECONOMIC FACTORS

The City's unemployment rate decreased from 8.1% in June 2020 to 4.8% in June 2021 reflecting significant recovery from the economic impact of COVID-19. The City's unemployment rate typically trends above the State rate, which was 4.5% in June 2021. For the current and previous three years, the City's unemployment rate has trended below the National rate, which was 6.1% for the same period. The Lynchburg economy typically lags the nation in both recession and recovery.

Although still an important sector, manufacturing no longer dominates the Lynchburg economy as it did in the past. American Electric Power (AEP), the region's electric utility provider, remains the City's largest property taxpayer with an 8.0% increase in taxable assessed value over FY 2020. The principal property taxpayers, as a whole, realized an increase of 6.0% in taxable assessed value when compared to FY 2020 which was lower due to the economic impact of COVID-19. The City remains the retail hub for the region. Other important sectors of the Lynchburg economy include wireless technology, engineering, finance, restaurants, and tourism.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, City of Lynchburg, 900 Church Street, Lynchburg, VA, 24504, or via telephone at 434-455-3968. This report, the FY 2021 Operating and Capital Budgets, and FY 2021-2025 Capital Improvement Program are on the City's web site at www.lyncburgva.gov.

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2021

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

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

Statement of Activities
For the Year Ended June 30, 2021

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

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

Balance Sheet
Governmental Funds
June 30, 2021

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

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

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

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

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

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

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

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

Net change in fund balances - total governmental funds		\$	3,205,809
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of the two components.			
Capital outlay			26,541,658
Depreciation expense			(20,705,513)
The net effect of various transactions involving capital assets (donations and loss on disposition of assets) do not provide or use current financial resources and are not reported as revenues or expenditures in the governmental funds.			
			14,700
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			
			206,318
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.			
Employer pension contributions	9,604,735		
Pension expenses	(12,819,520)		
			(3,214,785)
Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the statement of activities the cost of these benefits earned net of employee contributions is reported as other postemployment benefit expense.			
Employer other postemployment benefit contribution	262,672		
Other postemployment benefit expense	6,816,684		
			7,079,356
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.			
			10,231,657
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
			884,418
To eliminate transfers to the internal service fund			
			492,741
The net loss of certain activities of the internal service fund is reported with governmental activities.			
			550,408
Change in net position of governmental activities.		\$	25,286,767

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

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

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

Statement of Net Position
Proprietary Funds
June 30, 2021

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

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

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

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

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

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

(Continued)

(Continued)

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

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

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

Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2021

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

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

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

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

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

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

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

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

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

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

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Blue Ridge Regional Jail Authority: (Continued)

The City sold its existing jail facilities to the Authority during FY1997. A new central jail facility was constructed in Lynchburg and opened in FY2000. It is owned and operated by the Authority. Each Member Jurisdiction pays a per diem charge for each day that one of its prisoners is at any Regional Jail Facility. In accordance with the Service Agreement, the Authority has divided the per diem charge into an operating component and a debt service component. The per diem charge is based on an agreed upon number of prisoner days, and is subject to an adjustment at the end of each fiscal year. During FY2021, the City paid \$4,797,183 to the Authority.

Horizon Behavioral Health (formerly Central Virginia Community Services Board): The City, in conjunction with the counties of Amherst, Appomattox, Bedford, and Campbell participate in Horizon Behavioral Health, the governing Board of which is composed of two members from each of the participating localities. The City appropriated \$574,512 for an operating contribution in FY2021.

Central Virginia Planning District Commission: The City serves as the Local Workforce Development Area grant recipient on behalf of the Central Virginia Planning District Commission/Central Virginia Local Workforce Development Area VII. According to the requirements, grant funds are used to provide employment and training activities for adults and dislocated workers and to provide services for eligible youth. During FY2021, the Central Virginia Planning District Commission received \$1,310,331 in grant funds.

Region 2000 Services Authority: During 2008, the City, in conjunction with the Counties of Campbell and Nelson and the City of Bedford, created the Region 2000 Services Authority (the “Authority”). Appomattox County joined soon thereafter. The City of Bedford withdrew in 2013. Each member jurisdiction pays a per-ton disposal charge based on the actual cost of operation (cost of service), which includes both an operating component and a debt service component. The governing Board is composed of one member from each of the participating localities. In accordance with the member use agreement, the City provided the Authority \$300,000 in initial startup costs. During FY2021, the City paid \$926,931 to the Authority.

Central Virginia Radio Communications Board: During 2012, the Old Central Virginia Regional Radio Communications Board was dissolved and replaced by the Region 2000 Radio Communications Board (the “Board”); name has since reverted back to *Central Virginia Radio Communications Board*. Since the current regional radio system was in need of significant upgrade and replacement before July 1, 2014, the Board was formed in order to manage the project operations and maintenance, including the issuance of debt to finance the upgrades and replacements in an efficient and cost effective manner. The Board consists of representatives from Amherst County, Bedford County, the Town of Bedford, the City of Lynchburg, collectively the “Member Jurisdictions”, and Virginia’s Region 2000 Local Government Council (the “Council”). The Member Jurisdictions and the Council entered into a Cooperative Agreement which requires each Member Jurisdiction to contribute their pro rata share for annual capital costs, operational costs, and any annual deficit. The City’s pro rata share is 33.1% effective through July 1, 2013. In accordance with the Cooperative Agreement, the City transferred the title to all 1996 assets to the Council. The Council issued debt of \$13,100,000 in May 2012 to finance the upgrade and replacement of the existing radio system. Each Member Jurisdiction contributes toward the debt service payments made by the Council through their pro rata share of capital costs. The City’s pro rata share of capital costs is 30.1%. Should the Council fail to make debt service payments, the Member Jurisdictions have a moral non-binding obligation to pay the debt service. During FY2021, the City paid \$684,740 to the Board. The City’s scheduled capital cost payment for FY22 is \$704,670.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

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

Lynchburg Redevelopment and Housing Authority: Under the *Code of Virginia* (“Code”), the Commonwealth of Virginia (the “Commonwealth”) created in each city and county a redevelopment and housing authority which is a separate political subdivision of the Commonwealth. In April 1956, City Council activated the Lynchburg Redevelopment and Housing Authority (the “LRHA”) which owns and operates federal and state-assisted housing projects for low-income families and administers urban development projects. Commissioners of the LRHA are appointed by City Council; however, City Council is not financially accountable for LRHA. During FY2021, the City appropriated \$126,044 to the LRHA from the Community Development Block Grant Fund.

Economic Development Authority of the City of Lynchburg: Under the *Code*, City Council passed an ordinance on March 14, 1967, which created the Industrial Development Authority of the City of Lynchburg (the “IDA”). The IDA was established to promote industry and develop trade within the City. The IDA is governed by a board of seven directors appointed by City Council; however, City Council is not financially accountable for the IDA. In 2008 City Council changed the name from the Industrial Development Authority (IDA) to the Economic Development Authority (EDA) to more accurately reflect the work of the Authority beyond the focus of industrial development. During FY2021, the City did not appropriate funds to the Economic Development Authority.

Other Boards and Commissions: City Council appoints certain members of various boards and commissions’ governing bodies as provided under state and local laws and ordinances. The boards and commissions are advisory in nature and City Council is not financially accountable for these organizations.

B. Basis of Presentation

The accompanying financial statements present the government and its component units, legally separate entities for which the City is financially accountable.

Government-wide Statements: The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. These statements include the financial activities of the overall government. The effect of interfund activity, other than services provided and used, has been eliminated from these statements to minimize the double counting of internal activities. Excess revenues or expenses of the Internal Service Fund are allocated to the appropriate governmental functional activity. These statements distinguish between the *governmental and business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following non-major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Water Fund: The Water Fund operates the water distribution system for the City and supplies water to three surrounding counties.

Sewer Fund: The Sewer Fund operates a regional wastewater treatment plant and a combined sewer system. The Sewer Fund also performs cleaning, monitoring, and repairs to the wastewater collection system for the City and provides conveyance and treatment services for three surrounding counties.

Stormwater Fund: The Stormwater Fund performs the operations and maintenance of the storm sewer collection system and manages the City's Small Municipal Separate Storm Sewer System [MS4] General Permit requirements that incorporates water quality compliance goals established by Total Maximum Daily Loads [TMDLs] which include the Chesapeake Bay and the James River Basin TMDLs.

Airport Fund: The Airport Fund accounts for the administration of the Lynchburg Regional Airport.

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

Additionally, the City reports the following fund types:

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

Fiduciary Fund Types – Custodial Funds: Custodial Funds account for assets held by the City as a custodian for others. The City's custodial fund is the Special Welfare Fund.

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

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

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

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

Fiduciary fund reporting focuses on net position and changes in net position. Financial statements of fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

D. Budgets and Budgetary Accounting

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting (Continued)

- All operating budget appropriations lapse at the end of the fiscal year to the extent that they are not expended or encumbered, with the exception of year-end carry-forward items approved by City Council.
- Prior to the implementation of GASB 54, the City's special revenue funds included the Technology Fund which has a separate legally adopted budget. With the implementation of GASB 54, the Technology Fund is utilized for internal reporting purposes only. For financial statement reporting (GAAP-basis), the Technology Fund is collapsed into the General Fund. For budgetary basis reporting, the Technology Fund is not included with the General Fund.

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

	<u>General Fund</u>
Net change in fund balance (non-GAAP budgetary basis)	\$ 12,745,077
Add: Net change in fund balance for Technology Fund	<u>(253,246)</u>
Net change in fund balance (GAAP basis)	<u>\$ 12,491,831</u>

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

- **Cash and Cash Equivalents**

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

- **Investments**

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

- **Receivables**

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

General Fund, property taxes, and other receivables	\$ 2,174,909
General Fund, ambulance receivables	\$ 3,958,974
Enterprise Funds	\$ 312,641

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

- **Inventory**

Inventory in the Water and Internal Service Funds is valued at cost using the first-in, first-out (FIFO) method. This inventory consists principally of spare parts and fuel held for consumption. The cost is recorded as an expense at the time individual inventory items are withdrawn for use. Inventory in the Lynchburg City School Nutrition program is valued at fair value. This inventory consists of purchased foods, USDA Foods (donated commodities) as well as kitchen supplies. An expense adjustment is made annually after the year-end inventory is counted and valued.

- **Capital Assets**

Governmental funds: Capital outlays are recorded as expenditures on the fund basis and as assets on the government-wide financial statements to the extent the City's capitalization thresholds of \$5,000 for equipment and \$20,000 for buildings, infrastructure, and land improvements are met. Infrastructure has been capitalized retroactively to 1980. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated assets, donated works of art and similar items are reported at acquisition value rather than fair market value on the date donated. Schools buildings and other facilities are capital assets for the City government and not for the component unit.

Works of art, historical treasures, and similar assets have not been capitalized because they are held for public exhibition, education, or research in furtherance of public service, rather than financial gain. The collection is protected, kept unencumbered, cared for, and preserved. The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

Proprietary funds: Capital outlays of the proprietary funds are recorded as capital assets on both the fund basis and the government-wide basis. Capital assets are stated at cost or estimated original cost based on independent consultant studies, net of accumulated depreciation. Donated assets, donated works of art and similar items are reported at acquisition value rather than fair market value on the date donated. Capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Repairs and maintenance are charged to expense when incurred. When capital assets are sold or retired, the cost of the assets and the related accumulated depreciation are eliminated and a gain or loss is recognized.

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

- **Deferred Outflows / Inflows of Resources**

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

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

- **Compensated Absences**

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

- **Arbitrage Rebate Liability**

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

- **Pensions and Other Postemployment Benefits (OPEB)**

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

- **Net Position/Fund Equity**

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

The City classifies governmental fund balances as follows:

- Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form such as inventories and prepaids or they are legally or contractually required to be maintained intact.
- Restricted fund balance includes amounts that have constraints placed on their use by external sources such as creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority - City Council. These committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

- **Net Position/Fund Equity (Continued)**

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

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

F. Estimates

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

Note 2. Cash and Investments

Deposits:

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

Investments:

Investment Policy:

In accordance with the *Code* and other applicable law, including regulations, the City's Investment Policy (Policy) permits investments in Treasury Securities, agency securities, prime quality commercial paper, certificates of deposit maturing within one year and issued by domestic banks, banker's acceptances, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements, open-end investments, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP). Pursuant to Sec. 2.1-234.7 of the *Code*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the carrying value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share in accordance with GASB No. 79). The Investment Policy specifies that no investment may have a maturity greater than one year from the date of purchase, unless matched to a specific cash flow.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 2. Cash and Investments (Continued)

Investments: (Continued)

Credit Risk:

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

As of June 30, 25% of the portfolio was invested in "Aaa" rated obligations; 1% was invested in "Aa1" Municipal Bonds; 4% was invested in "Aa2", 69% was invested in an "AAA" rated LGIP fund; 1% of Commercial Paper was invested in "P-1". The "Aaa" rated portion of the total portfolio included 3% of obligations guaranteed by the U. S. Government; 20% of Federal Agencies; and 2% of Municipal Bonds (percentages are based on the total portfolio). On August 5, 2011, Standard & Poor's downgraded the long-term sovereign credit rating of the United States of America from "AAA" to "AA+" and affirmed the "A-1+" short-term rating. This downgrade relates to 25% of the City's portfolio previously noted as "Aaa" by Moody's Investors Service. All credit ratings presented in this paragraph are Moody's or Standard & Poor's as necessary.

Concentration of Credit Risk:

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

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

<u>Investment Type</u>	<u>% of Portfolio</u>
Federal Farm Credit Bank	8%
Federal Home Loan Bank	6%
Municipal Bonds	7%

Interest Rate Risk:

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 2. Cash and Investments (Continued)

Investments: (Continued)

Interest Rate Risk: (Continued)

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

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

* Weighted average maturity in days.

Custodial Credit Risk:

The Policy requires that all investment securities shall be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by the *Code*, all security holdings with maturities over 30 days may not be held in safekeeping with the “counterparty” to the investment transaction. As of June 30, all investments are held in a bank’s trust department in the City’s name.

Restricted cash and temporary cash investments of the General, Special Revenue, City Capital Projects, and Enterprise Funds include certain deposits, grant advances, unspent bond proceeds restricted for capital projects, and amounts related to the Passenger Facility Charge program.

The above items are reflected in the statements as follows:

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 2. Cash and Investments (Continued)

Investments: (Continued)

Custodial Credit Risk: (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and are described as follows.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs;
- Level 3 inputs are significant unobservable inputs.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ 5,202,533	\$ -	\$ -	\$ 5,202,533
U.S. Debt Securities	-	31,179,134	-	31,179,134
Municipal Bonds	-	10,834,788	-	10,834,788
Commercial Paper	-	999,080	-	999,080
	<u>\$ 5,202,533</u>	<u>\$ 43,013,002</u>	<u>\$ -</u>	<u>\$ 48,215,535</u>

Government bonds, corporate bonds, collateralized mortgage obligations and commercial paper classified in Level 2 of the fair value hierarchy are valued on the basis of evaluated prices provided by independent pricing services when such prices are believed to reflect the fair value of such securities. Such prices may be determined by taking into account a security's price, yield, maturity, call feature, rating, or institutional-size trading in similar groups of securities and developments related to specific securities.

Note 3. Property Taxes

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

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2021

Note 4. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2021 were as follows:

	Interfund Receivables	Interfund Payables
Major Fund:		
General	\$ 1,122,665	\$ 656,830
Non-major Special Revenue Funds:		
City Capital Projects	-	175,639
City Federal/State Aid	264,755	445,833
Children's Services Act	81,995	152,570
Lynchburg Regional Juvenile Detention Center	-	26,661
Community Development Block Grant	-	132,523
HOME Investment Partnerships Program	-	47,715
Major Proprietary Funds:		
Sewer	140,617	40,962
Water	145,285	70,598
Stormwater	16,736	49,850
Airport	28,750	12,815
Internal Service	20,535	9,342
	<u>\$ 1,821,338</u>	<u>\$ 1,821,338</u>

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

Interfund transfers were as follows:

	To	From
Major Fund:		
General	\$ 175,000	\$ 7,783,426
Non-major Special Revenue Funds:		
City Capital Projects	1,838	-
City Federal/State Aid	402,019	-
Children's Services Act	1,830	-
Lynchburg Regional Juvenile Detention Center	275	-
Community Development Block Grant	67,254	-
HOME Investment Partnerships Program		
Major Proprietary Funds:	4,634,302	175,000
Sewer	2,183,167	-
Water		
Stormwater	48,494	-
Airport	-	48,494
Internal Service	492,741	-
	<u>\$ 8,006,920</u>	<u>\$ 8,006,920</u>

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

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

	Due From	Due To
Primary Government:		
Major Fund:		
General Fund	\$ 3,048,788	\$ 5,721,379
Non-major Special Revenue Fund:		
Lynchburg Business Development Centre Fund	125,000	-
	<u>\$ 3,173,788</u>	<u>\$ 5,721,379</u>
Component Units:		
Lynchburg City Schools	\$ 5,721,379	\$ 2,423,469
Business Development Centre, Inc.	-	125,000
Greater Lynchburg Transit Company	-	625,319
	<u>\$ 5,721,379</u>	<u>\$ 3,173,788</u>

Note 6. Due From Other Governments

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

	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	Schools	Others
Various federal and state grants	\$ 6,654,441	\$ 192,274	\$ 4,574,682	\$ 402,515
Virginia Revolving Loan	-	3,899,160	-	-
Members of Regional Sewage Treatment Plant	-	2,943,376	-	-
	<u>\$ 6,654,441</u>	<u>\$ 7,034,810</u>	<u>\$ 4,574,682</u>	<u>\$ 402,515</u>

Due from members of the Regional Sewage Treatment Plant:

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

Amount receivable within 1 year	\$ 236,726
Amount receivable 2 to 5 years	895,289
Amount receivable beyond 5 years	<u>1,811,361</u>
	<u>\$ 2,943,376</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 7. Receivables

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

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

Note 8. Capital Assets

Primary Government:

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 8. Capital Assets (Continued)

Primary Government: (Continued)

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

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

Depreciation was charged to functions as follows:

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

The Fleet Internal Services Fund, whose assets are reported as a part of the City's governmental assets, purchases vehicles that are used by the City's Enterprise Funds. Depreciation related to those vehicles is allocated to the Enterprise Funds. In prior years, the City Capital Projects fund, on occasion, would construct assets that were used primarily by the Enterprise Funds. Depreciation on these assets is also allocated to the Enterprise Funds. The \$404,623 of business-type depreciation reflected above is the allocation of this depreciation and is not reflected on the business-type activities asset information reported below.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 8. Capital Assets (Continued)

Primary Government: (Continued)

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 8. Capital Assets (Continued)

Component Units:

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

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

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 9. Long-Term Liabilities

Primary Government:

General Obligation Debt:

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

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

Authorized and unissued general obligation public improvement bonds amounted to \$74,575,000 at June 30, 2021.

As of June 30, the City's Primary Government had outstanding general obligation bonds of \$246,436,299, including direct borrowings from commercial banks totaling \$6,245,842. For all general obligation debt, the full faith and credit of the City are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as the same become due. In each year while any Bonds are outstanding and unpaid, the Council shall be authorized and required to levy and collect annually, at the same time and in the same manner as other taxes of the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the City are not lawfully available and appropriated for such purpose.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

General Obligation Debt: (Continued)

Direct Borrowing- Event of Default Provisions- Series 2013 Bonds (Issued 10/23/2013):

The events of default (“Events of Default”) with respect to this Bond shall be (i) the failure to pay principal of or interest on this Bond when due, (ii) the failure to perform or observe the covenants set forth in Sections 4 and 5 of the Authorizing Resolution, (iii) any representation or warranty made by the City Manager on behalf of the City in the Certificate of the City Manager as to Representations, Warranties and Covenants of the City of Lynchburg, Virginia, dated October 23, 2013, proving to have been incorrect when made or confirmed, (iv) a default by the City in the payment of the principal of or interest on any other general obligation indebtedness of the City, and (v) the downgrade of the City’s general obligation bond rating below BBB by Fitch Ratings or Baa2 by Moody’s Investors Service or BBB by Standard & Poor’s Ratings Services. Upon the occurrence and continuance of an Event of Default this Bond shall bear interest at the rate of four percent (4%) per annum and the Purchaser shall have the right to declare the principal amount of this Bond to be immediately due and payable and may exercise its rights of remedies available to it under the Authorizing Resolution, at law or in equity.

Legal Debt Limit:

The Constitution of Virginia, Article VII, Section 10(a) sets forth the City’s legal debt limit at ten percent (10%) of its real estate assessed valuation for the issuance of any bonds or other interest-bearing obligations. As shown in Supplementary Statistical Table 22, as of June 30, the City’s debt limit was \$591.1 million. The City’s aggregate general obligation indebtedness was \$246.4 million and the City’s legal debt margin (amount available for issuance of additional debt) was \$344.7 million.

Debt Management Policy:

The City’s Debt Management Policy, which was most recently revised on December 10, 2019, limits tax-supported debt to four and a half percent (4.50%) of its net assessed valuation of taxable property (general obligation bonds issued for self-supporting enterprise funds are not included in this calculation). As shown in the Supplementary Statistical Table 21, outstanding tax-supported debt was 2.79% of net assessed valuation of taxable property. The Policy also states that the 10-Year Principal Payout Ratio shall not be less than 60% at the end of each adopted five-year Capital Improvement Program. The principal payout ratio for the year ended June 30 was 63.80%. There are no overlapping tax jurisdictions.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2021

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Revenue Debt:

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

The revenue bonds have been issued in accordance with the terms of an indenture agreement with the Virginia Resources Authority, a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Authority"), as Administrator of the Virginia Water Facilities Revolving Fund and City of Lynchburg.

Pursuant to Chapter 22 Title 62.1 of the Code of Virginia (1950), as amended ("the Act"), the General Assembly created a permanent and perpetual fund known as the "Virginia Water Facilities Revolving Fund." In conjunction with the State Water Control Board, the Authority administers and manages the Fund. From the Fund, the Authority from time to time makes loans to and acquires obligations of local governments in Virginia to finance the costs of constructing the following facilities: 1) Wastewater treatment within the meaning of Section 62.1-224 of the Act 2) Structures or implementing other best management practices that reduce or prevent pollution of state waters caused by stormwater runoff from impervious surfaces within the meaning of Section 62.1-229.4 of the Act.

All of the indenture agreements require the City to pledge its Sewer Fund and Stormwater Fund Revenues as collateral for the revenue bonds and to maintain a debt coverage ratio at least equal to 1.15. As shown in Supplementary Statistical Tables 23 and 24, the Sewer Fund's debt coverage ratio for the year ended June 30 was 1.47 and the Stormwater Fund's debt coverage ratio was 4.55.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

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

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

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

* An intangible asset was obtained concurrent with the recordation of this long term payable. Neither instrument constituted a source or a use of current financial resources; therefore, they are not reflected in the fund financial statements. The intangible asset is included in capital assets in Exhibit 1.

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2021

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Debt Service to Maturity:

Year Ending June 30	Governmental Activities					
	General Obligation Bonds		General Obligation- Direct		Other Long Term Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 10,410,593	\$ 6,318,680	\$ 1,082,448	\$ 154,602	\$ 437,555	\$ -
2023	10,208,947	5,867,149	1,091,918	126,791	437,555	-
2024	9,885,659	5,410,896	741,476	101,167	437,555	-
2025	9,781,023	4,963,303	666,000	82,418	437,555	-
2026	10,042,972	4,512,232	666,000	64,103	437,555	-
2027-2031	39,680,156	16,742,953	1,998,000	82,418	437,557	-
2032-2036	34,672,433	9,438,529	-	-	-	-
2037-2041	27,836,678	4,373,168	-	-	-	-
2042-2044	10,625,000	667,766	-	-	-	-
	<u>\$ 163,143,461</u>	<u>\$ 58,294,676</u>	<u>\$ 6,245,842</u>	<u>\$ 611,499</u>	<u>\$ 2,625,332</u>	<u>\$ -</u>

Year Ending June 30	Business-Type Activities							
	General Obligation Bonds							
	Water Fund		Sewer Fund		Stormwater Fund		Airport Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,829,008	\$ 1,541,972	\$ 1,395,513	\$ 952,106	\$ 15,000	\$ 21,569	\$ 69,871	\$ 33,441
2023	1,827,460	1,457,191	1,390,302	892,845	15,000	20,819	73,567	29,947
2024	1,805,347	1,369,910	1,311,449	833,716	15,000	20,069	77,263	26,269
2025	1,753,801	1,277,806	1,239,703	776,874	15,000	19,319	81,093	22,406
2026	1,795,705	1,185,514	1,268,065	720,985	15,000	18,569	85,058	18,351
2027-2031	9,411,697	4,676,884	5,776,442	2,865,416	95,000	79,594	221,703	60,823
2032-2036	9,616,814	2,856,971	5,366,863	1,820,105	120,000	57,853	258,890	23,776
2037-2041	8,109,094	1,326,698	4,524,230	1,037,971	130,000	43,331	-	-
2042-2046	3,580,000	394,622	3,495,000	446,300	150,000	26,231	-	-
2047-2050	870,000	44,125	1,410,000	71,500	135,000	6,938	-	-
	<u>\$ 40,598,926</u>	<u>\$ 16,131,693</u>	<u>\$ 27,177,567</u>	<u>\$ 10,417,818</u>	<u>\$ 705,000</u>	<u>\$ 314,292</u>	<u>\$ 867,445</u>	<u>\$ 215,013</u>

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

June 30, 2020 General Obligation Public Improvement Bond Anticipation Note, Series 2020

On June 30, 2020 the City issued a three-year General Obligation Bond Anticipation Note and concurrently entered into a line of credit Financing Agreement with JPMorgan Chase Bank, N.A. The Agreement provided for borrowings of up to \$42,000,000 to provide interim financing for qualifying city, school, water, sewer, stormwater and fleet capital improvements. Interest on the unpaid principal is equal to the sum of (i) 80% times Daily One-Month London Interbank Offered Rate (LIBOR), plus (ii) 0.96%, as calculated by the Lender on each day. Interest shall be computed on the basis of the actual number of days elapsed in a 360-day year and paid monthly. All outstanding amounts are due on June 15, 2023. Outstanding principal as of June 30 is \$7,698,058. The unused line of credit is \$34,301,942.

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

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

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 9. Long-Term Liabilities (Continued)

Component Unit – Lynchburg City Schools:

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

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Compensated absences	\$ 1,126,630	\$ 660,530	\$ 676,570	\$ 1,110,590	\$ 657,548
	<u>\$ 1,126,630</u>	<u>\$ 660,530</u>	<u>\$ 676,570</u>	<u>\$ 1,110,590</u>	<u>\$ 657,548</u>

Note 10. Fund Equity Balances

Fund Balance Policy:

- The City of Lynchburg’s Unassigned General Fund Balance (UGFB) will be maintained at a level to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.
- The City shall not use the UGFB to finance recurring operating expenditures.
- The City will maintain an UGFB equal to 10% of General Fund revenues with a goal of 15% as the City strives to grow incrementally each year subject to revenues available. In the event the UGFB is used to provide for temporary funding of unforeseen emergency needs, the City shall restore the UGFB to the minimum of 10% over three years.
- The City will balance moving towards the 15% targeted fund balance with its annual “Pay as you go” capital improvement requirements.

For FY 2021 the City was in compliance with the Fund Balance Policy.

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2021

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2021

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 11. Defined Benefit Pension Plan – City of Lynchburg

Plan Description

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

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

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>1,073</u>
Inactive members:	
Vested inactive members	232
Non-vested inactive members	301
Inactive members active elsewhere in VRS	<u>331</u>
Total inactive members	<u>864</u>
Active members	<u>1,172</u>
Total covered employees	<u><u>3,109</u></u>

Contributions

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$11,088,357 and \$10,870,219 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates: General employees – 15% to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non-10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted rates to better fit experience at each year age and service through 9 years of service; lowered disability rates; no change to salary scale; increased rate of line of duty disability from 14% to 20% (Largest 10) and from 14% to 15% (All Others); decreased the discount rate from 7.00% to 6.75%.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Actuarial Assumptions (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.14 %

The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

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

The following presents the net pension liability of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's net pension liability	<u>\$ 165,387,977</u>	<u>\$ 118,504,022</u>	<u>\$ 79,270,683</u>

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

For the year ended June 30, 2021, the political subdivision recognized pension expense of \$14,600,597. At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,656	\$ 2,542,682
Change in assumptions	4,775,967	-
Net difference between projected and actual earnings on pension plan investments	8,355,355	-
Employer contributions subsequent to the measurement date	11,088,357	-
Total	<u>\$ 24,244,335</u>	<u>\$ 2,542,682</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

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

The \$11,088,357 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase to Pension Expense
2022	\$ 1,794,932
2023	3,577,054
2024	2,564,673
2025	2,676,337
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2021, approximately \$1,408,725 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Plan Description

All full-time, salaried permanent non-professional employees (non-teachers) of the Lynchburg City Schools, (the “School Division”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System (the “System”) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service. The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described for the City. The Laurel Regional Program (the “Program”) participates in post-retirement benefits through the Lynchburg City Schools (the “Schools”) various benefit plans through its fiduciary relationship with the Schools. The Schools accounts for and report the Program’s participation in the Schools’ benefit plans by applying the requirements for a cost-sharing multiple employer plan. All Required Supplementary Information is presented for the various post-retirement benefit plans at the Schools as a whole.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>113</u>
Inactive members:	
Vested inactive members	10
Non-vested inactive members	74
Inactive members active elsewhere in VRS	<u>36</u>
Total inactive members	<u>120</u>
Active members	<u>136</u>
Total covered employees	<u><u>369</u></u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Contributions

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

The School Division's contractually required contribution rate for the year ended June 30, 2021 was 5.70% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Division were \$204,330 and \$185,889 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates: General employees – 15% to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non-10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted rates to better fit experience at each year age and service through 9 years of service; lowered disability rates; no change to salary scale; increased rate of line of duty disability from 14% to 20% (Largest 10) and from 14% to 15% (All Others); decreased the discount rate from 7.00% to 6.75%.

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
Total	100.00 %		4.64 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.14 %

The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School Division's net pension liability (asset)	<u>\$ 2,871,309</u>	<u>\$ 1,119,044</u>	<u>\$ (364,300)</u>

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

For the year ended June 30, 2021, the School Division recognized pension expense of \$548,763. At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 268,340	\$ 60,038
Change in assumptions	73,005	-
Net difference between projected and actual earnings on pension plan investments	454,713	-
Employer contributions subsequent to the measurement date	<u>204,330</u>	<u>-</u>
Total	<u>\$ 1,000,388</u>	<u>\$ 60,038</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

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

The \$204,330 reported as deferred outflows of resources related to pensions resulting from the School Division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase to Pension Expense
2022	\$ 222,043
2023	210,411
2024	156,555
2025	147,011
2026	-
Thereafter	-

Pension Plan Data

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

Payables to the Pension Plan

At June 30, 2021, approximately \$36,149 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

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

General Information about the Teacher Cost Sharing Plan

Plan Description

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

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described in Note 11.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

General Information about the Teacher Cost Sharing Plan (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to School Divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Division were \$8,331,322 and \$8,183,144 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

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

At June 30, 2021, the School Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

The \$8,331,322 reported as deferred outflows of resources related to pensions resulting from the School Division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2022	\$ (1,793,161)
2023	455,480
2024	1,624,211
2025	1,695,176
2026	(162,540)
Thereafter	-

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School Division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<u>\$ 131,659,792</u>	<u>\$ 89,733,905</u>	<u>\$ 55,055,897</u>

Payables to the Pension Plan

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

Pension Plan Fiduciary Net Position

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 13. Summary of Pension Benefit Elements

A summary of pension financial statement elements are as follows:

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

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 13. Summary of Pension Benefit Elements (Continued)

Lynchburg City Schools

The Schools participate in two pension plans as described in Notes 11 and 12. Following is a summary of key pension-related financial statement elements lifted from those notes.

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 14. Other Post-Employment Benefits – Healthcare

City of Lynchburg

Plan Description

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

Benefits Provided

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

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

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

Membership

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

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

Total OPEB Liability

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

Actuarial Assumptions

In the January 1, 2020 actuarial valuation, the Entry Age actuarial cost method was used to develop the AAL and the Normal Cost. Under this method, the postretirement health costs are assumed to be earned ratably from date of hire to the participant's full retirement eligibility age (age 50 or older with 15 or more years of service). The actuarial assumptions used a 1.92% discount rate, and an initial annual healthcare cost trend of 6.0% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 4.25%. Mortality rates were RPH-2014 for Males and Females projected generationally to 2020 with Scale SSA.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

City of Lynchburg (Continued)

Changes in OPEB Liability

	2021
Service Cost	\$ 356,717
Interest	1,148,518
Changes in assumptions	2,879,001
Benefit payments, including implicit subsidies	(2,796,080)
Net Change in Total OPEB Liability	1,588,156
Total OPEB Liability – Beginning of Year	47,911,151
Total OPEB Liability – End of Year	<u>\$ 49,499,307</u>

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

The following presents the net OPEB liability of the plans, calculated using the discount rate of 1.92%, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1.00% Decrease (0.92%)	Current Discount Rate (1.92%)	1.00% Increase (2.92%)
Total OPEB Liability	\$ 55,977,037	\$ 49,499,307	\$ 44,207,630
Net OPEB Liability	<u>\$ 55,977,037</u>	<u>\$ 49,499,307</u>	<u>\$ 44,207,630</u>
Ratio of Plan Net Position to Total OPEB Liability	0.0%	0.0%	0.0%

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the plans, calculated using the healthcare cost trend rate of from 6.00% to an ultimate rate of 4.25%, as well as what each plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1.00% lower or 1.00% higher than the current rate:

	1.00% Decrease (3.25%)	Current Ultimate Trend Rate (4.25%)	1.00% Increase (5.25%)
Total OPEB Liability	\$ 44,037,239	\$ 49,499,307	\$ 56,138,292
Net OPEB Liability	<u>\$ 44,037,239</u>	<u>\$ 49,499,307</u>	<u>\$ 56,138,292</u>
Ratio of Plan Net Position to Total OPEB Liability	0.0%	0.0%	0.0%

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

City of Lynchburg (Continued)

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$(5,369,794). At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 39,165,942
Change in actuarial assumptions	7,522,703	298,886
Total	<u>\$ 7,522,703</u>	<u>\$ 39,464,828</u>

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

Year ended June 30	Net Amount of Outflow/(Inflow)
2022	\$ (6,875,029)
2023	(6,875,029)
2024	(6,875,034)
2025	(3,320,929)
2026	(4,177,987)
After 2026	(3,818,117)
Total Amount to be Recognized	<u>\$ (31,942,125)</u>

Lynchburg City Schools

Plan Description

The Schools provide full-time active employees eligibility to receive postretirement medical and dental benefits after retiring from active service from the Schools under the VRS Teachers Retirement Plan under the normal or early retirement plan provisions. The employee must have worked for the Schools for 10 continuous years prior to retirement. The earliest retirement eligibility is age 50 with at least 10 years of service.

Benefits Provided

Lynchburg City Schools currently provides medical, dental and vision benefits to its retirees and their eligible dependents that elect to stay in the plan. At retirement, retirees may stay in an Anthem KeyCare Plan with prescription drug benefits. The plan is an Anthem KeyCare 25 plan with a \$750 deductible.

Dental benefits are offered through Anthem and the vision benefits are offered through EyeMed Vision. Since the retiree pays the full rates for both of these plans, we assumed there was no GASB liability for either of these plans.

Retirees can continue coverage under all the benefits until age 65. If the spouse is covered, he or she can continue until the retiree turns 65. If the spouse turns 65 before the retiree, they may remain in the plan with the same benefits or elect to leave the plan and go on Medicare. It is assumed that spouses would remain in the plan since this was the more conservative approach and there have been spouses over age 65 in the plan.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools (Continued)

Early Retirement Incentive Plan

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

Employees Covered by Benefit Terms

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

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

Total OPEB Liability

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

Actuarial Assumptions and other inputs

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
-----------	------

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

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools (Continued)

Changes in the Total OPEB Liability

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

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

The following presents the total OPEB liability of the Schools, as well as what the Schools' total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

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

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Schools, as well as what the Schools' total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current healthcare cost trend rates:

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools (Continued)

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

For the year ended June 30, 2021, the Schools recognized OPEB expense of \$920,323. At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,729,395	\$ 4,460,333
Change in assumptions	591,117	367,853
Employer contributions subsequent to the measurement date	243,252	-
Total	<u>\$ 2,563,764</u>	<u>\$ 4,828,186</u>

The \$243,252 reported as deferred outflows of resources related to OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2022	\$ (473,768)
2023	(473,769)
2024	19,211
2025	(505,531)
2026	(505,533)
Thereafter	(568,284)

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

City of Lynchburg

Summary of Significant Accounting Policies

Group Life Insurance

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

General Information about the Group Life Insurance Program

Plan Description

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

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

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

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and School Divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the City were \$303,246 and \$303,560 for the years ended June 30, 2021 and June 30, 2020, respectively.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

City of Lynchburg (Continued)

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

At June 30, 2021, the City reported a liability of \$4,664,064 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the City's proportion was 0.27948% as compared to 0.28214% at June 30, 2019.

For the year ended June 30, 2021, the City recognized GLI OPEB expense of \$145,847. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 299,157	\$ 41,891
Net difference between projected and actual earnings on GLI OPEB program investments	140,104	-
Changes in Actuarial Assumptions	233,257	97,388
Changes in Proportionate Share	-	146,297
Employer contributions subsequent to the measurement date	303,246	-
Total	<u>\$ 975,764</u>	<u>\$ 285,576</u>

\$303,246 reported as deferred outflows of resources related to the GLI OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2022	\$ 38,238
2023	77,804
2024	117,375
2025	126,655
2026	25,713
Thereafter	1,157

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

City of Lynchburg (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation:	
• Locality – General employees	3.50 – 5.35 %
• Locality – Hazardous Duty employees	3.50 – 4.75 %
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

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

Net OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

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

The total GLI OPEB liability is calculated by the VRS actuary, and each plan's fiduciary net position is reported in the VRS financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

City of Lynchburg (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS - Multi -Asset Public Strategies	6.00	3.04	0.18
PIP- Private Investment Partnership	3.00	6.49	0.19
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected Arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

City of Lynchburg (Continued)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Total GLI OPEB Liability	<u>\$ 6,131,270</u>	<u>\$ 4,664,064</u>	<u>\$ 3,472,555</u>

Group Life Insurance Program Fiduciary Net Position

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

Payables to the VRS Group Life Insurance OPEB Plan

At June 30, 2021 the City reported a payable of \$201,229 for the outstanding amount of contributions to VRS required for the year ended June 30, 2021.

Lynchburg City Schools

Plan Descriptions

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools (Continued)

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and School Divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the Schools' General plan were \$21,229 and \$19,925 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the Group Life Insurance Program from the Schools' Teachers' plan were \$282,835 and \$282,867 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the Schools' General plan reported a liability of \$312,482 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Schools' General plan proportion was 0.01936% as compared to 0.01870% at June 30, 2019.

For the year ended June 30, 2021, the Schools' General plan recognized GLI OPEB expense of \$7,383. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,043	\$ 2,807
Net difference between projected and actual earnings on GLI OPEB program investments	9,386	-
Changes in actuarial assumptions	15,628	6,525
Changes in proportion	8,145	22,775
Employer contributions subsequent to the measurement date	21,229	-
Total	<u>\$ 74,431</u>	<u>\$ 32,107</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools (Continued)

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

\$21,229 reported as deferred outflows of resources related to the GLI OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2022	\$ 174
2023	2,825
2024	6,559
2025	8,079
2026	2,922
Thereafter	536

At June 30, 2021, the Schools' Teachers' plan reported a liability of \$4,434,966 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Schools' Teachers' plan proportion was 0.27477% as compared to 0.28067% at June 30, 2019.

For the year ended June 30, 2021, the Schools' Teachers' plan recognized GLI OPEB expense of \$86,562. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 284,462	\$ 39,833
Net difference between projected and actual earnings on GLI OPEB program investments	133,222	-
Changes in actuarial assumptions	221,800	92,605
Changes in proportion	-	344,595
Employer contributions subsequent to the measurement date	282,835	-
Total	<u>\$ 922,319</u>	<u>\$ 477,033</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools (Continued)

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

\$282,835 reported as deferred outflows of resources related to the GLI OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2022	\$ (15,761)
2023	21,861
2024	61,460
2025	85,236
2026	10,335
Thereafter	(680)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation:	
• Locality – General employees	3.50 – 5.35 %
• Teachers	3.50 – 5.95 %
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools (Continued)

Net OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

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

The total GLI OPEB liability is calculated by the VRS actuary, and each plan's fiduciary net position is reported in the VRS financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi-Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected Arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY 2020 actuarial valuations, provide a median return of 6.81%.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Total GLI OPEB Liability – General	<u>\$ 410,783</u>	<u>\$ 312,482</u>	<u>\$ 232,654</u>
Total GLI OPEB Liability – Teachers	<u>\$ 5,830,104</u>	<u>\$ 4,434,966</u>	<u>\$ 3,301,984</u>

Group Life Insurance Program Fiduciary Net Position

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

Payables to the VRS Group Life Insurance OPEB Plan

At June 30, 2021 the Schools' General plan and Teachers plan reported payables of \$4,626 and \$62,885, respectively for the outstanding amount of contributions to VRS required for the year ended June 30, 2021.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools

Summary of Significant Accounting Policies

Teacher Employee Health Insurance Credit Program

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

General Information about the Teacher Employee Health Insurance Credit Program

Plan Description

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

Specific information about the Teacher HIC is available at
<https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to School Divisions by the Virginia General Assembly. Each School Division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Teacher Employee Health Insurance Credit Program from the Schools were \$636,257 and \$644,708 for the years ended June 30, 2021 and June 30, 2020, respectively.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools (Continued)

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

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

For the year ended June 30, 2021, the Schools recognized HIC OPEB expense of \$530,361. Since there was a change in proportionate share between measurement dates, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion.

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

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

\$636,257 reported as deferred outflows of resources related to the HIC OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation:	
• Locality – General employees	3.50 – 5.35 %
• Locality – Teachers	3.50 – 5.95 %
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

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

Net OPEB Liability

The net OPEB liability (NOL) for the HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the HIC Program is as follows (amounts expressed in thousands):

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

The total HIC OPEB liability is calculated by the VRS actuary, and each plan's fiduciary net position is reported in the VRS financial statements. The net HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected Arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools (Continued)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Total HIC OPEB Liability	<u>\$ 9,076,401</u>	<u>\$ 8,108,304</u>	<u>\$ 7,285,491</u>

Health Insurance Credit Program Fiduciary Net Position

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

Payables to the VRS HIC OPEB Plan

At June 30, 2021 the Schools reported a payable of \$58,975 for the outstanding amount of contributions to VRS required for the year ended June 30, 2021.

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

City of Lynchburg

General Information about the Line of Duty Act

Plan Description

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

Benefits Provided

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

City of Lynchburg (Continued)

General Information about the Line of Duty Act (Continued)

Membership

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

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

Total OPEB Liability

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

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, using a Healthcare Trend: 6.00% initially, grading down to 4.25% ultimate. Mortality rates were RPH2014 for Males and Females base year 2000 projected to 2020 with Scale SSA. The Entry Age method is used for accounting/GASB purposes.

Changes in OPEB Liability

Total OPEB Liability	2021
Service Cost	\$ 228,263
Interest	176,727
Changes in assumptions	532,826
Benefit payments	<u>(288,639)</u>
Net Change in Total OPEB Liability	649,177
Total OPEB Liability – Beginning of Year	<u>7,128,543</u>
Total OPEB Liability – End of Year	<u>\$ 7,777,720</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 17. Other Post-Employment Benefits – Line of Duty Act (LODA) (Continued)**City of Lynchburg (Continued)****General Information about the Line of Duty Act (Continued)****Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the plans, calculated using the discount rate of 1.92%, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1.00% Decrease (0.92%)	Current Discount Rate (1.92%)	1.00% Increase (2.92%)
Total OPEB Liability	\$ 9,002,976	\$ 7,777,720	\$ 6,803,006
Net OPEB Liability	<u>\$ 9,002,976</u>	<u>\$ 7,777,720</u>	<u>\$ 6,803,006</u>
Ratio of Plan Net Position to Total OPEB Liability	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the plans, calculated using the healthcare cost trend rate of from 6.00% to an ultimate rate of 4.25%, as well as what each plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1.00% lower or 1.00% higher than the current rate:

	1.00% Decrease (3.25%)	Current Ultimate Trend Rate (4.25%)	1.00% Increase (5.25%)
Total OPEB Liability	\$ 6,727,207	\$ 7,777,720	\$ 9,093,928
Net OPEB Liability	<u>\$ 6,727,207</u>	<u>\$ 7,777,720</u>	<u>\$ 9,093,928</u>
Ratio of Plan Net Position to Total OPEB Liability	0.0%	0.0%	0.0%

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2021

Note 17. Other Post-Employment Benefits – Line of Duty Act (LODA) (Continued)**City of Lynchburg (Continued)****General Information about the Line of Duty Act (Continued)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the City recognized OPEB expense of \$346,880. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,570,772
Change in actuarial assumptions	1,796,535	-
Total	<u>\$ 1,796,535</u>	<u>\$ 2,570,772</u>

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

Year ended June 30	Net Amount of Outflow/(Inflow)
2022	\$ (58,110)
2023	(58,110)
2024	(58,110)
2025	(58,109)
2026	(148,769)
After 2026	(393,029)
Total Amount to be Recognized	<u>\$ (774,237)</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 18. Summary of Other Postemployment Benefit Elements

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

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

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

Note 19. Leases

Lessee:

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

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 20. Risk Management

The Risk Management Programs of the City are as follows:

Workers' Compensation: The City is self-insured for workers' compensation claims. All settled claims are paid through the General Fund and then charged to the Proprietary funds as appropriate. The liability for worker's compensation claims, including an estimate of incurred but not reported claims based on prior experience, to be paid in the next fiscal year and in future years is reflected in the statement of net position. Total claims paid for the year ended June 30, 2021 amounted to \$1,478,398.

General Liability and Other: The City is contingently liable with respect to lawsuits and other claims that arise in the normal course of operations. The City is self-insured for general liability and automobile liability claims and purchases insurance coverage for risks related to property, boiler and machinery, surety bonds, and airport liability. City property is insured up to a limit of approximately \$436 million per occurrence. Other liability policies provide up to \$60,000,000 coverage in the aggregate. Police professional liability and public officials' liability claims with a \$500,000 deductible per claim are covered through a policy with the States Self Insurance Risk Group. Total premiums for purchased coverage for the year ended June 30 were \$839,307. The City has designated a portion of its fund balance in the General Fund to fund future general liability claims. City management believes any incurred but not reported claims at June 30 would be insignificant.

Healthcare: The City's professionally administered self-insurance program provides healthcare coverage for employees and retirees of the City on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the City. Under the program, the City is obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$300,000 per covered individual per contract year. Included in accrued payroll related liabilities for the year ended June 30 were claims payables of \$500,000. Administrative fees, Affordable Care Act fees, and stop loss premiums for the year ended June 30 totaled \$1,062,287.

Changes in aggregate liabilities were as follows:

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 20. Risk Management (Continued)

The Risk Management Programs of the Schools are as follows:

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

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

Healthcare: The Schools' professionally administered self-insurance program provides healthcare coverage for employees and retirees of the Schools on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the Schools. Under the program, the Schools are obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$350,000 per covered individual per contract year. Total claims expense of \$11,668,069 was incurred in the current year, and there were no claims above the per individual limit that would have been covered by the stop loss policy. Administrative fees, affordable care act fees, and stop loss premiums for the current year totaled \$1,151,358. Estimated incurred, but not reported, claims at June 30 based on prior experience totaled \$1,058,126 and have been recorded as a liability by the Schools.

Changes in aggregate liabilities were as follows:

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

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

Certain transactions between the City and Schools are explained here to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements.

1. The Schools can neither levy taxes nor incur debt under Virginia law. Therefore, the City issues debt "on behalf" of the Schools. The debt obligation is recorded as a liability of the City's governmental activities. The proceeds from such debt are recorded in the City's General Fund. Funding in an amount equal to the proceeds is then provided to the Schools to pay for capital expenditures. Unspent funds at year-end are reported as deposits and investments of the City in the School Capital Projects Fund.
2. The City's budgeting process provides funding in the General Fund for Schools debt service payments. GAAP requires that debt issued "on behalf" of the Schools and related debt service payments be reported by the City for financial reporting purposes. Therefore, debt service payments for Schools' bonded debt is reported as part of the City for financial reporting purposes in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. Debt and related debt service for other than bonded debt is reported by the Schools.
3. If all economic resources associated with school activities were reported with the Schools, its total expenses/expenditures would be as follows:

Expenses of Schools – Component Unit (Exhibit 2)	\$ 115,293,810
Principal and other debt service expenses included in City	<u>9,137,422</u>
Total expenses/expenditures for School activities	<u>\$ 124,431,232</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 22. Commitments and Contingencies

Combined Sewer Overflow (CSO):

In 1994, the Virginia Department of Environmental Quality (VDEQ) issued a voluntary Consent Special Order to the City to address its combined sewers. That Consent Special Order required the City to implement a CSO Long-Term Control Plan and to undertake certain combined sewer management practices designed to minimize CSO discharge until the sewer system was completely separated. The order established a project priority listing for implementation of the CSO control plan.

On July 31, 2015 VDEQ issued a revised Consent Special Order which significantly changed the CSO Long-Term Control Plan. The revised plan includes an alternate list of new projects designed to integrate the CSO program with overarching water quality standards that encompass both CSO and stormwater management impacts. As of June 30, 2021, the revised program has an estimated remaining cost \$50 million.

The new Consent Special Order does not contain a strict compliance schedule for implementing the CSO Long-Term Control Plan, but rather provides for implementation based on criteria reflecting the limits of the City's financial capability. The current Consent Special Order requires the City to meet several specific criteria such as: maintain a sewer operating fund debt coverage ratio within a range of 1.1 to 1.5 computed on a rolling three year average; ensure sewer fund reserves equal no more than 40 percent of the subsequent years' budgeted operating expenditures; and at least every other year adjust sewer rates and fees so that the annual sewer billing for a residential customer equals or exceeds 1.25% of the median household income based on 7 hcf (hundred cubic feet) of use per month. The City has successfully implemented its CSO Long-Term Control Plan since 1994 in accordance with the requirements of its permit and Special Orders of Consent. The City is also required by the current Special Order of Consent to submit an annual report by December 10 of each year to VDEQ on its compliance with the order and its progress with the CSO Long-Term Control Plan implementation. The report includes a review of the required financial targets by an independent consultant.

Grant Programs:

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as to being appropriate expenditures under terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, related to such audits would not be material to the financial position of the City at June 30, 2021.

Arbitrage:

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

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 22. Commitments and Contingencies (Continued)

Encumbrance Commitments:

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

MAJOR FUNDS

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

NONMAJOR FUNDS

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

TOTAL ENCUMBRANCES	\$ 27,618,663
---------------------------	----------------------

Construction Commitments:

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

Note 23. Tax Abatements

The City provides tax abatements through Economic Development for two grants. The grants are provided to local developers through the Lynchburg Economic Development Authority (LEDA). To qualify for the grant, local developers must complete projects that promote economic development within the City. The projects must generate additional tax revenue; as well as create new jobs, and services that will benefit the City. Performance agreements between the City, the developer, and LEDA are approved by City Council. Local taxes collected from the businesses located in these developments are used to fund the grants. The applicable taxes include real estate, business personal property, business license, sales and use, meals, and lodging tax. Total taxes abated for the two grants during FY2021 were \$297,467.

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 23. Tax Abatements (Continued)

The City has real estate tax abatement agreements with individuals and businesses who have renovated property within City limits in accordance with the City Code. The abatement is available for an existing residential structure, which is no less than fifty years of age, and which has been improved as to increase the assessed value of the structure by no less than forty percent. For multifamily (five units or more), commercial, or industrial real estate; the abatement is for a substantially rehabilitated or renovated structure which is no less than twenty-five years of age, and which has been so improved as to increase the assessed value of the structure by no less than sixty percent. The tax exemption is effective for a period of ten years for any completed approved rehabilitation/renovation during the preceding fiscal year. Currently, the total active real estate rehabilitation credits are \$125,982,901 on a total of 331 parcels equating to \$1,398,410 in real estate tax.

Note 24. Adoption of New Standard and Prior Period Restatement

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

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

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 25. COVID-19 Impact

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

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

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

Note 26. New Accounting Standards

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

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

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

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

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

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 26. New Accounting Standards (Continued)

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

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

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

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

Required Supplementary Information

Primary Government

Schedule of Changes in Net Pension Liability and Related Ratios

For the Year Ended June 30, 2021

	Plan Year						
	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost	\$ 6,203,323	\$ 6,349,597	\$ 6,346,042	\$ 6,432,589	\$ 6,654,862	\$ 6,625,713	\$ 6,986,017
Interest on total pension liability	22,279,728	22,979,376	23,599,711	24,063,948	24,449,704	25,140,219	25,463,242
Difference between expected and actual experience	-	(1,322,839)	(3,091,281)	(5,899,588)	120,722	(2,629,680)	(1,859,042)
Changes in assumptions	-	-	-	2,149,134	-	10,427,997	-
Benefit payments, including refunds of employee contributions	(18,346,084)	(18,630,099)	(19,658,299)	(20,786,742)	(21,683,819)	(21,037,746)	(21,916,092)
Net change in total pension liability	10,136,967	9,376,035	7,196,173	5,959,341	9,541,469	18,526,503	8,674,132
Total pension liability - beginning	<u>327,454,876</u>	<u>337,591,843</u>	<u>346,967,878</u>	<u>354,164,051</u>	<u>360,123,392</u>	<u>369,664,861</u>	<u>388,191,364</u>
Total pension liability - ending	<u>337,591,843</u>	<u>346,967,878</u>	<u>354,164,051</u>	<u>360,123,392</u>	<u>369,664,861</u>	<u>388,191,364</u>	<u>396,865,496</u>
Plan Fiduciary Net Position							
Contributions - employer	10,482,447	10,640,498	10,888,855	9,920,997	10,083,118	10,150,416	10,510,166
Contributions - employee	2,545,602	2,623,103	2,647,107	2,766,837	2,676,472	2,655,886	2,783,330
Net investment income	32,917,551	10,830,296	4,079,524	28,939,509	19,156,055	17,849,423	5,343,056
Benefit payments, including refunds of employee contributions	(18,346,084)	(18,630,099)	(19,658,299)	(20,786,742)	(21,683,819)	(21,037,746)	(21,916,092)
Administrative expenses	(180,075)	(151,038)	(152,831)	(171,345)	(169,088)	(180,734)	(184,881)
Other	1,737	(2,273)	(1,774)	(25,640)	(16,908)	(11,250)	(7,513)
Net change in plan fiduciary net position	27,421,178	5,310,487	(2,197,418)	20,643,616	10,045,830	9,425,995	(3,471,934)
Plan fiduciary net position - beginning	<u>211,183,720</u>	<u>238,604,898</u>	<u>243,915,385</u>	<u>241,717,967</u>	<u>262,361,583</u>	<u>272,407,413</u>	<u>281,833,408</u>
Plan fiduciary net position - ending	<u>238,604,898</u>	<u>243,915,385</u>	<u>241,717,967</u>	<u>262,361,583</u>	<u>272,407,413</u>	<u>281,833,408</u>	<u>278,361,474</u>
Net pension liability - ending	<u>\$ 98,986,945</u>	<u>\$ 103,052,493</u>	<u>\$ 112,446,084</u>	<u>\$ 97,761,809</u>	<u>\$ 97,257,448</u>	<u>\$ 106,357,956</u>	<u>\$ 118,504,022</u>
Plan fiduciary net position as a percentage of total pension liability	71%	70%	68%	73%	74%	73%	70%
Covered payroll	<u>\$ 49,759,064</u>	<u>\$ 50,441,350</u>	<u>\$ 51,326,626</u>	<u>\$ 52,930,961</u>	<u>\$ 54,235,867</u>	<u>\$ 54,656,679</u>	<u>\$ 56,091,908</u>
Net pension liability as a percentage of covered payroll	199%	204%	219%	185%	179%	195%	211%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report. This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, only seven years of data is available. Additional years will be included as they become available.

Required Supplementary Information

Schools - Non Professional Employees

Schedule of Changes in Net Pension Liability and Related Ratios

For the Year Ended June 30, 2021

	Plan Year						
	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost	\$ 408,027	\$ 408,652	\$ 390,047	\$ 388,263	\$ 369,905	\$ 363,374	\$ 386,485
Interest on total pension liability	935,168	975,621	1,013,096	1,012,802	1,013,987	1,047,533	1,048,986
Difference between expected and actual experience	-	(47,318)	(601,120)	(438,840)	(45,578)	(326,795)	486,898
Changes in assumptions	-	-	-	(126,476)	-	397,376	-
Benefit payments, including refunds of employee contributions	(736,082)	(794,492)	(808,719)	(803,718)	(833,932)	(884,234)	(927,192)
Net change in total pension liability	607,113	542,463	(6,696)	32,031	504,382	597,254	995,177
Total pension liability - beginning	13,727,582	14,334,695	14,877,158	14,870,462	14,902,493	15,406,875	16,004,129
Total pension liability - ending	14,334,695	14,877,158	14,870,462	14,902,493	15,406,875	16,004,129	16,999,306
Plan Fiduciary Net Position							
Contributions - employer	382,008	327,719	332,290	228,134	229,132	179,891	192,366
Contributions - employee	192,487	183,717	185,375	182,067	183,766	174,448	188,186
Net investment income	1,844,193	609,217	236,379	1,651,561	1,096,860	1,024,271	306,074
Benefit payments, including refunds of employee contributions	(736,082)	(794,492)	(808,719)	(803,718)	(833,932)	(884,234)	(927,192)
Administrative expenses	(9,987)	(8,505)	(8,626)	(9,732)	(9,621)	(10,452)	(10,658)
Other	98	(127)	(101)	(1,460)	(969)	(642)	(357)
Net change in plan fiduciary net position	1,672,717	317,529	(63,402)	1,246,852	665,236	483,282	(251,581)
Plan fiduciary net position - beginning	11,769,997	13,442,714	13,760,243	13,696,841	14,943,693	15,608,929	16,092,211
Plan fiduciary net position - ending	13,442,714	13,760,243	13,696,841	14,943,693	15,608,929	16,092,211	15,840,630
Net pension liability - ending	\$ 891,981	\$ 1,116,915	\$ 1,173,621	\$ (41,200)	\$ (202,054)	\$ (88,082)	\$ 1,158,676
Plan fiduciary net position as a percentage of total pension liability	94%	92%	92%	100%	101%	101%	93%
Covered payroll	\$ 3,851,034	\$ 3,727,782	\$ 3,613,671	\$ 3,593,865	\$ 3,654,690	\$ 3,837,637	\$ 3,971,969
Net pension liability as a percentage of covered payroll	23%	30%	32%	-1%	-6%	-2%	29%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report. This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

Required Supplementary Information
Schedule of Pension Contributions
For the Year Ended June 30, 2021

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2021	\$ 11,088,357	\$ 11,088,357	\$ -	\$ 57,485,897	19.29%
2020	\$ 10,870,219	\$ 10,870,219	\$ -	\$ 56,091,908	19.38%
2019	\$ 10,377,528	\$ 10,377,528	\$ -	\$ 54,656,679	18.99%
2018	\$ 10,288,625	\$ 10,288,625	\$ -	\$ 54,235,867	18.97%
2017	\$ 9,920,997	\$ 9,920,997	\$ -	\$ 52,930,961	18.74%
2016	\$ 10,951,053	\$ 10,951,053	\$ -	\$ 51,326,626	21.34%
2015	\$ 10,728,502	\$ 10,728,502	\$ -	\$ 50,441,350	21.27%
Schools - Nonprofessional Employees					
2021	\$ 211,631	\$ 211,631	\$ -	\$ 4,080,952	5.19%
2020	\$ 192,396	\$ 192,396	\$ -	\$ 3,971,969	4.84%
2019	\$ 179,891	\$ 179,891	\$ -	\$ 3,837,637	4.69%
2018	\$ 229,094	\$ 229,094	\$ -	\$ 3,654,691	6.27%
2017	\$ 235,433	\$ 235,433	\$ -	\$ 3,593,865	6.55%
2016	\$ 340,611	\$ 340,611	\$ -	\$ 3,613,671	9.43%
2015	\$ 330,294	\$ 330,294	\$ -	\$ 3,727,782	8.86%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only seven years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Required Supplementary Information**Schedule of Employer's Share of Net Pension Liability****VRS Teacher Retirement Plan****For the Year Ended June 30, 2021**

School Division	Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	2021	0.64%	\$ 92,940,347	\$ 56,477,224	164.56%	71.47%
	2020	0.65%	\$ 82,501,054	\$ 51,957,981	158.78%	73.51%
	2019	0.69%	\$ 80,732,000	\$ 53,894,780	149.80%	74.81%
	2018	0.71%	\$ 87,249,000	\$ 53,942,322	161.74%	72.92%
	2017	0.73%	\$ 102,102,000	\$ 50,669,701	201.51%	68.28%
	2016	0.71%	\$ 88,962,000	\$ 51,468,623	172.85%	70.68%
	2015	0.70%	\$ 84,602,000	\$ 51,468,623	164.38%	70.88%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only seven years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the School Division's fiscal year.

Required Supplementary Information
Schedule of Pension Contributions
VRS Teacher Retirement Plan
For the Year Ended June 30, 2021

School Division Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 8,629,023	\$ 8,629,023	\$ -	\$ 54,503,957	15.83%
2020	\$ 8,469,585	\$ 8,469,585	\$ -	\$ 56,477,224	15.00%
2019	\$ 8,313,426	\$ 8,313,426	\$ -	\$ 51,957,981	16.00%
2018	\$ 8,869,387	\$ 8,869,387	\$ -	\$ 53,894,780	16.46%
2017	\$ 8,261,471	\$ 8,261,471	\$ -	\$ 53,942,322	15.32%
2016	\$ 7,972,259	\$ 7,972,259	\$ -	\$ 50,669,701	15.73%
2015	\$ 7,458,200	\$ 7,458,200	\$ -	\$ 51,468,623	14.49%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only seven years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the school division's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Required Supplementary Information

Primary Government

Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios

For the Year Ended June 30, 2021

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

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

Required Supplementary Information

Lynchburg City Schools

Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios

For the Year Ended June 30, 2021

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Total OPEB Liability				
Service cost	\$ 629,101	\$ 523,630	\$ 858,868	\$ 956,878
Interest on OPEB liability	271,525	253,909	424,127	437,213
Difference between expected and actual experience	(2,319,827)	3,458,793	-	(4,301,568)
Changes in assumptions	(638,060)	(310,331)	439,283	323,568
Benefit payments, including refunds of member contributions	(175,271)	(368,838)	(419,802)	(155,894)
Net change in total OPEB liability	(2,232,532)	3,557,163	1,302,476	(2,739,803)
Total OPEB liability - beginning	8,985,748	6,753,216	10,310,379	11,612,855
Total OPEB liability - ending	6,753,216	10,310,379	11,612,855	8,873,052
Covered employee payroll	<u>\$ 61,142,865</u>	<u>\$ 61,045,540</u>	<u>\$ 61,045,540</u>	<u>\$ 66,302,035</u>
Net OPEB liability as a percentage of covered employee payroll	<u>11.0%</u>	<u>16.9%</u>	<u>19.0%</u>	<u>13.4%</u>

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

Required Supplementary Information

Primary Government

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

For the Year Ended June 30, 2021

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Total OPEB Liability				
Service cost	\$ 163,599	\$ 168,507	\$ 173,562	\$ 228,263
Interest on OPEB liability	287,149	294,269	281,173	176,727
Difference between expected and actual experience	-	-	(3,213,464)	-
Changes in assumptions	-	634,614	1,192,943	532,826
Benefit payments, including refunds of member contributions	(250,836)	(267,213)	(228,753)	(288,639)
Net change in total OPEB liability	199,912	830,177	(1,794,539)	649,177
Total OPEB liability - beginning	<u>7,892,993</u>	<u>8,092,905</u>	<u>8,923,082</u>	<u>7,128,543</u>
Total OPEB liability - ending	<u>\$ 8,092,905</u>	<u>\$ 8,923,082</u>	<u>\$ 7,128,543</u>	<u>\$ 7,777,720</u>
Covered employee payroll	<u>\$ 18,941,025</u>	<u>\$ 21,770,826</u>	<u>\$ 20,775,959</u>	<u>\$ 21,101,725</u>
Net OPEB liability as a percentage of covered employee payroll	<u>42.7%</u>	<u>41.0%</u>	<u>34.3%</u>	<u>36.9%</u>

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

Required Supplementary Information
Schedule of OPEB Contributions Group Life Insurance
For the Year Ended June 30, 2021

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2021	\$ 303,246	\$ 303,246	\$ -	\$ 57,485,897	0.53%
2020	\$ 303,560	\$ 303,560	\$ -	\$ 56,091,908	0.54%
2019	\$ 290,819	\$ 290,819	\$ -	\$ 54,656,679	0.53%
2018	\$ 279,734	\$ 279,734	\$ -	\$ 54,235,867	0.52%

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

Required Supplementary Information**Schedule of OPEB Contributions Group Life Insurance - Schools General Employees****For the Year Ended June 30, 2021**

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Schools General Employees					
2021	\$ 21,949	\$ 21,949	\$ -	\$ 4,094,871	0.54%
2020	\$ 20,871	\$ 20,871	\$ -	\$ 3,666,419	0.57%
2019	\$ 19,912	\$ 19,912	\$ -	\$ 3,983,065	0.50%
2018	\$ 20,062	\$ 20,062	\$ -	\$ 3,617,185	0.55%

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

Required Supplementary Information**Schedule of OPEB Contributions Group Life Insurance - School Teachers****For the Year Ended June 30, 2021**

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Schools Teachers					
2021	\$ 292,433	\$ 292,433	\$ -	\$ 54,558,390	0.54%
2020	\$ 296,299	\$ 296,299	\$ -	\$ 54,925,031	0.54%
2019	\$ 288,302	\$ 288,302	\$ -	\$ 55,019,401	0.52%
2018	\$ 293,909	\$ 293,909	\$ -	\$ 52,992,834	0.55%

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

Required Supplementary Information**Schedule of OPEB Contributions for Health Insurance Credit - School Teachers****For the Year Ended June 30, 2021**

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
School Teachers					
2021	\$ 654,498	\$ 654,498	\$ -	\$ 54,503,956	1.20%
2020	\$ 677,727	\$ 677,727	\$ -	\$ 55,019,401	1.23%
2019	\$ 659,100	\$ 659,100	\$ -	\$ 54,925,031	1.20%
2018	\$ 688,326	\$ 688,326	\$ -	\$ 53,104,064	1.30%

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

Required Supplementary Information**Schedule of Employer's Share of Net OPEB Liability - Group Life Insurance****City of Lynchburg****For the Year Ended June 30, 2021**

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

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only four years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

Required Supplementary Information**Schedule of Employer's Share of Net OPEB Liability Group Life Insurance - Schools General Employees****Lynchburg City Schools****For the Year Ended June 30, 2021**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	Fiduciary Net Position as a Percentage of the Total OPEB Liability
Schools General Employees					
2021	0.01936%	\$ 323,086	\$ 3,666,419	8.81%	52.64%
2020	0.01870%	\$ 304,000	\$ 3,983,065	7.63%	52.00%
2019	0.02014%	\$ 306,000	\$ 3,617,185	8.46%	51.22%
2018	0.02039%	\$ 307,000	\$ 3,617,185	8.49%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only four years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

Required Supplementary Information**Schedule of Employer's Share of Net OPEB Liability Group Life Insurance - School Teachers****Lynchburg City Schools****For the Year Ended June 30, 2021**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
School Teachers					
2021	0.27477%	\$ 4,585,461	\$ 54,925,031	8.35%	52.64%
2020	0.29000%	\$ 4,567,000	\$ 55,019,401	8.30%	52.00%
2019	0.29500%	\$ 4,481,000	\$ 52,992,834	8.46%	51.22%
2018	0.30644%	\$ 4,612,000	\$ 52,992,834	8.70%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only four years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

Required Supplementary Information**Schedule of Employer's Share of Net OPEB Liability Health Insurance Credit - School Teachers****Lynchburg City Schools****For the Year Ended June 30, 2021**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	Fiduciary Net Position as a Percentage of the Total OPEB Liability
School Teachers					
2021	0.64426%	\$ 8,404,478	\$ 55,019,401	15.28%	9.95%
2020	0.65486%	\$ 8,573,000	\$ 54,925,031	15.61%	8.97%
2019	0.69210%	\$ 8,787,000	\$ 53,104,064	16.55%	8.08%
2018	0.71414%	\$ 9,060,000	\$ 53,104,064	17.06%	7.04%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only four years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

CITY OF LYNCHBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service through 9 years of service
- Lowered rates of disability retirement
- No changes to salary rates
- Increased Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

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

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

Note 2. Changes of Assumptions (Continued)

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

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

Teacher cost-sharing pool

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

OTHER SUPPLEMENTAL INFORMATION

CITY OF LYNCHBURG, VIRGINIA

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

Nonmajor Governmental Funds:

Nonmajor governmental funds consist of special revenue funds.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Funds in this category include:

- City Federal/State Aid Fund – Accounts for various federal and state grants for such purposes as building projects, certain social service and community development programs, and public safety.
- Community Development Block Grant Fund – Accounts for revenues from the Department of Housing and Urban Development which are used for various development projects.
- Lynchburg Business Development Centre Fund – Accounts for revenues received to support a local business incubator and for monies received from the Economic Development Administration for a revolving loan fund and certain other economic development assistance.
- Lynchburg Regional Juvenile Detention Center Fund – Accounts for revenues received and expenditures made to support the operations of the City's Juvenile Detention Home.
- Forfeited Assets Fund – Accounts for revenues received from the sale of confiscated assets which are related to illegal drug sales and are used for law enforcement expenditures.
- Lynchburg Expressway Appearance Fund – Accounts for the revenues and expenditures associated with beautification of the Lynchburg Expressway Area.
- Children's Services Act Fund – Accounts for revenues received and expenditures made to support the Children's Services Act for At-Risk Youth and Families adopted by the Virginia General Assembly.
- HOME Investment Partnerships Program Fund – Accounts for revenues received from the Department of Housing and Urban Development for support of affordable housing needs in the City.

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

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

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Lynchburg Regional Juvenile Detention Center Fund
For the Year Ended June 30, 2021

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

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

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

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

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

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

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

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

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

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

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

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$3,034,828) exceeded depreciation expense (\$1,579,352).	1,455,476
Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense.	
Employer pension contributions	8,535,652
Pension expense	(9,126,740)
Governmental funds report other postemployment benefit contributions as expenditures. However, in the Statement of Activities the cost of these benefits earned net of employee contributions is reported as other postemployment benefit expense.	
Employer other postemployment contributions	1,183,573
Other postemployment expense	(1,718,346)
Compensated absences are not due and payable at June 30, and therefore are not reported in the fund statements.	16,040
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	353,090
Change in net position of governmental activities.	<u>\$ 1,273,610</u>

Discretely Presented Component Unit - Lynchburg City Schools
School Operating Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

THIS PAGE INTENTIONALLY BLANK

SUPPLEMENTAL SCHEDULES

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

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

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

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

CITY OF LYNCHBURG, VIRGINIA

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

Federal Granting Agency/ Recipient State Agency/ Grant Program	Assistance Listing Number (ALN)	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total Cluster	Total By ALN
Primary Government (Continued)						
Department of Justice						
Direct Payments:						
Office of Violence Against Women - Improving Criminal Responses Program	16.590	2016-WE-AX-0020		\$ 78,200		\$ 78,200
Bulletproof Vest Partnership 2020	16.607	2020-BUBX-1608-2768		32,322		32,322
Edward Byrne Memorial Justice Assistance Grant Program - Equipment 2021	16.738	2020-DJ-BX-0288		32,130		32,130
Federal Asset Forfeiture	16.922			14,612		14,612
COVID-19 - Coronavirus Emergency Funding BJA-OJP 2020	16.034	2020-VD-BX-0095		35,350		35,350
Passed through Commonwealth of Virginia:						
Department of Criminal Justice Services:						
Victim-Witness Services	16.575	20-X9267VW18		275,547		275,547
Violence Against Women Formula Grant	16.588	20-K141VA19		32,566		
Violence Against Women Formula Grant	16.588	21-L141VA20		45,959		78,525
Total Department of Justice						\$ 546,686
Department of Labor						
Passed through Commonwealth of Virginia:						
Virginia Community College System (VCCS):						
WIOA Cluster						
WIA Adult Program	17.258	AA-33260-19-55-A-51	\$ 185,511	185,511		
WIA Adult Program	17.258	AA-34799-20-55-A-51	267,798	267,798		\$ 453,309
WIA Youth Activities	17.259	AA-33260-19-55-A-51	104,987	104,987		
WIA Youth Activities	17.259	AA-34799-20-55-A-51	354,961	354,961		459,948
WIA Dislocated Workers – CARES	17.278	AA-33260-19-55-A-51	2,026	2,026		
WIA Dislocated Workers	17.278	AA-33260-19-55-A-51	215,641	215,641		
WIA Dislocated Workers	17.278	AA-34799-20-55-A-51	112,000	112,000		
WIA Dislocated Workers	17.278	AA-33183-18-55-A-51	67,407	67,407		397,074
Total WIOA Cluster					\$ 1,310,331	
Total Department of Labor						\$ 1,310,331

CITY OF LYNCHBURG, VIRGINIA

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

Federal Granting Agency/ Recipient State Agency/ Grant Program	Assistance Listing Number (ALN)	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total Cluster	Total By ALN
Primary Government (Continued)						
Department of Homeland Security						
Direct Payments:						
Transportation Security Administration:						
Airport LEO Cooperative Agreement	97.090	HSTS02-16-H-SLR753		\$ 87,320		\$ 87,320
Total Department of Homeland Security						\$ 87,320
Department of Transportation						
Passed through Commonwealth of Virginia:						
Highway Planning and Construction Cluster						
Virginia Department of Transportation						
Highway Planning and Construction						
Graves Mill Road Adaptive Signal System	20.205	HSIP-118-295		\$ 42,243		\$ 42,243
Kemper Street Bike and Pedestrian Improvements	20.205	HSIP-118-280		63,830		63,830
Transportation Alternative Program (TAP)						
Linkhorne Road Trail Extension	20.205	17045-EN17-118-282		471,032		471,032
Total Highway Planning and Construction Cluster					\$ 577,105	
Passed through Commonwealth of Virginia:						
Highway Safety Cluster						
DMV Selective Enforcement - Alcohol FY20	20.607	AL-2020-50031-20031		8,860		8,860
DMV Selective Enforcement - Alcohol FY21	20.607	AL-2021-51104-21104		15,553		15,553
DMV Selective Enforcement - Speed FY20	20.600	SC-2020-50046-20046		2,120		2,120
DMV Selective Enforcement - Speed FY21	20.600	SC-2021-51106-21106		12,320		12,320
Total Highway Safety Cluster					\$ 38,853	
Total Department of Transportation						\$ 615,958
Department of the Treasury						
Passed through Commonwealth of Virginia:						
COVID-19 - Coronavirus Relief Fund	21.019			\$ 13,564,059		\$ 13,564,059
COVID-19 - Coronavirus Relief Fund – Municipal Utility Relief Program	21.019			189,317		189,317
Total Department of Treasury						\$ 13,753,376
Environmental Protection Agency						
Passed through Commonwealth of Virginia:						
Clean Water State Revolving Fund Cluster						
Virginia Resources Authority:						
Revolving Loan	66.458	972		\$ 13,942,267		\$ 13,942,267
Total Clean Water State Revolving Fund Cluster					\$ 13,942,267	
Total Environmental Protection Agency						\$ 13,942,267

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

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

CITY OF LYNCHBURG, VIRGINIA

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

Federal Granting Agency/ Recipient State Agency/ Grant Program	Assistance Listing Number (ALN)	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total Cluster	Total By ALN
<u>Component Unit - Lynchburg Schools</u>						
Department of Agriculture						
Passed through Commonwealth of Virginia:						
Department of Education:						
Child Nutrition Cluster						
COVID-19 - National School Lunch Program	10.555			\$ 26,181		\$ 26,181
COVID-19 - National School Breakfast Program	10.553			16,467		16,467
Summer Food Service Program	10.559			2,568,438		
COVID-19 - Summer Food Service Program	10.559			642,202		3,210,640
CACFP	10.558			520,377		
COVID-19 - CACFP	10.558			192,573		712,950
Total Child Nutrition Cluster (10.553, 10.555, 10.559)					\$ 3,454,167	
Total Department of Agriculture						\$ 3,966,238
Department of Education						
Passed through Commonwealth of Virginia:						
Title I - Part A - Improving Basic Programs	84.010	S010A180046		\$ 11,688		
Title I - Part A - Improving Basic Programs	84.010	S010A190046		631,102		
Title I - Part A - Improving Basic Programs	84.010	S010A200046		2,666,100		
Title I - Part A - School Improvement	84.010	S010A180046		276,244		\$ 3,585,134
Title I - Part D - Neglected or Delinquent	84.013	S010A190046		13,893		
Title I - Neglected and Delinquent Children	84.013	S013A180046		3,129		
Title I - Neglected and Delinquent Children	84.013	S013A190046		606		17,628

CITY OF LYNCHBURG, VIRGINIA

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

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

CITY OF LYNCHBURG, VIRGINIA

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

Federal Granting Agency/ Recipient State Agency/ Grant Program	Assistance Listing Number (ALN)	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total Cluster	Total By ALN
		Donated Food Received				
Primary Government						
Department of Agriculture						
Passed through Commonwealth of Virginia:						
Department of Social Services:						
Child Nutrition Cluster - Juvenile Detention Home (Commodities)	10.555	16161VA347N2535		\$ 2,889		
Component Unit - Lynchburg Schools						
Department of Agriculture						
Passed through Commonwealth of Virginia:						
Department of Education:						
Child Nutrition Cluster - National School Lunch Program (Commodities)	10.555	16161VA347N2535		151,533		\$ 154,422
TOTAL				\$ 154,422		\$ 154,422

CITY OF LYNCHBURG, VIRGINIA

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

Note 1. Significant Accounting Policy

Basis of Accounting:

The accompanying schedule of federal awards is prepared on the modified accrual basis of accounting.

Note 2. Business Development Centre, Inc. – Revolving Loan Fund

The Centre administers the Economic Development Administration Special Economic Adjustment Assistance Revolving Loan Fund Program ALN 11.307 (01-49-03245) on behalf of the City of Lynchburg. Loans under this program are subject to various restrictions as determined by the Economic Development Administration.

The Centre received the funds indicated as follows through the fiscal year ended June 30, 1998. No funds have been received since that date.

	Federal	State	Local
Amount received through June 30, 1993	\$ 45,000	\$ -	\$ 24,000
Amount received through June 30, 1994	127,836	-	33,612
Amount received through June 30, 1995	44,027	-	14,676
Amount received through June 30, 1996	108,201	-	36,067
Bad debt charge off for the year ended June 30, 1996	(3,005)	-	(1,002)
Amount received through June 30, 1997	10,268	-	3,423
Recapitalized from earnings for the year ended June 30, 1997	3,005	-	1,002
Amount received through June 30, 1998	159,668	40,000	13,222
	<u>\$ 495,000</u>	<u>\$ 40,000</u>	<u>\$ 125,000</u>

Note 3. Non-monetary Assistance

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

Note 4. Indirect Costs

The City has elected to use the de minimis 10% cost rate for certain grants.

CITY OF LYNCHBURG, VIRGINIA

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

Note 5. Subgrantees

The federal expenditures for the Community Development Block Grant, the Home Investment Trust, and the Workforce Investment Act Cluster programs include grants to subrecipients as follows:

Subrecipient	Community Development Block Grant	HOME Investment Partnerships Program	Workforce Investment Act Cluster
Coronavirus Relief Supplement	\$ 271,765	\$ -	\$ -
Habitat for Humanity	-	98,392	-
Lynchburg Community Action Group	-	24,280	-
Lynchburg Redevelopment & Housing Authority	126,044	96,922	-
Region 2000 Local Government Council	-	-	1,310,331
	<u>\$ 397,809</u>	<u>\$ 219,594</u>	<u>\$ 1,310,331</u>

Note 6. Program Income

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

Note 7. Virginia Revolving Loan Fund (ALN 66.458)

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

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

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

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

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

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

THIS PAGE INTENTIONALLY BLANK

STATISTICAL SECTION

STATISTICAL SECTION

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

CONTENTS

Pages

MISCELLANEOUS STATISTICAL DATA

This section provides additional information about the City, form of government, taxable subjects for local taxation, City's Fund Balance, Debt Management, Budget, and Investment policies. 157-162

FINANCIAL TRENDS

Tables 1-11 contain trend information to help the reader understand how the City's financial performance and well-being have changed over the time. 163-175

REVENUE CAPACITY

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

DEBT CAPACITY

Tables 20-24 present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 184-188

DEMOGRAPHIC AND ECONOMIC INDICATORS

Tables 25-26 offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 189-190

OPERATING INFORMATION

Tables 27-30 contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs. 191-194

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

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

DATE OF INCORPORATION

Lynchburg was founded by John Lynch in 1757, established as a town in October 1786, incorporated as a town on January 10, 1805 and received independent city status in 1852.

AREA OF CITY

The area of the City consists of 50.107 square miles.

POPULATION

United States Census 2014 (1).....	77,874
United States Census 2015 (1).....	78,675
United States Census 2016 (1).....	79,531
United States Census 2017 (1).....	80,380
United States Census 2018 (1).....	81,339
United States Census 2019 (1).....	80,783
United States Census 2020 (1).....	81,266

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

FORM OF GOVERNMENT

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

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

SEGREGATION OF TAXABLE SUBJECTS FOR LOCAL TAXATION ONLY

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

ASSESSMENTS

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

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

CITY OF LYNCHBURG, VIRGINIA

MISCELLANEOUS STATISTICAL DATA

June 30, 2021

(Continued)

TAX RATES

The Commissioner of Revenue, as required by the *Code of Virginia*, assesses tangible personal property and machinery and tools. The City prorates personal property on a monthly basis.

Real Property:

- \$1.11 per \$100 assessed value: 2013-2021
- \$1.05 per \$100 assessed value: 2008-2012
- \$1.11 per \$100 assessed value: 1998-2007
- \$1.13 per \$100 assessed value: 1997
- \$1.16 per \$100 assessed value: 1995-1996
- \$1.18 per \$100 assessed value: 1990-1994

Tangible Personal Property:

- \$3.80 per \$100 assessed value: 2005-2021
- \$3.30 per \$100 assessed value: 1990-2004

Machinery and Tools:

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

Local Sales Tax:

- 1% + 4.3% VA tax: 2014-2021
- 1% + 4.0% VA tax: 2005-2013
- 1% + 3.5% VA tax: 1998-2004

Utility Consumers' Tax:

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

Business, Professional, and Occupational License:

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

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

- If gross receipts/purchases are greater than \$150,000 the following schedule is utilized:
 - Retail merchants – \$0.20 per \$100 of gross receipts
 - Contractors – \$0.16 per \$100 of gross receipts
 - Business/personal service – \$0.36 per \$100 of gross receipts
 - Professional service – \$0.58 per \$100 of gross receipts
 - Wholesale merchants – \$20.00 plus \$0.28 per \$100 of gross purchases
- Effective January 1, 2017 the City of Lynchburg will no longer issue a Business License for any business with gross receipts / purchases of \$10,000 or less.

(Continued)

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

TAX RATES
(Continued)

Motor Vehicle License:

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

Tobacco Tax:

- \$0.35 on pack of twenty cigarettes: 2004-2021
- \$0.15 on pack of twenty cigarettes: 1990-2003

Lodging Tax:

- A tax of 6.5% of the charge made for each room rented per night. In FY 2018, Lynchburg changed the lodging tax from 5.5% to 6.5% plus \$1 per room per night.

Meals Tax:

- A tax of 6.5% on prepared meals sold in the City in addition to Sales Tax. In FY 2005, Lynchburg changed the meals tax from 6.0% to 6.5%.

Ambulance Services:

- Basic Life Services
 - Non-emergency transport fee - \$350
 - Emergency transport fee - \$500
- Advanced Life Support
 - Non-emergency transport fee - \$600
 - Emergency transport fee - \$425
 - Emergency transport fee if three or more different medications combined with at least one Advanced Life Support procedure are administered- \$850
- A fee of \$12/mile is charged for each mile that the patient is transported
- A fee of \$100 is charged when the patient is evaluated and treated by emergency medical services personnel when no transport occurs.

TAXES DUE

Real estate taxes are levied as of the first day of July each year. Supplemental real estate taxes are levied throughout the year to reflect construction in progress during the fiscal year. Real estate taxes are payable in four quarterly installments on November 15, January 15, March 15, and May 15. If paid thereafter, a 10% penalty and interest at the rate of 10% per annum is added.

Personal property taxes are payable in two equal installments on June 5 and December 5. Supplemental billings for personal property acquisitions are due March 5 and September 5.

DELINQUENT TAXES

Real estate and personal property taxes are reported delinquent the day after the due date. Therefore, the day after each installment due date, if the taxes are unpaid, they are considered delinquent.

CITY OF LYNCHBURG, VIRGINIA

MISCELLANEOUS STATISTICAL DATA

June 30, 2021

(Continued)

OVERLAPPING AREAS AND DEBT

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

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

FUND BALANCE POLICY

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

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

Enterprise Funds:

- **Water Fund:** Minimum ending fund balance shall not be less than 25% of total fund appropriations with a target balance of 40% of total fund appropriations. In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years.
- **Sewer Fund:** In accordance with the Virginia Department of Environmental Quality Special Order, the City shall annually adjust sewer system reserve funds to no more than 40% of the subsequent fiscal years’ budgeted operating expenses and debt service. Minimum ending fund balance shall not be less than 25% of total fund appropriations. In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years.
- **Stormwater Fund:** Minimum ending fund balance shall not be less than 15% of total fund appropriations with a target balance of 20% of total fund appropriations. In the event the ending fund balance falls below the minimum of 15% of total fund appropriations, the City shall restore the fund balance to the minimum of 15% within three years.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

MISCELLANEOUS STATISTICAL DATA

June 30, 2021

(Continued)

DEBT MANAGEMENT POLICY

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

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

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

BUDGET POLICY

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

Principles

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

QUARTERLY FINANCIAL REPORTING

The City Manager will present to the City Council's Finance Committee (with copies to the remainder of Council) quarterly financial reports identifying meaningful trends in revenues and expenditures for the General, Water, Stormwater and Sewer, Airport, Children's Services Act, Lynchburg Regional Juvenile Detention Center and Greater Lynchburg Transit Company Funds.

Third Quarter Review

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

(Continued)

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

INVESTMENT POLICY

The City council adopted an investment policy on September 25, 2001, which was revised in 2008, reaffirmed in 2010, revised in 2013, reaffirmed in 2016, and reaffirmed in 2019, establishing specific requirements or limitations imposed upon the investment of Bond Proceeds, Debt Service Funds and Debt Service Reserve Funds. It is the policy of the City of Lynchburg that the investment and administration of its funds be made in accordance with the Code of Virginia Investment of Public Funds Act, the applicable provisions of any outstanding bond indebtedness, and this policy. It is the intent of the City to be in complete compliance with all applicable federal, state and local laws, and other regulations and statutes governing the investment of public funds. Within those parameters, the goal of this policy is to achieve the highest rate of return that is reasonable. The City will establish an Investment Committee consisting of the City Manager, Deputy City Manager, and Director of Financial Services. This Committee will provide broad policy oversight over investments. This policy will be reviewed on an annual basis. Any changes must be approved by the Investment Committee and be reaffirmed by City Council.

**NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 166,830,517	\$ 175,165,215	\$ 183,957,611	\$ 192,860,159	\$ 210,809,815	\$ 215,193,933	\$ 233,197,296	\$ 236,283,981	\$ 235,958,968	\$ 241,380,873
Restricted	18,760,659	16,805,325	15,935,153	9,483,640	4,879,215	2,743,988	2,929,713	3,540,436	3,232,537	3,497,836
Unrestricted	71,824,701	73,963,009	69,801,835	(20,298,752)	(26,991,866)	(29,668,951)	(119,179,431)	(106,684,248)	(91,350,597)	(71,751,034)
Total governmental activities net position	<u>\$ 257,415,877</u>	<u>\$ 265,933,549</u>	<u>\$ 269,694,599</u>	<u>\$ 182,045,047</u>	<u>\$ 188,697,164</u>	<u>\$ 188,268,970</u>	<u>\$ 116,947,578</u>	<u>\$ 133,140,169</u>	<u>\$ 147,840,908</u>	<u>\$ 173,127,675</u>
Business-type activities										
Net investment in capital assets	\$ 182,791,158	\$ 189,456,676	\$ 196,909,298	\$ 205,192,151	\$ 209,526,622	\$ 218,449,553	\$ 224,892,828	\$ 235,078,795	\$ 250,754,162	\$ 250,988,554
Restricted	119,534	25,193	8,433	7,231	3,478	108,833	46,465	3,621	53,350	53,539
Unrestricted	19,388,092	19,764,741	20,968,416	10,828,849	16,266,676	16,867,521	7,589,878	12,507,989	12,477,023	22,052,865
Total business-type activities net position	<u>\$ 202,298,784</u>	<u>\$ 209,246,610</u>	<u>\$ 217,886,147</u>	<u>\$ 216,028,231</u>	<u>\$ 225,796,776</u>	<u>\$ 235,425,907</u>	<u>\$ 232,529,171</u>	<u>\$ 247,590,405</u>	<u>\$ 263,284,535</u>	<u>\$ 273,094,958</u>
Primary government										
Net investment in capital assets	\$ 349,621,675	\$ 364,621,891	\$ 380,866,909	\$ 398,052,310	\$ 420,336,437	\$ 433,643,486	\$ 458,090,124	\$ 471,362,776	\$ 486,713,130	\$ 492,369,427
Restricted	18,880,193	16,830,518	15,943,586	9,490,871	4,882,693	2,852,821	2,976,178	3,544,057	3,285,887	3,551,375
Unrestricted	91,212,793	93,727,750	90,770,251	(9,469,903)	(10,725,190)	(12,801,430)	(111,589,553)	(94,176,259)	(78,873,574)	(49,698,169)
Total primary government net position	<u>\$ 459,714,661</u>	<u>\$ 475,180,159</u>	<u>\$ 487,580,746</u>	<u>\$ 398,073,278</u>	<u>\$ 414,493,940</u>	<u>\$ 423,694,877</u>	<u>\$ 349,476,749</u>	<u>\$ 380,730,574</u>	<u>\$ 411,125,443</u>	<u>\$ 446,222,633</u>

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

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

CITY OF LYNCHBURG, VIRGINIA

TABLE 2

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

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

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

(Continued)

TABLE 2
(Continued)

CITY OF LYNCHBURG, VIRGINIA

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

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

(Continued)

TABLE 2
(Continued)

CITY OF LYNCHBURG, VIRGINIA

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

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

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

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

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

TABLE 4

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,401,700	\$ 14,093,629	\$ -	\$ -
Committed	13,992,915	14,610,825	15,237,982	14,803,075	12,139,666	13,970,703	12,739,188	15,920,227	16,944,527	14,606,255
Assigned	5,574,299	3,128,072	5,029,549	6,118,051	5,232,752	3,838,602	8,071,697	9,083,748	10,054,580	9,693,184
Unassigned	28,835,650	31,675,248	33,878,501	32,089,924	25,589,098	27,147,729	29,197,526	29,364,685	34,579,844	49,771,343
Total General Fund	<u>\$ 48,402,864</u>	<u>\$ 49,414,145</u>	<u>\$ 54,146,032</u>	<u>\$ 53,011,050</u>	<u>\$ 42,961,516</u>	<u>\$ 44,957,034</u>	<u>\$ 64,410,111</u>	<u>\$ 68,462,289</u>	<u>\$ 61,578,951</u>	<u>\$ 74,070,782</u>
All Other Governmental Funds										
Nonspendable	\$ 500,000	\$ 450,000	\$ 400,000	\$ 350,000	\$ 300,000	\$ 250,000	\$ 200,000	\$ -	\$ -	\$ -
Restricted	18,760,659	16,805,325	15,935,152	9,483,641	4,879,215	2,743,988	2,929,713	3,540,436	3,232,537	3,497,836
Committed	21,518,899	17,761,570	13,852,139	68,602,388	52,840,854	33,170,926	21,141,975	17,551,255	44,853,501	35,302,180
Assigned	126,818	100,000	100,012	100,012	100,012	100,012	100,012	122,328	-	-
Unassigned	(257,944)	(257,945)	-	(50,067)	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 40,648,432</u>	<u>\$ 34,858,950</u>	<u>\$ 30,287,303</u>	<u>\$ 78,485,974</u>	<u>\$ 58,120,081</u>	<u>\$ 36,264,926</u>	<u>\$ 24,371,700</u>	<u>\$ 21,214,019</u>	<u>\$ 48,086,038</u>	<u>\$ 38,800,016</u>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$116,760,078	\$122,436,720	\$125,237,029	\$127,770,651	\$130,022,195	\$132,895,836	\$134,835,168	\$137,222,286	\$139,065,653	\$144,180,960
Regulatory licenses, permits and privilege fees	916,546	991,098	1,068,270	1,000,222	1,108,694	1,071,926	1,101,285	1,106,893	1,162,650	980,572
Intergovernmental	47,320,286	50,245,714	48,326,225	49,874,673	55,070,162	55,784,306	55,565,967	57,603,524	57,356,173	71,914,607
Fines and forfeitures	721,839	726,438	634,485	637,417	570,242	505,829	406,905	363,010	323,366	319,307
Revenue from use of money and property	749,017	506,030	702,100	820,000	1,051,355	1,243,844	1,496,011	2,296,990	2,003,967	838,458
Charges for services	11,467,834	13,687,367	15,916,305	14,365,457	14,484,302	13,397,141	14,716,870	15,500,824	14,934,876	15,501,347
Miscellaneous	1,828,931	2,863,553	2,516,916	2,807,317	3,033,445	3,317,877	1,808,108	3,636,735	1,300,132	1,323,168
Total revenues	179,764,531	191,456,920	194,401,330	197,275,737	205,340,395	208,216,759	209,930,314	217,730,262	216,146,817	235,058,419
Expenditures										
General government	15,499,218	16,130,210	14,289,462	16,152,572	16,255,049	16,987,863	17,359,357	16,547,404	17,235,539	18,747,740
Judicial	5,790,132	5,767,935	5,758,228	5,717,080	5,654,176	6,042,746	6,201,171	6,326,561	6,295,896	6,491,200
Public Safety	42,427,687	46,421,193	46,660,711	48,818,343	48,233,548	49,659,468	50,284,130	51,881,221	51,550,558	52,351,968
Public Works	17,681,810	19,474,530	22,150,384	18,097,502	19,790,108	20,593,526	20,211,943	21,227,308	20,678,139	18,739,719
Health and human services	24,172,488	25,059,481	25,328,758	27,443,758	28,554,889	28,892,687	28,900,411	28,731,703	31,511,665	31,869,858
Cultural and recreational	7,383,687	7,672,890	7,611,982	8,821,557	8,928,603	9,623,473	8,910,592	9,428,732	9,079,179	9,830,865
Community development	7,734,642	5,072,557	6,519,328	6,681,436	7,623,841	5,995,399	6,385,505	6,578,169	6,413,185	9,040,985
Education	31,830,468	35,590,981	36,856,139	37,562,551	42,897,772	43,216,739	39,017,813	38,318,576	37,423,267	42,161,777
Capital Outlay										
Capital general government (1)	10,688,906	14,864,174	22,238,043	53,408,143	56,618,269	29,017,350	19,728,578	21,053,810	21,721,700	26,541,658
Debt Services										
Principal Retirement	10,119,044	10,103,234	9,689,223	10,296,872	10,134,827	10,972,265	10,678,219	11,719,848	17,285,515	11,258,024
Interest payments and other fiscal charges	5,399,200	4,985,875	4,683,175	7,435,810	7,306,428	7,324,880	7,407,067	7,390,213	6,517,496	6,660,521
Issuance costs	28,450	29,815	204,180	875,409	268,267	-	346,067	-	744,889	118,668
Total expenditures	178,755,732	191,172,875	201,989,613	241,311,033	252,265,777	228,326,396	215,430,853	219,203,545	226,457,028	233,812,983
Excess (deficiency) of revenues over expenditures	1,008,799	284,045	(7,588,283)	(44,035,296)	(46,925,382)	(20,109,637)	(5,500,539)	(1,473,283)	(10,310,211)	1,245,436
Other financing sources (uses)										
Proceeds from debt issues	-	-	-	83,225,000	15,680,000	-	182,562	2,274,450	40,931,365	2,330,131
Premium on debt proceeds	-	-	-	7,792,446	1,505,630	-	-	-	3,691,148	-
Issuance of refunding bonds	-	4,129,625	8,000,638	23,292,975	7,243,402	-	15,221,555	-	-	9,196,740
Premium on refunding debt issuance	-	-	-	-	909,464	-	1,700,762	-	-	2,018,070
Payments to escrow agent	-	(4,129,625)	-	(23,114,836)	(8,065,760)	-	(2,160,352)	-	(13,850,000)	(9,358,669)
Refunded bond principal payments	-	-	-	-	-	-	-	-	-	(1,733,158)
Capital contributions	-	(4,725,916)	-	-	-	-	-	-	-	-
Transfers in	11,057,987	9,560,807	9,978,763	11,606,390	15,442,682	6,456,092	4,746,481	7,642,818	7,345,416	7,465,685
Transfers out	(12,203,385)	(9,897,137)	(10,230,878)	(11,702,990)	(16,205,463)	(6,206,092)	(6,630,618)	(7,549,488)	(7,819,037)	(7,958,426)
Total other financing sources (uses)	(1,145,398)	(5,062,246)	7,748,523	91,098,985	16,509,955	250,000	13,060,390	2,367,780	30,298,892	1,960,373
Net change in fund balances	\$ (136,599)	\$ (4,778,201)	\$ 160,240	\$ 47,063,689	\$ (30,415,427)	\$ (19,859,637)	\$ 7,559,851	\$ 894,497	\$ 19,988,681	\$ 3,205,809
Debt Service as a percentage of noncapital expenditures (2)	9.23%	8.56%	8.00%	9.44%	8.91%	9.18%	9.24%	9.64%	11.63%	8.64%

(1) Beginning with restating FY 2006, and going forward, capital outlay was adjusted to reflect all capital expenditures. The functional categories of current expenditures were adjusted to reflect the reduction for capital expenditures already reported.

(2) The Debt Service ratio has been updated to only include the principal and interest components of debt service expenditures in the ratio.

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes	\$ 116,760,078	\$ 122,436,720	\$ 125,237,029	\$ 127,770,651	\$ 130,022,195	\$ 132,895,836	\$ 134,835,168	\$ 137,222,286	\$ 139,065,653	\$ 144,180,960
Regulatory licenses, permits, and privilege fees	916,546	991,098	1,068,270	1,000,222	1,108,694	1,071,926	1,101,285	1,106,893	1,162,650	980,572
Intergovernmental	35,030,474	33,669,141	34,333,156	34,604,123	36,644,986	37,432,488	36,917,105	37,433,967	38,090,501	38,592,078
Fines & forfeitures	721,839	726,438	634,485	637,417	570,242	505,829	406,905	363,010	323,366	319,307
Revenues from use of money & property	690,069	437,531	640,544	697,756	916,257	1,125,893	1,434,901	2,213,643	1,908,132	753,752
Charges for services	7,676,012	9,949,886	10,555,494	10,750,591	10,356,244	9,938,717	10,743,235	10,970,514	11,168,427	11,334,318
Miscellaneous	871,056	1,097,217	1,150,545	1,154,870	1,234,853	1,050,756	1,380,263	781,049	1,052,246	821,512
Total revenues	162,666,074	169,308,031	173,619,523	176,615,630	180,853,471	184,021,445	186,818,862	190,091,362	192,770,975	196,982,499
Expenditures:										
Current operating expenditures:										
General government	15,908,597	16,408,318	14,507,532	16,298,894	16,490,338	17,106,909	17,389,996	16,893,676	17,521,050	17,925,675
Judicial	4,421,907	4,650,024	4,655,974	4,696,403	4,788,676	4,832,773	5,032,655	5,088,929	5,176,741	5,255,436
Public safety	38,845,495	42,026,411	42,455,002	44,421,121	44,391,282	45,274,306	46,414,215	47,769,024	47,642,493	42,690,099
Public works	14,436,170	15,547,537	16,403,344	14,600,543	16,009,423	16,364,853	15,920,299	17,926,578	16,707,843	17,156,557
Health and human services	18,268,410	18,905,329	19,184,011	19,825,954	21,018,515	21,401,062	21,441,064	21,133,854	22,938,513	22,746,911
Cultural & recreational	7,383,687	7,560,762	7,479,777	8,558,412	8,394,652	9,034,143	8,825,071	9,320,532	8,906,758	8,926,841
Community development	3,930,173	3,504,251	4,283,676	4,819,261	4,590,547	3,804,380	4,817,967	5,041,335	4,905,846	3,462,940
Education	31,696,712	35,308,205	35,709,226	36,389,604	42,691,567	42,943,004	38,894,037	38,257,161	37,411,557	40,002,658
Capital outlay:										
Capital general government	-	-	-	-	-	-	649,712	37,309	12,102	810,907
Debt service:										
Principal retirements	9,706,899	9,693,099	9,359,924	9,959,146	9,837,962	10,683,800	10,416,914	10,649,783	17,254,960	11,250,149
Interest payments and other fiscal charges	5,225,436	4,829,728	4,544,745	7,276,813	7,281,382	7,294,605	7,380,164	7,321,643	6,514,725	6,658,383
Issuance costs	28,450	29,815	204,180	443,933	171,746	-	346,067	-	374,779	118,505
Total expenditures	149,851,936	158,463,479	158,787,391	167,290,084	175,666,090	178,739,835	177,528,161	179,439,824	185,367,367	177,005,061
Excess of revenues over expenditures	12,814,138	10,844,552	14,832,132	9,325,546	5,187,381	5,281,610	9,290,701	10,651,538	7,403,608	19,977,438
Other financing sources (uses):										
Issuance of bonds	-	-	57,468	412,470	83,298	-	103,342	-	6,138,453	-
Premium on debt proceeds	-	-	-	-	-	-	1,700,762	-	593,822	-
Issuance of refunding bonds	-	4,129,625	-	22,823,100	8,152,866	-	15,221,555	-	-	9,124,115
Premium on refunding debt issuance	-	-	-	-	-	-	-	-	-	2,002,105
Refunded bond principal payments	-	-	-	-	-	-	-	-	-	(1,644,732)
Payments to escrow agent	-	(4,129,625)	-	(22,647,772)	(8,065,760)	-	(2,160,352)	-	(13,850,000)	(9,358,669)
Transfers in	283,272	18,524	4,761	325,036	366,572	1,585,000	252,397	643,814	274,908	175,000
Transfers out	(11,695,113)	(9,851,795)	(10,162,474)	(11,373,362)	(15,773,891)	(4,871,092)	(4,955,328)	(7,243,174)	(7,444,129)	(7,783,426)
Total other financing sources (uses)	(11,411,841)	(9,833,271)	(10,100,245)	(10,460,528)	(15,236,915)	(3,286,092)	10,162,376	(6,599,360)	(14,286,946)	(7,485,607)
Net changes in fund balances	1,402,297	1,011,281	4,731,887	(1,134,982)	(10,049,534)	1,995,518	19,453,077	4,052,178	(6,883,338)	12,491,831
Fund balance - beginning, as restated	47,000,567	48,402,864	49,414,145	54,146,032	53,011,050	42,961,516	44,957,034	64,410,111	68,462,289	61,578,951
Fund balance - ending	\$ 48,402,864	\$ 49,414,145	\$ 54,146,032	\$ 53,011,050	\$ 42,961,516	\$ 44,957,034	\$ 64,410,111	\$ 68,462,289	\$ 61,578,951	\$ 74,070,782

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

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

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

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

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

(2) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Annual Comprehensive Financial Report for FY 2015 for an explanation.

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

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

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

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

(2) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Annual Comprehensive Financial Report for FY 2015 for an explanation.

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

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

	Fiscal Year								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating revenues:									
Charges for services and other operating revenues	\$ 3,355,267	\$ 3,124,545	\$ 3,268,776	\$ 3,209,504	\$ 3,208,044	\$ 3,212,572	\$ 3,227,746	\$ 3,265,521	\$ 3,197,089
Intergovernmental	650,000	650,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000
Total operating revenues	4,005,267	3,774,545	3,543,776	3,484,504	3,483,044	3,487,572	3,502,746	3,540,521	3,472,089
Operating expenses:									
Personal services and benefits	281,160	414,356	362,502	446,320	651,860	531,569	673,639	680,361	554,455
Operation and maintenance	651,189	719,470	306,678	285,560	327,657	451,961	511,138	418,487	369,085
Supplies and materials	50,358	113,528	104,029	136,741	131,321	127,008	168,543	186,793	152,042
Administration	1,109,817	1,340,126	1,227,229	1,353,809	1,160,256	1,576,573	1,528,109	1,767,225	1,805,945
Other charges	4,804	8,233	11,916	5,289	16,864	23,538	16,045	11,939	21,071
Depreciation	-	4,465	33,662	67,558	76,239	142,092	275,261	295,876	419,151
Total operating expenses	2,097,328	2,600,178	2,046,016	2,295,277	2,364,197	2,852,741	3,172,735	3,360,681	3,321,749
Operating income	1,907,939	1,174,367	1,497,760	1,189,227	1,118,847	634,831	330,011	179,840	150,340
Nonoperating revenue:									
Interest Income	-	-	-	1,213	9,477	31,120	60,794	39,235	5,873
Governmental Grants	-	-	-	-	-	-	-	-	9,822
Miscellaneous	1	-	61	23,452	2	491	-	3,203	(19,583)
Interest on long-term debt	-	-	-	-	-	(4,672)	(106)	(37,254)	(20,751)
Total nonoperating revenue	1	-	61	24,665	9,479	26,939	60,688	5,184	(24,639)
Income before contributions and transfers	1,907,940	1,174,367	1,497,821	1,213,892	1,128,326	661,770	390,699	185,024	125,701
Capital contributions	-	-	-	-	89,058	555,034	-	556,350	421,817
Transfers in	-	-	-	-	-	8,593	9,543	-	-
Transfers out	-	(126,734)	(162,676)	(126,734)	-	(4,215)	(337,500)	-	-
Change in net position	1,907,940	1,047,633	1,335,145	1,087,158	1,217,384	1,221,182	62,742	741,374	547,518
Total net position - beginning, as restated (1) (2)	-	1,907,940	2,428,919	3,764,064	4,851,222	5,656,260	6,877,442	6,940,184	7,681,558
Ending net position:									
Net investment in capital assets	99,062	771,687	2,002,495	2,484,986	3,950,070	4,336,742	4,894,032	6,496,175	6,717,478
Unrestricted	1,808,878	2,183,886	1,761,569	2,366,236	2,118,536	2,540,700	2,046,152	1,185,383	1,511,598
Total net position - ending	\$ 1,907,940	\$ 2,955,573	\$ 3,764,064	\$ 4,851,222	\$ 6,068,606	\$ 6,877,442	\$ 6,940,184	\$ 7,681,558	\$ 8,229,076

The Stormwater Fund was created in FY 2013.

(1) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Annual Comprehensive Financial Report for FY 2015 for an explanation.

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

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

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

(1) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual Financial Report for FY 2015 for an explanation.

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

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

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

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

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

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

Fiscal Year	Residential Property (3)	Commercial Property	Industrial Property	Total Taxable Assessed Value (2)	Direct Tax Rate
2012	\$ 3,331,295,800	\$ 1,273,327,200	\$ 344,876,100	\$ 4,949,499,100	1.05
2013	3,349,936,800	1,280,432,600	355,677,600	4,986,047,000	1.11
2014	3,323,554,300	1,302,945,700	355,954,900	4,982,454,900	1.11
2015	3,358,581,200	1,312,217,000	356,639,200	5,027,437,400	1.11
2016	3,383,069,800	1,396,087,500	364,092,500	5,143,249,800	1.11
2017	3,417,070,700	1,395,683,100	364,597,600	5,177,351,400	1.11
2018	3,460,374,300	1,404,744,500	362,786,100	5,227,904,900	1.11
2019	3,503,663,800	1,440,950,200	362,489,500	5,307,103,500	1.11
2020	3,709,717,400	1,535,445,000	367,252,100	5,612,414,500	1.11
2021	3,773,293,400	1,561,696,200	361,916,500	5,696,906,100	1.11

Source: Real Estate Assessor, City of Lynchburg, Virginia

(1) Assessed value is as of July 1 of each fiscal year.

(2) Excludes tax-exempt property.

(3) These figures include assessments that qualify for land use exemptions. Title 58.1-3230 through 3244 of the Code of Virginia provides for the assessment of land based on use value rather than market value. Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by the City of Lynchburg.

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

Fiscal Year	Real Property (1)					Personal Property (3)				Machinery and Tools		Total Assessed Value of Taxable Property	Total Direct Tax Rate (8)
	Residential Property (2)(6)	Commercial Property (2)(7)	Public Service Corporation	Total	Tax Rate	Personal Property	Public Service Corporation	Total	Tax Rate	Machinery and Tools (2)	Tax Rate		
2012	\$ 3,331,295,800	\$ 1,618,203,300	\$ 182,357,853	\$ 5,131,856,953	1.05	\$ 573,684,320 (4)	\$ 24,189,993	\$ 597,874,313	3.80	\$ 159,096,582 (4)	3.00	\$ 5,888,827,848	7.85
2013	3,349,936,800	1,636,110,200	184,575,507	5,170,622,507	1.11	586,098,054 (4)	23,632,441	609,730,495	3.80	150,157,140 (4)	3.00	5,930,510,142	7.91
2014	3,323,554,300	1,658,900,600	180,026,914	5,162,481,814	1.11	603,981,655 (4)	25,839,427	629,821,082	3.80	152,877,609 (4)	3.00	5,945,180,505	7.91
2015	3,358,581,200	1,668,856,200	175,223,235	5,202,660,635	1.11	622,453,513 (4)	25,979,883	648,433,396	3.80	155,103,327 (4)	3.00	6,006,197,358	7.91
2016	3,383,069,800	1,760,180,000	185,088,590	5,328,338,390	1.11	625,528,817 (4)	28,004,949	653,533,766	3.80	159,879,989 (4)	3.00	6,141,752,145	7.91
2017	3,417,070,700	1,760,280,700	188,976,706	5,366,328,106	1.11	658,107,572 (4)	26,479,912	684,587,484	3.80	158,933,643 (4)	3.00	6,209,849,233	7.91
2018	3,460,374,300	1,767,530,600	193,804,645	5,421,709,545	1.11	676,603,014 (4)	31,249,795	707,852,809	3.80	169,680,373 (4)	3.00	6,299,242,727	7.91
2019	3,503,663,800	1,803,439,700	205,907,581	5,513,011,081	1.11	718,416,481 (4)	26,991,933	745,408,414	3.80	175,657,733 (4)	3.00	6,434,077,228	7.91
2020	3,709,717,400	1,902,697,100	200,755,250	5,813,169,750	1.11	723,862,510 (4)	33,531,033	757,393,543	3.80	157,661,606 (4)	3.00	6,728,224,899	7.91
2021	3,773,293,400	1,923,612,700	214,754,922	5,911,661,022	1.11	669,819,147 (5)	31,097,593	700,916,740	3.80	158,463,701 (5)	3.00	6,771,041,463	7.91

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

(1) Assessed value is as of July 1 of the fiscal year noted.

(2) Real estate and machinery and tools are assessed at 100% of fair market value.

(3) Effective July 1, 1989, personal property is assessed at 100% of average trade-in value.

(4) These figures have been updated to reflect all billings associated with the levy.

(5) 2021 Personal Property Tax Levy in FY 2021. These figures only reflect two of the four billings associated with this levy. These figures will be updated in FY 2022 to reflect all four billings.

(6) These figures are net of land use exemptions. Title 58.1-3230 through 3244 of the Code of Virginia provides for the assessment of land based on use value rather than market value.

Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by the City of Lynchburg.

(7) Commercial property also includes industrial property.

(8) When a government's individual direct rates apply to the same proportion of the revenue base, and does not apply to only a portion (such as residential, commercial, industrial) the Total Direct Rate is the sum of individual direct rates.

CITY OF LYNCHBURG, VIRGINIA

TABLE 15

PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO

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

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

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Levied for the Fiscal Year (1)	Adjustments (2)	Adjusted Levy	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections (4)	Total Collections to Date	
				Amount	Percentage of Levy (3)		Amount	Percentage of Levy (3)
2012	\$ 76,467,417	\$ 293,875	\$ 76,761,292	\$ 73,256,961	95.80%	\$ 3,483,618	\$ 76,740,579	99.97%
2013	80,037,980	319,769	80,357,749	77,536,743	96.87%	2,799,090	80,335,833	99.97%
2014	80,297,119	360,598	80,657,717	78,239,826	97.44%	2,393,583	80,633,409	99.97%
2015	81,223,917	374,387	81,598,304	78,731,871	96.93%	2,835,958	81,567,829	99.96%
2016	82,721,284	179,685	82,900,969	80,478,895	97.29%	2,291,377	82,770,272	99.84%
2017	83,923,034	617,276	84,540,310	81,750,492	97.41%	2,611,680	84,362,172	99.79%
2018	85,534,487	661,199	86,195,686	83,113,348	97.17%	2,865,608	85,978,956	99.75%
2019	87,349,894	838,990	88,188,884	84,635,267	96.89%	3,247,615	87,882,882	99.65%
2020	90,985,488	547,351	91,532,839	88,831,389	97.63%	1,932,912	90,764,301	99.16%
2021	94,112,716	(570,858)	93,541,858	90,819,949	96.50%	-	90,819,949	97.09%

Source: Chief Financial Officer, City of Lynchburg, Virginia

(1) Total tax levy is calculated based on the sum of the initial Real Estate Tax and Personal Property Tax levies.

(2) Adjustments include supplemental billings and exonerations attributable to the year the tax was levied. The current year only includes exonerations.

(3) These columns represent the amount and percentage of the tax levy within the respective tax year reporting period.

(4) These columns represent collections in subsequent years for the tax levied in the noted fiscal year.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Real Estate										
Locally Assessed	\$ 1.05	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11
Personal Property										
Locally Assessed	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Machinery and Tools	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Automobiles, Trucks and Business Equipment	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Public Service Corporations										
Equalized	1.05	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11
Automobiles and Trucks	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Total Direct Tax Rate	7.85	7.91	7.91	7.91	7.91	7.91	7.91	7.91	7.91	7.91

Note: There is no overlapping government taxation.

Source:

City of Lynchburg Adopted Budget Fiscal Year 2021
Commissioner of the Revenue for City of Lynchburg, Virginia www.lynchburgva.gov

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

Fiscal Year	Population (1)	Taxable Retail Sales (2)	Taxable Retail Sales Per Capita (2)
2012	77,203	\$ 1,217,552,914	\$ 15,771
2013	77,376	1,240,113,906	16,027
2014	77,874	1,279,815,746	16,434
2015	78,675	1,353,815,269	17,208
2016	79,531	1,345,647,515	16,920
2017	80,380	1,373,101,289	17,083
2018	81,339	1,388,422,136	17,070
2019	80,783	1,426,885,543	17,663
2020	81,266	1,415,058,859	17,413
2021	81,266	*	*

(1) Weldon Cooper Center for Public Service, University of Virginia www.coopercenter.org

Figures given are the final estimate for that year. Since the estimate for the current fiscal year is not available at this time, the prior year data is given. 2012 through 2020 are all based on calendar year sales published on February 08, 2021.

(2) Weldon Cooper Center for Public Service, University of Virginia <https://ceps.coopercenter.org/taxable-sales>

Information provided courtesy of the Virginia Department of Taxation, information is as of January 31st

* Information unavailable

**WATER AND SEWER RATES
LAST TEN FISCAL YEARS**

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

* hundred cubic feet

Monthly Service Charge Table

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<u>Meter Size</u>										
5/8"	\$ 3.69	\$ 3.69	\$ 5.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69
3/4"	3.69	3.69	6.69	9.69	9.69	9.69	9.69	9.69	9.69	9.69
1"	3.69	3.69	8.69	13.69	13.69	13.69	13.69	13.69	13.69	13.69
1-1/2"	3.69	3.69	13.69	23.69	23.69	23.69	23.69	23.69	23.69	23.69
2"	3.69	3.69	19.69	35.69	35.69	35.69	35.69	35.69	35.69	35.69
3"	3.69	3.69	33.69	63.69	63.69	63.69	63.69	63.69	63.69	63.69
4"	3.69	3.69	63.69	123.69	123.69	123.69	123.69	123.69	123.69	123.69
6"	3.69	3.69	123.69	243.69	243.69	243.69	243.69	243.69	243.69	243.69
8"	3.69	3.69	183.69	363.69	363.69	363.69	363.69	363.69	363.69	363.69
10"	3.69	3.69	303.69	603.69	603.69	603.69	603.69	603.69	603.69	603.69

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

(dollars expressed in thousands, except for per capita amounts)

Fiscal Year	Governmental Activities						Business-type Activities					Total Primary Government - Net Outstanding Debt Ratios			
	General Obligation Bonds	Direct Borrowings ⁽¹⁾	General Obligation Notes	Note Payable and Other	Capital Leases	Net Deferred Amounts ⁽²⁾	General Obligation Bonds	Direct Borrowings ⁽¹⁾	General Obligation Notes	Public Utility Revenue Bonds	Net Deferred Amounts ⁽²⁾	Total Primary Government (Principal Only)	Total Primary Government - Net (Includes Net Deferred Amounts)	Percentage of Personal Income ⁽³⁾	Total Primary Government - Net Bonded Debt Per Capita ⁽³⁾
2012	120,078	-	-	2,120	4,285	3,007	63,936	-	80	127,973	2,000	318,472	323,479	11.91%	4,190
2013	114,209	-	-	1,940	-	2,763	59,864	-	5,194	122,876	1,849	304,083	308,695	11.42%	3,990
2014	114,519	-	-	1,760	-	2,424	56,083	-	7,159	117,270	1,711	296,791	300,926	10.66%	3,864
2015	186,515	-	-	1,580	-	11,087	70,415	-	-	111,236	2,871	369,746	383,704	13.14%	4,877
2016	191,848	-	-	1,400	-	12,877	76,395	-	-	104,998	4,722	374,641	392,240	13.16%	4,932
2017	180,737	-	-	1,220	-	12,143	71,917	-	-	99,530	4,483	353,404	370,030	11.94%	4,604
2018	169,882	12,496	183	4,978	-	12,610	79,953	1,400	618	93,217	5,709	362,727	381,046	11.60%	4,685
2019	160,508	10,851	2,457	3,500	-	11,792	76,582	1,130	5,619	118,825	5,412	379,472	396,676	11.90%	4,910
2020	173,528	9,188	551	3,063	-	14,594	72,970	856	81	113,934	5,914	374,171	394,679	11.77%	4,857
2021	163,143	6,246	4,529	2,625	-	14,849	69,349	-	3,169	109,284	6,234	358,345	379,428	11.31%	4,669

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

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.
The City of Lynchburg is autonomous and entirely independent of any county or any other political subdivision of the Commonwealth of Virginia.
Therefore, there is no direct and no overlapping debt related to governmental activities.

(1) Direct Borrowings were split out from General Obligation Bonds starting with FY 2018 to meet GASB 88 disclosure requirements.

(2) Net Deferred Amounts include Premiums and Discounts.

(3) See Table 25 for population and per capita personal income information. For FY 2021 and FY 2020, the FY 2019 amount for per capita personal income of \$41,265 was utilized to calculate the Percentage of Personal Income.

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING,
LAST TEN FISCAL YEARS**

(dollars in thousands, except per capita)

Fiscal Year	Population (1)	Assessed Valuation (in thousands) (1)	Gross Bonded Debt (2)	Net Deferred Amounts (3)	Net Bonded Debt (Includes Net Deferred Amounts)	Net Bonded Debt To Assessed Value (Includes Net Deferred Amounts)	Net Bonded Debt Per Capita (Includes Net Deferred Amounts)	Bonded Debt Payable From Enterprise Fund Revenues (4)	Net Deferred Amounts Enterprise Funds (4)	Net Bonded Debt Governmental Funds Only (4)	Net Bonded Debt Governmental Funds Only To Assessed Value (Includes Net Deferred Amounts) (4)
2012	77,203	5,888,828 (5)	188,379	5,007	193,386	3.28%	2,505	64,016	2,000	127,370	2.16%
2013	77,376	5,930,510 (5)	179,267	4,612	183,879	3.10%	2,376	65,058	1,849	116,972	1.97%
2014	77,874	5,945,181 (5)	177,761	4,135	181,896	3.06%	2,336	63,242	1,711	116,943	1.97%
2015	78,675	6,006,197 (5)	256,930	13,958	270,888	4.51%	3,443	70,415	2,871	197,602	3.29%
2016	79,531	6,141,752 (5)	268,243	17,599	285,842	4.65%	3,594	76,395	4,722	204,725	3.33%
2017	80,380	6,209,849 (5)	252,654	16,626	269,280	4.34%	3,350	71,917	4,483	192,880	3.11%
2018	81,339	6,299,243 (5)	264,532	18,319	282,851	4.49%	3,477	81,971	5,709	195,171	3.10%
2019	80,783	6,434,077 (5)	257,147	17,204	274,351	4.26%	3,396	83,331	5,412	185,608	2.88%
2020	81,266	6,728,225 (5)	257,174	20,508	277,682	4.13%	3,417	73,907	5,914	197,861	2.94%
2021	81,266	6,771,041 (6)	246,436	21,083	267,519	3.95%	3,292	72,518	6,234	188,767	2.79%

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

(1) See Table 14 for Assessed Valuations and Table 25 for population information.

(2) Includes governmental and business type activity general obligation principal only and excludes City of Lynchburg Public Utility revenue bonds.

(3) Net Deferred Amounts include Premiums and Discounts.

(4) Per City Council Adopted Debt Policies, total tax-supported debt will not exceed 4.5% of the net assessed valuation of taxable property in the City of Lynchburg.

For the purpose of this policy, tax-supported obligations are defined as those that are expected to be repaid from General Fund tax revenue of the City of Lynchburg.

These include general obligation bonds (except self-supporting bonds) and capital leases. General obligation bonds issued for self-supporting enterprise funds are not included in the calculations of tax-supported bonds.

The City is including a ratio of Governmental Fund debt only to prove adherence to internal debt policies.

(5) These figures have been updated to reflect all billings associated with the personal property tax levy.

(6) These figures only reflect two of the four billings associated with the personal property tax levy.

These figures will be updated in FY 2022 to reflect all four billings.

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

**LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS**
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2021

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

Description	Fiscal Years									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 513,186	\$ 517,062	\$ 516,248	\$ 520,266	\$ 532,834	\$ 536,633	\$ 542,171	\$ 551,301	\$ 581,317	\$ 591,166
Total net debt applicable to limit	<u>184,094</u>	<u>179,267</u>	<u>177,761</u>	<u>256,930</u>	<u>268,243</u>	<u>252,654</u>	<u>264,532</u>	<u>257,147</u>	<u>257,174</u>	<u>246,436</u>
Legal debt margin	<u><u>\$ 329,092</u></u>	<u><u>\$ 337,795</u></u>	<u><u>\$ 338,487</u></u>	<u><u>\$ 263,336</u></u>	<u><u>\$ 264,591</u></u>	<u><u>\$ 283,979</u></u>	<u><u>\$ 277,639</u></u>	<u><u>\$ 294,154</u></u>	<u><u>\$ 324,143</u></u>	<u><u>\$ 344,730</u></u>
Total net debt applicable to the limit as a percentage of the debt limit	35.87%	34.67%	34.43%	49.38%	50.34%	47.08%	48.79%	46.64%	44.24%	41.69%

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

(1) See Table 14 for Real Property Assessed Value information.

Note: The Constitution of Virginia, Article 7, Section 10(a) sets forth the City's legal debt limit at ten percent (10%) of its assessed valuation of real estate subject to taxation for the City's issuance of any bonds or other interest-bearing obligations. In August 1999, City Council adopted a Debt Management Policy that limits tax-supported debt to five percent (5%) of its assessed valuation of real estate subject to taxation. In December 2006, City Council amended the Debt Management Policy that limits tax-supported debt to four and a half percent (4.5%) of its assessed valuation of real estate subject to taxation. All debt information included in this Table includes principal only as required by Virginia law.

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sewer Fund Operating Income	\$ 3,156,073	\$ 4,194,605	\$ 3,613,392	\$ 3,013,600	\$ 3,450,629	\$ 4,269,364	\$ 4,000,011	\$ 4,384,930	\$ 3,474,334	\$ 3,162,627
Plus:										
Depreciation & amortization	5,819,288	6,147,918	7,049,861	7,584,388	7,635,836	7,888,946	7,898,587	8,037,676	8,131,718	8,434,452
Interest income received	167,849	102,589	108,729	73,142	85,086	124,705	241,852	409,567	350,086	79,817
Capital contributions from members										
Regional Sewerage Treatment Plant	451,645	480,922	614,353	1,015,339	525,856	616,250	549,989	504,507	1,027,533	592,329
Governmental grants & miscellaneous income	125,336	105,666	21,929	10,400	11,821	19,824	47,687	47,717	270,958	53,235
Intergovernmental transfer (3)	688,036	-	126,734	126,734	126,734	-	-	-	-	-
Capitalized cost (2)	258,186	220,691	159,026	151,044	131,088	163,662	135,257	103,546	114,211	124,984
Net Revenue per Indenture (1)	<u>#####</u>	<u>\$11,252,391</u>	<u>\$ 11,694,024</u>	<u>\$ 11,974,647</u>	<u>\$ 11,967,050</u>	<u>\$ 13,082,751</u>	<u>\$ 12,873,383</u>	<u>\$ 13,487,943</u>	<u>\$ 13,368,840</u>	<u>\$12,447,444</u>
Debt Service										
General obligation bonds										
Principal (5) (6)	\$ 2,061,150	\$ 2,053,469	\$ 1,860,166	\$ 1,962,544	\$ 1,990,110	\$ 2,059,474	\$ 1,863,830	\$ 1,607,228	\$ 1,384,934	\$ 1,326,351
Interest	1,053,216	961,054	908,213	1,058,566	1,046,664	891,725	987,085	1,052,708	1,100,070	1,059,949
Total	3,114,366	3,014,523	2,768,379	3,021,110	3,036,774	2,951,199	2,850,915	2,659,936	2,485,004	2,386,300
Revenue bonds										
Principal (4)	4,627,820	5,096,949	5,597,966	6,034,143	6,238,057	6,274,745	6,312,571	6,351,572	5,816,174	6,055,995
Interest	306,510	273,917	240,312	210,084	174,501	137,815	99,989	60,988	20,775	5,345
Total	4,934,330	5,370,866	5,838,278	6,244,227	6,412,558	6,412,560	6,412,560	6,412,560	5,836,949	6,061,340
Total Debt Service Principal and Interest	<u>\$ 8,048,696</u>	<u>\$ 8,385,389</u>	<u>\$ 8,606,657</u>	<u>\$ 9,265,337</u>	<u>\$ 9,449,332</u>	<u>\$ 9,363,759</u>	<u>\$ 9,263,475</u>	<u>\$ 9,072,496</u>	<u>\$ 8,321,953</u>	<u>\$ 8,447,640</u>
Debt Coverage	<u>1.33</u>	<u>1.34</u>	<u>1.36</u>	<u>1.29</u>	<u>1.27</u>	<u>1.40</u>	<u>1.39</u>	<u>1.49</u>	<u>1.61</u>	<u>1.47</u>

(1) On August 19, 1994, the Virginia Department of Environmental Quality (VDEQ) issued the City a discharge permit and a special Consent Order which established a compliance schedule and project priorities for implementation of a Combined Sewer Overflow (CSO) Control Plan. The compliance schedule did not contain fixed dates for finished CSO Control Plan Projects for achieving complete sewer system separation, but rather provided implementation that reflects the City's financial capability. On July 31, 2015, VDEQ issued a revised Consent Special Order which significantly changed the CSO Long Term Control Plan that includes an alternate list of projects. The former Consent Order included a debt coverage requirement for determining City's financial capability within an annual range of 1.1 to 1.5. The revised Consent Order includes a debt coverage ratio requirement within a range of 1.1 to 1.5 computed under a rolling three year average.

(2) Capitalizable cost includes internal labor charges applicable to time spent on capital project activities.

(3) For FY2012, the General Fund transferred \$688,036 to the Sewer Fund for maintenance and operation of the City's storm sewer system. For FY2014, FY2015, and FY2016, the Stormwater Operating Fund transferred \$126,734 to the Sewer Operating Fund which were annual installments to reimburse the Sewer Operating Fund for Stormwater Operating Fund's set up costs.

(4) For FY2014, the deletions in Note 9 for Public Utility Revenue Bonds are comprised of debt service payments of \$5,597,966 and a write down of \$7,779 for revenue bond debt.

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

(6) For FY2020, Bond Anticipation Note of \$6,645,700 was paid with the issuance of January 30, 2020 General Obligation Bonds and therefore was excluded from Debt Service.

**PLEDGED REVENUE COVERAGE STORMWATER
LAST THREE FISCAL YEARS**

	Fiscal Year		
	2019	2020	2021
Stormwater Fund Operating Income	\$ 330,011	\$ 179,840	\$ 150,340
Plus:			
Depreciation & amortization	275,261	295,876	419,151
Interest income received	60,794	39,235	5,873
Governmental grants & miscellaneous income	-	3,203	(9,761)
Intergovernmental transfer (1)	(337,500)	-	
Capitalized cost (2)	33,883	48,319	33,256
Net Revenue per Indenture	<u>\$ 362,449</u>	<u>\$ 566,473</u>	<u>\$ 598,859</u>
Debt Service			
General obligation bonds			
Principal	\$ -	\$ -	\$ 15,000
Interest	106	28,374	22,623
Total	106	28,374	37,623
Revenue bonds			
Principal	40,331	67,142	93,950
Interest	-	-	-
Total	40,331	67,142	93,950
Total Debt Service Principal and Interest	<u>\$ 40,437</u>	<u>\$ 95,516</u>	<u>\$ 131,573</u>
Debt Coverage	<u>8.96</u>	<u>5.93</u>	<u>4.55</u>

(1) For FY2019, the Stormwater Fund transferred \$337,500 to the General Fund to help mitigate cost impacts related to the August 2, 2018 Flood Event.

(2) Capitalizable cost includes internal labor charges applicable to time spent on capital project activities.

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
2012	77,203	2,729,666	35,357	30.3	8,688	6.1
2013	77,376	2,723,480	35,198	30.3	8,576	5.7
2014	77,874	2,851,045	36,611	30.3	8,583	5.3
2015	78,675	2,952,043	37,522	30.3	8,577	4.5
2016	79,531	3,001,341	37,738	30.3	8,566	4.1
2017	80,380	3,130,640	38,948	30.3	8,500	3.7
2018	81,339	3,285,608	40,394	30.3	8,438	3.0
2019	80,783	3,333,510	41,265	28.3	8,286	2.8
2020	81,266	*	*	28.3	8,238	8.1
2021	81,266	*	*	*	7,961	4.8

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

(1) Weldon Cooper Center for Public Service, University of Virginia www.coopercenter.org

Figures given are the final estimate for that year. Since the estimate for the current fiscal year is not available at this time, the prior year data is given. 2012 through 2020 based on a July 1st estimate published on February 08, 2021.

(2) U.S. Department of Commerce, Economic and Statistic Administration, Bureau of Economic Analysis

Per Capita Personal Income multiplied by Population.

Annual dollars revised due to revisions in Per Capita Personal Income (see note 3 below).

(3) U.S. Department of Commerce, Economic and Statistic Administration, Bureau of Economic Analysis

Report MAINC1 - Personal Income Summary:

<https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=7#reqid=70&step=1&isuri=1&acrdn=7>

MSA Map corroborates 2019 number - <https://apps.bea.gov/regional/bearfacts/action.cfm>

The information was last updated November 17, 2020.

The Table has been revised to reflect these changes.

(4) United States Census - 2010

(5) Virginia Department of Education reported by Lynchburg City Schools. Enrollment as of September 30 for each year.

These figures were previously reported based on preliminary information provided by Lynchburg City Schools and have been updated with the information available from the Virginia Department of Education. The figures given are as of September 30 of the prior year. <https://p1pe.doe.virginia.gov/apex/f?p=180:1:7684774037451:>

(6) Virginia Employment Commission & U.S. Department of Labor, Bureau of Labor Statistics, as of September 01, 2021 2011-2020 Unemployment Rate have been adjusted to reflect the most current data available.

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

* Information unavailable

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

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

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

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

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

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

Functions/Programs	Full-Time Equivalent Employees as of June 30									
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Adopted
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 ⁽¹⁾
Primary government:										
Council Manager Offices	8.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	8.0	8.0
Parking Division	4.5	5.0	5.0	5.7	5.7	5.7	5.7	5.7	5.7	5.7
City Assessor	10.0	10.0	9.6	9.6	9.0	9.0	9.0	9.0	9.0	9.0
City Attorney	6.9	6.9	6.9	6.9	6.9	6.9	6.9	7.9	7.9	7.9
Commissioner of Revenue (State)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Commissioner of Revenue (City)	4.4	4.4	4.4	4.4	4.4	4.6	4.6	4.6	4.6	4.6
Communications and Public Engagement	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Local Government Channel	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Citizens First Customer Service Center	3.5	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Financial Services	42.0	42.0	41.7	41.7	41.7	40.7	39.0	39.0	38.5	38.5
Financial Services-Human Services ⁽²⁾	8.8	7.8	6.0	5.7	5.7	-	-	-	-	-
Human Resources	10.0	10.0	10.0	9.6	9.6	9.6	9.5	9.6	8.7	7.7
Information Technology	31.0	30.0	30.0	30.0	32.0	32.0	32.0	33.8	33.6	33.6
Internal Audit ⁽³⁾	2.0	-	-	-	-	-	-	-	-	-
Registrar and Electoral Board (State)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Registrar and Electoral Board (City)	1.3	1.3	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.0
State Treasurer (State)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
State Treasurer (City)	-	-	-	-	-	-	0.7	0.7	0.7	0.7
Risk Management Fund	3.0	3.0	3.0	2.9	2.9	2.9	3.1	3.1	3.1	3.1
Circuit Court Clerk (State)	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Circuit Court Clerk (City)	-	-	-	-	-	-	1.0	1.0	1.0	1.0
Circuit Court Judges	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Commonwealth Attorney (State)	15.9	14.9	14.9	15.2	14.0	14.0	14.0	14.0	14.0	14.0
Commonwealth Attorney (City)	0.8	2.8	2.8	1.7	2.2	5.7	4.8	3.8	4.8	5.0
Sheriff (State)	23.0	23.0	22.0	22.0	22.0	21.0	19.0	18.0	17.0	17.0
Sheriff (City)	7.4	7.4	8.6	8.0	8.4	8.4	8.3	8.4	8.4	11.3
Regional Juvenile Detention Center Fund	47.3	46.1	45.1	45.1	45.1	41.1	44.1	44.1	45.1	45.1
Police Department	202.7	197.9	199.8	199.8	200.8	204.3	204.0	207.1	207.1	206.3
Emergency Services	32.0	35.0	35.6	35.6	36.6	36.6	36.6	36.6	36.6	36.6
Fire Department	187.0	185.0	187.5	187.5	189.5	189.5	189.5	189.5	189.5	189.5
Public Works Administration	11.0	10.0	10.0	10.7	10.7	10.0	10.0	10.0	10.0	10.0
Buildings and Grounds Maintenance	76.2	71.8	72.3	72.3	74.2	74.3	74.3	74.3	72.3	72.3
Engineering Division	32.7	30.8	30.7	31.2	32.2	32.2	32.7	32.7	33.7	33.7
Street, Traffic, and Refuse Maintenance	52.4	52.2	47.5	48.5	46.3	47.0	46.2	46.2	46.9	48.9
Health and Human Services	169.9	164.4	170.1	167.9	170.5	176.3	173.3	175.3	177.3	177.3
Cultural and Recreational	96.7	91.2	97.4	94.6	97.0	95.0	94.0	85.2	80.5	92.0
Community Development	23.8	22.1	22.0	22.0	23.0	23.0	23.8	23.8	24.3	25.3
Economic Development, Tourism, and Visitor Center ⁽⁴⁾	-	-	-	-	12.3	12.3	9.8	19.8	18.7	18.5
Economic Development ⁽⁴⁾	3.0	3.0	3.0	3.0	-	-	-	-	-	-
Tourism and Visitor Center ⁽⁴⁾	-	-	3.9	11.8	-	-	-	-	-	-
Fleet Services Fund	11.0	11.5	10.5	11.0	10.6	11.1	11.4	11.4	10.0	11.4
Business-type activities:										
Airport Fund	17.7	17.7	17.7	17.7	17.7	17.7	17.7	18.3	18.3	19.2
Water Fund	68.4	66.1	69.1	69.0	70.4	72.4	73.4	75.4	77.4	77.4
Sewer Fund	55.0	50.4	52.5	52.5	53.5	55.5	55.5	56.5	56.5	56.4
Stormwater Fund ⁽⁵⁾	-	5.8	5.8	7.1	7.1	9.1	9.0	10.1	11.1	11.1
Source: Adopted Budget Documents, City of Lynchburg, Virginia	1,299.3	1,269.0	1,285.9	1,291.2	1,302.5	1,309.4	1,304.4	1,316.4	1,314.8	1,333.1

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

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

(3) Internal Audit was closed in FY2013.

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

(5) The Stormwater Fund began in FY2013.

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

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical Arrests (6)	6,879	6,835	5,927	5,435	5,047	4,608	4,614	5,084	5,014	4,703
Traffic Violations	12,506	12,483	10,366	10,344	8,581	5,667	5,887	6,064	5,746	4,323
Parking Violations (7)	6,338	4,481	4,854	6,812	5,718	6,642	5,916	5,807	4,954	4,635
Fire (2)										
Number of Fire calls answered (per month)	511	315	268	241	277	296	284	175	220	195
Number of inspections conducted (3) (4) (5) (8)	469	254	291	192	441	332	465	587	519	365
Number of EMS calls	14,393	20,612	20,113	19,426	19,169	19,296	15,509	11,776	12,190	12,931
Sanitation and Refuse										
Refuse collected (tons/day)	70.14	72.96	65.58	55.70	63.17	65.37	65.50	69.53	61.27	67.47
Recyclables collected (tons/day)	6.85	6.46	5.26	4.10	7.09	6.04	5.27	4.27	5.59	4.41
Airport										
Total number of passengers	152,064	157,450	157,074	153,729	154,218	159,523	157,452	172,449	147,139	109,328
Sewage										
Number of service connections (1)	18,785	18,916	19,057	19,060	19,083	19,149	19,186	19,363	19,493	19,606
Average daily treatment in million gallons	10.57	10.35	12.20	11.33	12.97	11.19	11.53	14.80	12.71	14.45
Maximum daily average capacity of treatment plant in million gallons	22	22	22	22	22	22	22	22	22	22
Maximum daily capacity of treatment plant in million gallons	44	44	44	44	44	44	44	44	44	44
Water										
Number of service connections (1)	22,422	22,517	22,628	22,640	22,716	22,786	22,807	22,982	23,119	23,214
Average daily consumption of plant in million gallons	10	10	10	10	11	11	10	10	10	11
Maximum daily capacity of plant in million gallons	26	26	26	26	26	26	26	26	26	26

Source: City Departments, City of Lynchburg, Virginia

- (1) The amounts for FY2012 have been revised to exclude stormwater accounts.
(2) The City implemented an enhanced reporting system in FY2013. The new system more accurately reports fire calls, inspections and EMS calls.
(3) In FY2012, number of inspectors in the Fire Marshal's Office dropped from 4 to 3 and in FY2015 the number dropped from 3 to 2 due to retirement.
(4) In FY2016, the Fire department trained additional field employees to conduct inspections and the inspections were conducted off-duty with paid overtime funds.
(5) In FY2017, fewer field employees were available to conduct off-duty inspections due to staffing issues.
(6) Physical arrests are considered incidents in which individuals are physically detained and brought into the police station.
(7) Parking violations include violations from Parking Management and the Police Department.
(8) In FY2021, fewer field employees were available to conduct off-duty inspections due to the pandemic and staffing issues.

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units (7)	57	57	57	60	83	91	81	116	114	90
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection Trucks	16	22	22	20	20	19	21	19	18	23
Highways and Streets										
Street (miles)	378.61	378.61	379.36	378.10	378.95	378.95	381.32	381.32	383.53	384.50
Streetlights	9,982	10,167	10,287	10,347	10,347	10,378	10,504	10,521	10,535	10,649
Traffic signals	119	120	120	121	120	116	113	113	113	104
Culture and Recreation										
Community centers	7	6	7	7	7	6	6	6	7	7
Senior centers	1	1	1	1	1	1	1	1	1	1
Parks (10)	21	21	21	21	21	21	21	21	21	21
Parks acreage (1)	948	948	948	948	948	948	948	948	953	953
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts (2)	40	40	40	40	40	40	40	40	40	40
Gymnasiums	7	7	7	7	7	7	7	7	7	7
Sewage system										
Storm sewers (miles) (3)	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped
Water										
Fire hydrants	3,156	3,177	3,204	3,210	3,230	3,253	3,289	3,303	3,347	3,364
Storage capacity (thousands of gallons)	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Sewer										
Average daily sewage treatment (MGD)	10.57	10.35	12.20	11.33	12.97	11.19	11.53	14.80	12.71	14.45
Maximum daily sewage treatment (MGD)	31.68	31.03	39.07	30.47	38.82	32.95	47.04	55.40	33.80	33.82
Transit - route service buses (4)	39	39	39	39	39	39	39	39	39	34
Transit - paratransit service buses (5)	10	14	14	14	17	13	13	13	13	13
Facility and service not included in the reporting entity:										
Education										
Number of elementary schools (6)	11	11	11	11	11	11	11	11	11	11
Number of secondary schools	5	5	5	5	5	5	5	5	5	5
Number of community colleges	1	1	1	1	1	1	1	1	1	1
Number of universities or colleges	4	4	4	4	4	4	4	4	4	4
Hospitals										
Number of hospitals	2	2	2	2	2	2	2	2	2	2
Number of patient beds (8)	519	519	519	519	519	519	519	519	519	519

Source: City Departments, City of Lynchburg, Virginia

- (1) Including Blackwater Creek Natural Area.
- (2) 10 locations with a total of 40 courts - including schools.
- (3) Mapping is under development. Complete information is not available.
- (4) The increase in the number of route service buses through FY2020 is due to additional route covered according to the agreement with Liberty University.
- (5) GLTC purchased new paratransit buses to better serve the elderly population.
- (6) Kizer Elementary School used for Special Education, therefore, excluded from total number of elementary schools for reporting purposes.
- (7) Patrol units are defined as vehicles used by the Police department and Animal Control in their daily operations.
- (8) FY2019 reported the number of licensed beds; this amount has been updated to report the actual number of patient beds.

TABLE 30

**CITY OF LYNCHBURG, VIRGINIA
LYNCHBURG CITY SCHOOLS
STUDENT ENROLLMENT, EMPLOYEES AND SCHOOLS BY FISCAL YEAR
LAST TEN YEARS**

Student Enrollment, Employees and Schools by Fiscal Year										
Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Elementary School Membership	3,987	3,975	4,020	3,921	3,982	3,985	3,839	3,723	3,683	3,420
Secondary School Membership	4,317	4,133	4,171	4,216	4,191	4,270	4,213	4,258	4,250	4,245
Total Membership	8,304	8,108	8,191	8,137	8,173	8,255	8,052	7,981	7,933	7,665
Instructional and Administrators (1)	851	836	850	967	1,019	994	948	1,003	1,018	1,046
Support (1)	478	505	458	426	434	479	404	373	389	349
Total Employees	1,329	1,341	1,308	1,393	1,453	1,473	1,352	1,376	1,407	1,395
Elementary Schools (2)	11	11	11	11	11	11	11	11	11	11
Secondary Schools (3)	5	5	5	5	5	5	5	5	5	5
Total Buildings	16	16	16	16	16	16	16	16	16	16

(1) Includes only full-time equivalent positions funded through the operating budget. For 2010 - 2018, the classification of instruction assistants were not consistent. Beginning with 2019, all instructional assistants are included in the Instructional and Administrators category.

(2) Does not include LAUREL Regional Program, now being used for special education students.

(3) Does not include the Empowerment Academy, an alternative education environment that provides high school students in the need of credit recovery, SOL support, and/or specialized academic assistance with an intimate, individualized instructional setting that will ensure that they achieve their academic and post-graduate goals.

**Actual Average Daily Student Enrollment by Grade and Fiscal Year
(Based on September 30th Actual Enrollment)**

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

THIS PAGE INTENTIONALLY BLANK

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *the Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs, as Item 2021-001.**

City's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 19, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Lynchburg, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 19, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PASSENGER FACILITY
CHARGE PROGRAM AUDIT GUIDE**

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

Report on Compliance

We have audited the City of Lynchburg, Virginia's (the "City") compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, for its passenger facility program (the "Program") for the year ended June 30, 2021.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Compliance

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

Report on Internal Control over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 19, 2021

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

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Comprehensive Services Act
Uniform Disposition of Unclaimed Property Act
Sheriff Internal Controls
Stormwater Utility Program
Urban Highway Maintenance
Fire Programs Aid to Localities

State Agency Requirements

Education
Social Services

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

FEDERAL AVIATION ADMINISTRATION COMPLIANCE MATTERS

Passenger Facility Charge Audit Guide for Public Agencies

Requirements of laws and regulations required by the Federal Aviation Administration in relation to the passenger facility charge program.

CITY OF LYNCHBURG, VIRGINIA

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

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to major programs**.
7. The major programs of the City are:

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

8. The **threshold for** distinguishing Type A and B programs was **\$1,782,122**.
9. The City of Lynchburg was determined to be a **low-risk auditee**.
10. Passenger Facility Charge Program:
 - a. **No significant deficiencies** relating to the audit of the Passenger Facility Charge Program were reported in the Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance in Accordance with the *Passenger Facility Charge Program Audit Guide*.
 - b. The auditor's report on compliance for the Passenger Facility Program expresses an **unmodified opinion**.
 - c. The audit disclosed **no audit findings relating to the Passenger Facility Charge Program**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

CITY OF LYNCHBURG, VIRGINIA

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

C. FINDINGS – COMMONWEALTH OF VIRGINIA

2021-001: Budget Appropriations

Condition:

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

Recommendation:

Steps should be taken to ensure that excess expenditures over budgeted appropriations are approved by the School Board and the budget amended accordingly.

Management's Response:

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

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

None.

E. FINDINGS AND QUESTIONED COSTS – PASSENGER FACILITY CHARGE PROGRAM

None.

REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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 City of Lynchburg, Virginia, collectively hereafter referred to as the “City” for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as applicable, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 28, 2021. 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 24 to the financial statements, the City adopted a new accounting standard for 2021: GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of activities. We noted no transactions entered into by the City 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 and the workers’ compensation liabilities as of June 30, 2021, are based on data provided by third-party administrators.
- 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.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

- The liabilities for local other post-employment benefits is based on actuarial calculations provided by actuaries engaged by the City and a variety of assumptions as disclosed in the notes to the financial statements.
- The net pension and the net OPEB for state administered plans are based on actuarial studies provided by actuaries engaged by the Virginia Retirement System.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is 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 related to:

- Capital assets, long-term debt, commitments and contingencies, the liability for landfill closure and post-closure care costs, pension plans, other post-employment benefit liabilities, and uncertainties related to COVID-19.

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 clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments.

Management has determined that the effects of the following unrecorded misstatements are immaterial both individually and in the aggregate, to the financial statements taken as a whole. All amounts are rounded to the nearest thousand.

- Grant revenue is overstated in the current year by approximately \$470,000 with a related understatement of beginning net position/fund balance.
- Revenue from a component unit is overstated in the current year by approximately \$150,000 with a related understatement of beginning net position/fund balance due to a revision in the calculation of funds due back to the City within the prior year calculation.
- 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 \$962,000 and \$1,720,000, respectively. The effects of this misstatement are reduced each year by an insignificant amount of overstated depreciation.

Significant Audit Findings (Continued)

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 19, 2021, 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 City'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 City'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 management's discussion and analysis and the required supplementary information (RSI) as listed in the table of contents that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information listed in the table of contents, which accompany the financial statements but are not RSI. With respect to 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. Such information has 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 it.

Other Matters (Continued)

Cybersecurity Risk Management

In today's environment of increasingly frequent cyber-attacks, ensuring the adequacy of cybersecurity is a critical aspect of board oversight. In addition to significant business disruption, substantial response cost, negative publicity, and reputational harm, cybersecurity breaches can result in litigation, and leaders may face potential liability if they failed to implement adequate steps to protect the organization.

Evidence suggests there may be a gap between the magnitude of exposure presented by cyber-risks and steps many corporate boards have taken to address these risks. Organizational leaders should be asking themselves what they can, and should, be doing to effectively oversee cyber-risk management.

Restriction on Use

This information is intended solely for the information and use of City Council and management of the City of Lynchburg 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 19, 2021

Attachment



THE CITY OF LYNCHBURG, VIRGINIA

OFFICE OF THE
CITY MANAGER

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

November 19, 2021

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 the 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, 2021, and the respective changes in financial position and, where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of November 19, 2021, 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 28, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
 - a) In prior years, the City changed its policy related to the capitalization of internal engineering costs. The change resulted in an uncorrected misstatement that reduced net position of the governmental and business-type activities by approximately \$962,000 and \$1,720,000, respectively. The effects of this misstatement are reduced each year by an insignificant amount of overstated depreciation.

- b) Revenue from a component unit is overstated in the current year by approximately \$150,000 with a related understatement of beginning net position/fund balance due to a revision in the calculation of funds due back to the City within the prior year calculation.
 - c) Grant revenue is overstated in the current year by approximately \$470,000 with a related understatement of beginning net position/fund balance.
 - d) An understatement of approximately \$128,000 in the other post-employment benefits and pension liabilities and the related expenses due to the change in proportion in the estimate and the change in the allocation between the Schools and Laurel Regional Program.
 - e) When comparing the management estimate for the self-insurance IBNR liability to claims run-out information and other estimate documentation provided by the Schools third-party administrator, a variance indicating an overstatement of the liability of \$218,000 arises.
 - f) An understatement of the Schools' beginning net position by approximately \$450,000 and a related overstatement of revenue in the current year due to a portion of prior year sales tax revenue recorded in the current year.
- 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 waste 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 a process to track the status of audit findings and recommendations.
- 22) 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.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24) The entity has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the School Board's portion of the financial statements and related notes, and the data collection form. 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 the data collection form.
- 31) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended, and GASB Statement No. 84.
- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.

- 39) 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.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Special and extraordinary items are appropriately classified and reported, if applicable.
- 43) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 44) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 45) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.
- 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 Statements (GASBS) that are not yet effective, as discussed in the notes to financial statements. The entity is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.
- 48) We agree with the findings of specialists in evaluating the pension and OPEB liabilities and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 49) We agree with the findings of specialists in evaluating the landfill liability estimate for closure, post-closure costs, the actuaries in determining pension and other post-employment benefits liabilities and disclosures, and the third party administrators in determining the incurred but not reported liabilities, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 50) We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 51) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 52) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 53) With respect to the supplementary information on which an in-relation-to opinion is issued.
 - a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

54) With respect to federal award programs:

- a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
- b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- 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 material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the requirements of the Uniform Guidance, if applicable.
- u) We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient., if applicable.
- v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.
- w) We have charged costs to federal awards in accordance with applicable cost principles.
- x) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- y) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- z) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- aa) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- bb) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations, if applicable.

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

- a) We are responsible for understanding and complying with and have complied with the requirements of 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 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 Audie 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 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 including when applicable, those set forth in the Passenger Facility Charge Audit Guide for Public Agencies, relating to the PFC program and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of the PFC program.
 - h) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
 - i) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
 - j) Amounts claimed or used for matching were determined in accordance with the Passenger Facility Charge Audit Guide for Public Agencies.
 - k) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - l) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to the PFC program financial reports and claims for advances and reimbursements.
 - m) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - n) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
 - o) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
 - p) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - q) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - r) We have charged costs to the PFC program in accordance with applicable cost principles.
- 56) We reaffirm the representations made to you in our letter dated December 1, 2020 regarding your audit for the fiscal year ended June 30, 2020.
- 57) To the extent our normal procedures and controls related to our financial close or other reporting processes at any of our locations were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- 58) Other than as disclosed in note 25 to the financial statements, no other impacts from the COVID-19 outbreak are necessary to be reflected in those financial statements.
- 59) Disclosures included in the financial statements regarding the relevant significant business, financial, and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impacts.

Signature: 

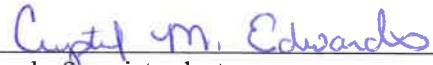
Wynter C. Benda, City Manager
City of Lynchburg

Signature: 

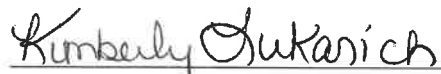
Donna Witt, Chief Financial Officer
City of Lynchburg

Signature: 

Rhonda Allbeck, Assistant Director of Financial Services
City of Lynchburg

Signature: 

Crystal Edwards, Superintendent
Lynchburg City Schools

Signature: 

Kimberly Lukanich, Chief Financial Officer
Lynchburg City Schools



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

During the audit of the financial statements of the City of Lynchburg, Virginia (the “City”) for the year ended June 30, 2021, 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 19, 2021

CITY OF LYNCHBURG, VIRGINIA
ACCOUNTING AND OTHER MATTERS
June 30, 2021

NEW GASB PRONOUNCEMENTS

In this section, we would like to make you aware of certain confirmed and potential changes that are on the horizon that may affect your financial reporting and audit. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

The GASB issued **Statement No. 87, *Leases*** in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

Lease Term

The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus the following periods, if applicable:

- a. Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option.
- b. Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option.
- c. Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option.
- d. Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised.

Lessees and lessors should reassess the lease term only if one or more of the following occur:

- a. The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option.
- b. The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option.
- c. An event specified in the lease contract that requires an extension or termination of the lease takes place.

(Continued)

CITY OF LYNCHBURG, VIRGINIA
ACCOUNTING AND OTHER MATTERS
June 30, 2021

Short-Term Leases

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

Lessee Accounting

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

Lessor Accounting

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

Contracts with Multiple Components and Contract Combinations

Generally, a government should account for the lease and nonlease components of a lease as separate contracts. If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract. To allocate the contract price to different components, lessees and lessors should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment, or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract should be accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria should be considered part of the same lease contract and should be evaluated in accordance with the guidance for contracts with multiple components.

CITY OF LYNCHBURG, VIRGINIA
ACCOUNTING AND OTHER MATTERS
June 30, 2021

Lease Modifications and Terminations

An amendment to a lease contract should be considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease should be accounted for by remeasuring the lease liability and adjusting the related lease asset by a lessee and remeasuring the lease receivable and adjusting the related deferred inflows of resources by a lessor.

Subleases and Leaseback Transactions

Subleases should be treated as transactions separate from the original lease. The original lessee that becomes the lessor in a sublease should account for the original lease and the sublease as separate transactions, as a lessee and lessor, respectively.

A transaction qualifies for sale-leaseback accounting only if it includes a sale. Otherwise, it is a borrowing. The sale and lease portions of a transaction should be accounted for as separate sale and lease transactions, except that any difference between the carrying value of the capital asset that was sold and the net proceeds from the sale should be reported as a deferred inflow of resources or a deferred outflow of resources and recognized over the term of the lease.

A lease-leaseback transaction should be accounted for as a net transaction. The gross amounts of each portion of the transaction should be disclosed.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

The GASB issued **Statement No. 91, Conduit Debt Obligations** in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

(Continued)

CITY OF LYNCHBURG, VIRGINIA
ACCOUNTING AND OTHER MATTERS
June 30, 2021

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

The GASB issued **Statement No. 92, *Omnibus 2020*** in January 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

ACCOUNTING AND OTHER MATTERS

June 30, 2021

- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 and application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for fiscal years beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The GASB issued **Statement No. 93, *Replacement of Interbank Offered Rates*** in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.

(Continued)

CITY OF LYNCHBURG, VIRGINIA
ACCOUNTING AND OTHER MATTERS
June 30, 2021

- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

The GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancellable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

(Continued)

CITY OF LYNCHBURG, VIRGINIA
ACCOUNTING AND OTHER MATTERS
June 30, 2021

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

(Continued)

CITY OF LYNCHBURG, VIRGINIA
ACCOUNTING AND OTHER MATTERS
June 30, 2021

An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements*** in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term – which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.

(Continued)

CITY OF LYNCHBURG, VIRGINIA
ACCOUNTING AND OTHER MATTERS
June 30, 2021

- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The GASB issued **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*** in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

CITY OF LYNCHBURG, VIRGINIA
ACCOUNTING AND OTHER MATTERS
June 30, 2021

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

CITY OF LYNCHBURG, VIRGINIA
ACCOUNTING AND OTHER MATTERS
June 30, 2021

CURRENT GASB PROJECTS

GASB currently has a variety of projects in process. Some of these projects discussed below.

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. This project is currently in exposure draft re-deliberations period.

Conceptual Framework – Disclosure. The project’s objective is to develop concepts related to a framework for the development and evaluation of notes to financial statements for the purpose of improving the effectiveness of note disclosures in government financial reports. The framework will establish criteria for the Board to use in evaluating potential note disclosure requirements during future standards-setting activities and in reexamining existing note disclosure requirements. Those concepts also will provide governments a basis for considering the essentiality of information items for which the GASB does not specifically provide authoritative disclosure guidance. This project is currently in exposure draft comment period.

Financial Reporting Model. The objective of this project is to make improvements to the financial reporting model, including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other reporting model-related pronouncements (Statements No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, No. 41, *Budgetary Comparison Schedules – Perspective Differences*, and No. 46, *Net Assets Restricted by Enabling Legislation, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*). The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government’s accounting and address certain application issues, based upon the results of the pre-agenda research on the financial reporting model. This project is currently in exposure draft re-deliberations period.

Revenue and Expense Recognition. The objective of this project is to develop a comprehensive application model for the classification, recognition, and measurement of revenues and expenses. The purpose for developing a comprehensive model is (1) to improve the information regarding revenues and expenses that users need to make decisions and assess accountability, (2) to provide guidance regarding exchange and exchange-like transactions that have not been specifically addressed, (3) to evaluate revenue and expense recognition in the context of the conceptual framework, and (4) to address application issues identified in practice, based upon the results of the pre-agenda research on revenue for exchange and exchange-like transactions. This project is currently in the preliminary views re-deliberations period.



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

Don Sloan, Sheriff
City of Lynchburg, Virginia

We have performed the procedures enumerated below on the 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, 2021. The Sheriff is responsible for compliance with those requirements. The City of Lynchburg, Virginia (the "City") has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the City and the Auditor of Public Accounts of the Commonwealth of Virginia 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*. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

Court Support Services

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

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

Note: *The Sheriff has represented to us that there were no Sheriff's sales or levies and no sales or retention of unclaimed property during the year ended June 30, 2021.*

Findings: *None noted.*

Credit Cards/Small Purchase Cards

1. Obtain the sign-out log, authorized cardholders listing, and credit card statements for the year, select one statement from each department card account, and determine the following:
 - a. Statement was reviewed by supervisor or other designated individual.
 - b. Receipts, invoices, or other applicable documentation was obtained for all charges to the card.
 - c. Charge card purchase was within established limits (dollar and type of purchase) of the Sheriff and/or locality credit card/purchasing card policy.
 - d. Requests for cards are required to be approved before card is issued for use (form, space on sign-out log, or some other documentation) to ascertain that all established purchasing and procurement policies are followed.
 - e. Card was returned prior to end of the business day (unless signed-out and approved to be kept for after hours or overnight travel or other afterhours activity). Ideally, card and receipts are returned to the individual with custody of the cards at the same time. That individual can then give the receipts to the appropriate person for statement reconciliation.
 - f. Determine that the card is issued in the name of the Sheriff's office or the name of the Sheriff or deputy, with the locality name included. A card should never be issued in just the name of the individual Sheriff or deputy.

Findings: *None noted.*

Procurement and Personnel

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

Controls over Cash Receipts

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

We were engaged by the City of Lynchburg, Virginia to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the effectiveness of the internal control of the Sheriff's office. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and City Sheriff and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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
September 20, 2021



INDEPENDENT ACCOUNTANT'S REPORT

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

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

We have examined management's assertion that the census data reported to the Virginia Retirement System by the City of Lynchburg, Virginia (the "City") and the Lynchburg City School Division (the "Schools") during the year ended June 30, 2021 is complete and accurate based on the criteria set forth by the Virginia Retirement System and Board of Trustees' plan provisions as mandated in Section §51.1-136 of the *Code of Virginia*. The City and the Schools' management is responsible for its 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that the census data reported to the Virginia Retirement System by the City and the Schools during the year ended June 30, 2021 was complete and accurate based on the criteria set forth by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated in §51.1-136 of the *Code of Virginia*, is fairly stated, in all material respects. 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, the 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 13, 2021

Appendix A

We identified two control environments during this review for which the City and the Schools were responsible.

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

Required Audit Procedure	Population Size	Sample Size	Risks and Other Considerations Used to Determine Sample Size
Review of Census Data Elements	558	39	AICPA Audit Sampling Audit Guide dated December 1, 2019, 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	1,544	40	Same as above.
Review of Eligibility of Newly Enrolled Members Reported to the VRS	Not Tested	Not Tested	Per the Retirement System audit procedures at Section 3-7 in the <i>Specifications for Audits of Counties, Cities, and Towns</i> , and Section 2-5 in the <i>Specifications for Audits of Authorities, Boards, and Commission</i> , for the fiscal year under audit, testing is performed on an alternating schedule..
Review of Monthly myVRS Navigator Contribution Confirmation Reconciliations	Not Tested	Not Tested	Same as above.
Review of myVRS Navigator System Access	5	3	AICPA Audit Sampling Audit Guide dated December 1, 2019, 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.

**Appendix A
(Continued)**

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

Required Audit Procedure	Population Size	Sample Size	Risks and Other Considerations Used to Determine Sample Size
Review of Census Data Elements	1,547	40	AICPA Audit Sampling Audit Guide dated December 1, 2019, 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	2,530	60	Same as above.
Review of Eligibility of Newly Enrolled Members Reported to the VRS	Not Tested	Not Tested	Per the Retirement System audit procedures at Section 3-7 in the Specifications for Audits of Counties, Cities, and Towns, and Section 2-5 in the Specifications for Audits of Authorities, Boards, and Commission, for the fiscal year under audit, testing is performed on an alternating schedule.
Review of Monthly myVRS Navigator Contribution Confirmation Reconciliations	Not Tested	Not Tested	Same as above.
Review of myVRS Navigator System Access	5	2	AICPA Audit Sampling Audit Guide dated December 1, 2019, 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.



INDEPENDENT AUDITOR'S REPORT ON COMMENTS AND SUGGESTIONS

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

During the audit of the financial statements of the Lynchburg City Schools (the "Schools"), a component unit of the City of Lynchburg, Virginia, for the year ended June 30, 2021, 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 19, 2021

ACCOUNTING AND OTHER MATTERS
June 30, 2021

NEW GASB PRONOUNCEMENTS

In this section, we would like to make you aware of certain confirmed and potential changes that are on the horizon that may affect your financial reporting and audit. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

The GASB issued **Statement No. 87, *Leases*** in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

Lease Term

The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus the following periods, if applicable:

- a. Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option.
- b. Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option.
- c. Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option.
- d. Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised.

Lessees and lessors should reassess the lease term only if one or more of the following occur:

- a. The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option.
- b. The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option.
- c. An event specified in the lease contract that requires an extension or termination of the lease takes place.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2021

Short-Term Leases

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

Lessee Accounting

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

Lessor Accounting

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

Contracts with Multiple Components and Contract Combinations

Generally, a government should account for the lease and nonlease components of a lease as separate contracts. If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract. To allocate the contract price to different components, lessees and lessors should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment, or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract should be accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria should be considered part of the same lease contract and should be evaluated in accordance with the guidance for contracts with multiple components.

ACCOUNTING AND OTHER MATTERS

June 30, 2021

Lease Modifications and Terminations

An amendment to a lease contract should be considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease should be accounted for by remeasuring the lease liability and adjusting the related lease asset by a lessee and remeasuring the lease receivable and adjusting the related deferred inflows of resources by a lessor.

Subleases and Leaseback Transactions

Subleases should be treated as transactions separate from the original lease. The original lessee that becomes the lessor in a sublease should account for the original lease and the sublease as separate transactions, as a lessee and lessor, respectively.

A transaction qualifies for sale-leaseback accounting only if it includes a sale. Otherwise, it is a borrowing. The sale and lease portions of a transaction should be accounted for as separate sale and lease transactions, except that any difference between the carrying value of the capital asset that was sold and the net proceeds from the sale should be reported as a deferred inflow of resources or a deferred outflow of resources and recognized over the term of the lease.

A lease-leaseback transaction should be accounted for as a net transaction. The gross amounts of each portion of the transaction should be disclosed.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

The GASB issued **Statement No. 91, *Conduit Debt Obligations*** in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

ACCOUNTING AND OTHER MATTERS

June 30, 2021

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

The GASB issued **Statement No. 92, *Omnibus 2020*** in January 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2021

- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 and application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for fiscal years beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The GASB issued **Statement No. 93, *Replacement of Interbank Offered Rates*** in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2021

- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

The GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancellable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2021

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2021

The GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements*** in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term – which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2021

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The GASB issued **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*** in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2021

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2021

CURRENT GASB PROJECTS

GASB currently has a variety of projects in process. Some of these projects discussed below.

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. This project is currently in exposure draft re-deliberations period.

Conceptual Framework – Disclosure. The project’s objective is to develop concepts related to a framework for the development and evaluation of notes to financial statements for the purpose of improving the effectiveness of note disclosures in government financial reports. The framework will establish criteria for the Board to use in evaluating potential note disclosure requirements during future standards-setting activities and in reexamining existing note disclosure requirements. Those concepts also will provide governments a basis for considering the essentiality of information items for which the GASB does not specifically provide authoritative disclosure guidance. This project is currently in exposure draft comment period.

Financial Reporting Model. The objective of this project is to make improvements to the financial reporting model, including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other reporting model-related pronouncements (Statements No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, No. 41, *Budgetary Comparison Schedules – Perspective Differences*, and No. 46, *Net Assets Restricted by Enabling Legislation, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*). The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government’s accounting and address certain application issues, based upon the results of the pre-agenda research on the financial reporting model. This project is currently in exposure draft re-deliberations period.

Revenue and Expense Recognition. The objective of this project is to develop a comprehensive application model for the classification, recognition, and measurement of revenues and expenses. The purpose for developing a comprehensive model is (1) to improve the information regarding revenues and expenses that users need to make decisions and assess accountability, (2) to provide guidance regarding exchange and exchange-like transactions that have not been specifically addressed, (3) to evaluate revenue and expense recognition in the context of the conceptual framework, and (4) to address application issues identified in practice, based upon the results of the pre-agenda research on revenue for exchange and exchange-like transactions. This project is currently in the preliminary views re-deliberations period.

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”), a component unit of the City of Lynchburg, Virginia, for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 28, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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 24 to the financial statements, the Schools adopted a new accounting standard for 2021: GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Schools combining statement of revenues, expenditures, and changes in fund balances and statement of activities. We noted no transactions entered into by the Schools 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 local other post-employment benefits liability is based on an actuarial study provided by the Schools’ external actuarial firm.
- The self-insurance liability is based on information from an external third party consultant and subsequent claims information provided by the insurance carrier.
- The net pension liability and the net OPEB liability for state administered plans are based on actuarial studies performed by actuaries engaged by the Virginia Retirement System.

Significant Audit Matters (Continued)

Qualitative Aspects of Accounting Practices (Continued)

We evaluated the key factors and assumptions used to develop these estimates in determining that it is 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 related to:

- Capital assets, commitments, health insurance claims incurred but not reported, pension plans, other post-employment benefit liabilities, and uncertainties related to COVID-19.

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 clearly trivial, and communicate them to the appropriate level of management. Adjustments related to GASBs 68 and 75 resulted from a collaborative process with management for 2021. We did not propose any audit adjustments.

Management has determined that the effects of the following unrecorded misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. All amounts are rounded to the nearest thousand.

- An net understatement of approximately \$128,000 in the other post-employment benefits and pension liabilities and the related expenses due to the change in proportion in the estimate and the change in the allocation between the Schools and Laurel Regional Program.
- When comparing the management estimate for the self-insurance IBNR liability to claims run-out information and other estimate documentation provided by the Schools third-party administrator, a variance indicating an overstatement of the liability of \$218,000 arises. As disclosed earlier in the letter, this is an estimate and such variances would be expected. Management has compared the estimates provided by the external party and believes that, compared to historical claims experience, the external estimate was not sufficient and, thus, has recorded a liability in excess of the estimates provided. Due to the nature of IBNR liabilities in which claims can have a significant lag and the fact that, in many cases, individuals who incur these claims in the summer have already earned the benefit associated with the IBNR as of June 30 the variance is deemed to be immaterial.
- An understatement of beginning net position by approximately \$450,000 and a related overstatement of revenue in the current year due to a portion of prior year sales tax revenue recorded in the current year.

Significant Audit Matters (Continued)

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 19, 2021, 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 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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), as listed in the table of contents, that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the 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. Such information has 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 it.

Other Matters (Continued)

Cybersecurity Risk Management

In today's environment of increasingly frequent cyber-attacks, ensuring the adequacy of cybersecurity is a critical aspect of board oversight. In addition to significant business disruption, substantial response cost, negative publicity, and reputational harm, cybersecurity breaches can result in litigation, and leaders may face potential liability if they failed to implement adequate steps to protect the organization.

Evidence suggests there may be a gap between the magnitude of exposure presented by cyber-risks and steps many corporate boards have taken to address these risks. Organizational leaders should be asking themselves what they can, and should, be doing to effectively oversee cyber-risk management.

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 19, 2021



THE CITY OF LYNCHBURG, VIRGINIA

OFFICE OF THE
CITY MANAGER

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

November 19, 2021

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 the 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, 2021, and the respective changes in financial position and, where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of November 19, 2021, 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 28, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
 - a) In prior years, the City changed its policy related to the capitalization of internal engineering costs. The change resulted in an uncorrected misstatement that reduced net position of the governmental and business-type activities by approximately \$962,000 and \$1,720,000, respectively. The effects of this misstatement are reduced each year by an insignificant amount of overstated depreciation.

- b) Revenue from a component unit is overstated in the current year by approximately \$150,000 with a related understatement of beginning net position/fund balance due to a revision in the calculation of funds due back to the City within the prior year calculation.
 - c) Grant revenue is overstated in the current year by approximately \$470,000 with a related understatement of beginning net position/fund balance.
 - d) An understatement of approximately \$128,000 in the other post-employment benefits and pension liabilities and the related expenses due to the change in proportion in the estimate and the change in the allocation between the Schools and Laurel Regional Program.
 - e) When comparing the management estimate for the self-insurance IBNR liability to claims run-out information and other estimate documentation provided by the Schools third-party administrator, a variance indicating an overstatement of the liability of \$218,000 arises.
 - f) An understatement of the Schools' beginning net position by approximately \$450,000 and a related overstatement of revenue in the current year due to a portion of prior year sales tax revenue recorded in the current year.
- 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 waste 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 a process to track the status of audit findings and recommendations.
- 22) 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.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24) The entity has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the School Board's portion of the financial statements and related notes, and the data collection form. 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 the data collection form.
- 31) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended, and GASB Statement No. 84.
- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.

- 39) 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.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Special and extraordinary items are appropriately classified and reported, if applicable.
- 43) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 44) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 45) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.
- 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 Statements (GASBS) that are not yet effective, as discussed in the notes to financial statements. The entity is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.
- 48) We agree with the findings of specialists in evaluating the pension and OPEB liabilities and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 49) We agree with the findings of specialists in evaluating the landfill liability estimate for closure, post-closure costs, the actuaries in determining pension and other post-employment benefits liabilities and disclosures, and the third party administrators in determining the incurred but not reported liabilities, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 50) We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 51) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 52) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 53) With respect to the supplementary information on which an in-relation-to opinion is issued.
 - a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

54) With respect to federal award programs:

- a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
- b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- 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 material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the requirements of the Uniform Guidance, if applicable.
- u) We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient., if applicable.
- v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.
- w) We have charged costs to federal awards in accordance with applicable cost principles.
- x) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- y) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- z) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- aa) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- bb) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations, if applicable.

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

- a) We are responsible for understanding and complying with and have complied with the requirements of 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 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 Audie 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 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 including when applicable, those set forth in the Passenger Facility Charge Audit Guide for Public Agencies, relating to the PFC program and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of the PFC program.
 - h) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
 - i) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
 - j) Amounts claimed or used for matching were determined in accordance with the Passenger Facility Charge Audit Guide for Public Agencies.
 - k) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - l) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to the PFC program financial reports and claims for advances and reimbursements.
 - m) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - n) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
 - o) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
 - p) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - q) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - r) We have charged costs to the PFC program in accordance with applicable cost principles.
- 56) We reaffirm the representations made to you in our letter dated December 1, 2020 regarding your audit for the fiscal year ended June 30, 2020.
- 57) To the extent our normal procedures and controls related to our financial close or other reporting processes at any of our locations were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- 58) Other than as disclosed in note 25 to the financial statements, no other impacts from the COVID-19 outbreak are necessary to be reflected in those financial statements.
- 59) Disclosures included in the financial statements regarding the relevant significant business, financial, and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impacts.

Signature: 

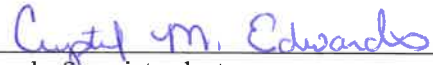
Wynter C. Benda, City Manager
City of Lynchburg

Signature: 

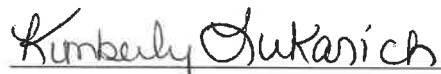
Donna Witt, Chief Financial Officer
City of Lynchburg

Signature: 

Rhonda Allbeck, Assistant Director of Financial Services
City of Lynchburg

Signature: 

Crystal Edwards, Superintendent
Lynchburg City Schools

Signature: 

Kimberly Lukanich, Chief Financial Officer
Lynchburg City Schools

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **2**

REGULAR: WORK SESSION: **X** CLOSED SESSION (Confidential):
ACTION: INFORMATION: **X**

ITEM TITLE: Report of the African American Cultural Committee

RECOMMENDATION: Receive the report of the African American Cultural Committee as an informational item and provide feedback to City staff and members of the Committee. City Council will consider approved of these recommendations at a later meeting.

SUMMARY: On several occasions over the last 30 years, City Council has discussed renaming Fifth Street in honor of Dr. Martin Luther King, Jr. This conversation was renewed during the spring of 2021, and City Council directed City staff to engage in a public campaign to solicit feedback from the community for perspectives on both the idea of renaming Fifth Street and other potential ideas to honor the contributions of African Americans in our community. In response, City staff conducted a survey of community members and held a virtual public forum, engaging with approximately 400 members of our community. Once the information was collected from those engagement efforts, City staff asked a group of community members representing the Fifth Street corridor and other prominent institutions in our community to consider Council's discussions and survey feedback and provide recommendations on how to best honor the contributions African Americans have made in our City.

The report that follows provides an overview of those recommendations, potential costs and an implementation timeframe.

Dr. Pat Price was selected by the members of the Committee to present the report.

PRIOR ACTION(S): October 2005: City Council created an overlay district honoring Dr. King.

FISCAL IMPACT: As noted in the attached report.

CONTACT(S): Reid A. Wodicka, Deputy City Manager, 455-3990
JoAnn Martin, Director of Communications and Public Engagement, 455-3800

ATTACHMENT(S):

- Report of the African American Cultural Committee
- Presentation

REVIEWED BY: raw MMB

150A



5th St. Medical & Professional

REPORT OF THE AFRICAN AMERICAN CULTURAL COMMITTEE

DECEMBER 14, 2021

"Many long-time residents of Lynchburg have fond memories of Fifth Street as it once was during the first half of the 20th Century – a vibrant commercial street and center of activity for the surrounding neighborhoods of College Hill, Garland Hill and Tinbridge Hill. Residents could do their daily shopping, have a meal, meet friends, see and be seen. On Lynchburg's Fifth Street, African American-owned businesses flourished. In its heyday, 30 African American-owned businesses lined Fifth Street from Federal Street to Park Avenue."

- Fifth Street Master Plan

A BRIEF HISTORY OF FIFTH STREET

Fifth Street is one of the oldest roads in Central Virginia. In the 1700’s, it was part of the primary east-west route people traveled from colonial settlements in Albemarle and Amherst Counties, across the James River, to Bedford County and the frontier beyond. As Lynchburg became a major commercial and industrial hub in the 19th century, Fifth Street was an important thoroughfare for traffic in and out of the city.

In the late 1800’s, as Jim Crow segregation became a way of life in Lynchburg, the portion of Fifth Street from Federal to Pierce began to emerge as a center of African American life apart from Main Street. The three blocks between Federal and Monroe Streets formed a thriving African American business district filled with shops, professional offices and social clubs. African Americans could find almost everything they needed there: from baby formula at Reid’s Pharmacy to caskets at Hutcherson Funeral Home and everything in between. Several Fifth Street hotels, tourist homes and restaurants appear in the *Green Books* for African American travelers.

The Great Migration, Civil Rights Movement and postwar suburban boom dealt successive blows to Fifth Street. In the last decades of the 20th century, many historically African American businesses struggled to survive without their usual networks of support, and the street became a place known for crime, derelict properties and vacant lots.

In the early 2000’s, the City of Lynchburg and the Fifth Street Community Development Corporation began making plans to revitalize the corridor between Main Street and Memorial Avenue. Three phases of major streetscape improvements, including Lynchburg’s first roundabout, were completed in 2019.

In 2005, Lynchburg City Council gave Fifth Street the honorary title of “Martin Luther King, Jr. Boulevard” and officially named the bridge between Fifth Street and Memorial Avenue for Rev. Dr. King. Today, Fifth Street struggles to find its identity amid gentrification, downtown revitalization and the city’s changing population.

PROJECT BACKGROUND AND PROCESS



Over the last 30 years and on multiple occasions, the City of Lynchburg has discussed the potential of renaming Fifth Street. At various times, suggestions for renaming the street to Dr. Martin Luther King, Jr. Boulevard have been brought forth by the community. Most recently, in

October 2005, City Council created an overlay district in the Fifth Street corridor honoring Dr. King. The official name, Fifth Street, was retained. In spring 2021, City Council, hearing renewed suggestions for renaming the street, directed City staff to engage in a public campaign to solicit feedback on both the idea of renaming Fifth Street, and asking the community for their ideas in other ways to honor African American history in our community. In response, City staff conducted a survey of community members and held a virtual public forum to solicit ideas and feedback.

Once the information and ideas were collected, City staff asked a group of community members representing interests associated with the Fifth Street corridor and other prominent institutions representing African Americans in our community to come together to review the ideas and provide feedback. They were also asked for their own perspectives concerning how to honor the tremendous contributions African Americans have made in our City.

Throughout fall 2021, the African American Cultural Committee met on several occasions to discuss and review the ideas from the public engagement process and create a set of recommendations for City Council to consider. These recommendations have been organized into three focus areas: Public Spaces, Art and Facilities, Programming, Information and Advocacy and Community Wealth Building.

FOCUS AREA 1:

Public Spaces,
Art and Facilities

“The point with public art, I think is that it helps people form a sense that the place they live in is unique, that there’s something special about it.”

– Andy Stewart

Public spaces, art and facilities – what and who are represented – provide a sense of what is important to a community. How we choose to invest in and honor our community through public spaces, art and facilities plays a role in demonstrating to the entire community that the contributions of African Americans have value and, as a community, we should celebrate those who have come before us. The recommendations found within this focus area are designed to provide improvements to public spaces, art and facilities that will demonstrate to current and future generations how important African American community members have been to this city and how we can all make positive contributions. People of all backgrounds should be able to look to those who are honored here as role models for the future.

 *Some images used for representation only.*

PROJECT TIMELINE
DURATION

SHORT: 1-2 years

MEDIUM: 3-5 years

LONG: 6-10 years

Action 1:

THE FIFTH STREET NAME AND OVERLAY DISTRICT

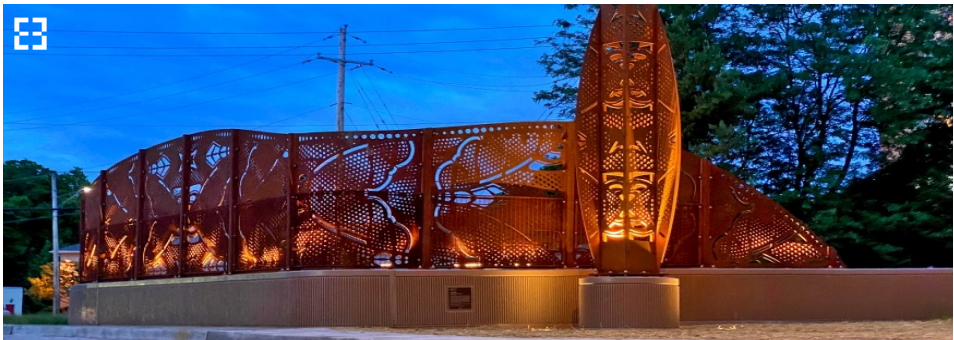
RECOMMENDATIONS:

- 1. Retain the Fifth Street name
- 2. Invest in public and streetscape improvements on the Martin Luther King, Jr. Bridge located on Fifth Street

DISCUSSION:



This process was generated by community interest in renaming Fifth Street in honor of Dr. Martin Luther King, Jr. However, given the critical importance that the Fifth Street corridor and adjacent neighborhoods have played in our city and the important role that the name Fifth Street has played, renaming the street would likely create the unintended consequence of erasing that important history. Therefore, this report recommends retaining the name Fifth Street and maintaining the overlay district honoring Dr. Martin Luther King, Jr. It should be noted that several signs and other designations of the overlay district have fallen into disrepair or are faded. The City should invest in replacing those assets to ensure the continued effort to honor Dr. King.



In addition to the overlay district, the Martin Luther King Bridge, (Fifth Street/Memorial Avenue) located between Fillmore Street and Miller Drive (approximate location of the City’s Public Works Department) should receive streetscape and public art improvements. The prominent location of this bridge provides an opportunity for the creation of a sense of place and importance. The existing Dr. Martin Luther King, Jr. Bridge creates an unwelcoming, sterile, and generic highway experience for drivers and pedestrians alike. Streetscape improvements, such as those provided as examples in this report, are an opportunity to highlight the contributions of Dr. King and more importantly, prominent African American leaders in Lynchburg and throughout the United States and would serve as a centerpiece of the community bridging diverse neighborhoods and communities.

SUMMARY:

PROJECT	TIMELINE	ESTIMATED COST
Update Dr. King Overlay Signage	Short	\$2,000
Dr. King Bridge Streetscape	Medium	\$300,000

Action 2:

EXISTING HISTORICAL RECOGNITION EFFORTS

RECOMMENDATIONS:

- 1. Update and revitalize the existing historical markers at the Fifth Street Roundabout
- 2. Re-institute the banner placemaking program along the Fifth Street Corridor

DISCUSSION:

The effort to recognize the contributions of African American members of our community is not entirely new, particularly in the Fifth Street corridor. When the roundabout was constructed at the intersection of Fifth and Federal Streets, the Fifth Street Community Development Corporation invested in a series of “history tables” which provided the historical context of the area and outlined the contributions of African American members of our community. Since the signage was installed, they have become faded and otherwise in disrepair. It is time to reinvest in new historical and contextual markers that provide information and honor members of the community. New technology also provides an opportunity to creatively engage beyond the traditional capabilities of historical markers.



In addition to the existing historical markers, the City also invested in a placemaking banner program which highlighted the area and its importance. However, over time, the banners have become aged and are in need of replacing. The City should consider purchasing new street banners for this purpose immediately and continually reinvest in this program in the future.

SUMMARY:		
PROJECT	TIMELINE	EST. COST
Banner Placemaking	Short	\$10,000
Update Historic Markers	Short	\$15,000



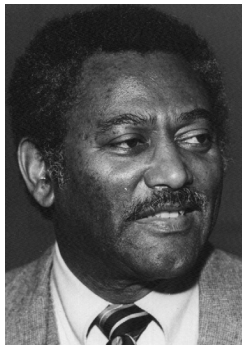
Action 3:

PUBLIC ART HONORING LYNCHBURG’S FINEST

RECOMMENDATIONS:

- 1. Financially support the completion of the Mayor Thornhill statue
- 2. Create an honor wall celebrating prominent African American community members throughout history
- 3. Support “Silent Witnesses” project led by the Legacy Museum of African American History and the Lynchburg Museum to place markers at sites associated with slavery

DISCUSSION:



A key role public art can play is a means to honor those who have come before and can serve as role model for future generations. As it considers options for honoring African Americans in our community, a critical consideration is how to honor Lynchburg’s first African American mayor (1990-1992), M.W. “Teedy” Thornhill, Jr. Following his death in 2016, a community effort to raise funds for the construction of a statue located at the center of the Fifth and Federal Streets roundabout has been underway. Though there have been challenges associated with this project, the project’s group is preparing to enter into a contract with a prominent bronze sculptor (located in North Carolina) to complete this project. The City should consider financially supporting this project by providing the remaining funds necessary for the construction of this statue.

Because there are so many individuals who could and should be honored for their work and contributions to our community, the City should consider construction of “honor walls” located in the Fifth Street Roundabout, The Morrison Garden, or another prominent location to tell the stories of these people. This is a place where the City can honor people like Sylvia Hobbs, the first female African American Lynchburg police officer, Dr. Marvin Barnard and Dr. Bill Alexander, the first African Americans to attend Virginia Episcopal School, and many, many others who have made lasting impacts in Lynchburg and throughout the world.

City Council should establish a commission to consider recommendations for who and how to honor African Americans individuals in our community.



The City should also proactively recognize the reality of its unfortunate history with enslaved people. There were several slave auction sites in Downtown Lynchburg, most prominently near the intersection of Ninth and Main Streets. The City should consider appropriately and reverently marking the location of slave auction sites throughout Lynchburg, appropriately contextualizing them as places where people were bought and sold and the long-term impact of slavery in our community – a real part of our history which future generations should learn.



SUMMARY:		
PROJECT	TIMELINE	EST. COST
Mayor Thornhill Statue	Short	\$200,000
Honor Wall (mult. locations)	Medium	\$65,000
“Silent Witnesses” Project	Medium	TBD

Action 4:

PUBLIC ART HONORING EVERYDAY PEOPLE

RECOMMENDATIONS:

1. Commission murals in public locations around the city of workers at Lynchburg’s key employers throughout history (Craddock Terry, Glamorgan (now US Pipe), Lynchburg Foundries, etc.)
2. Commission a statue honoring domestic workers in the Rivermont area



DISCUSSION:

Similar to the discussion surrounding the importance of public art to recognize prominent members of our community, it is equally important to utilize public art to bring to life the experiences of everyday people – those who are not larger than life, yet are still role models for future generations of all members of our community. To that end, over time, the City should consider installations of public art designed to share daily experiences - working, playing and living life in our community. Prominently displaying the lives of everyday people can show the importance of every resident and serve as a signal to future generations that each and every citizen is valued for their contribution to the City of Lynchburg.

SUMMARY:		
PROJECT	TIMELINE	EST. COST
Mural Program	Short	Depends on installations, size, location, number
Domestic Workers Statue	Medium	\$100,000

One idea the City should consider is commissioning murals that honor the contributions of workers employed businesses, some of which are still in operation today. This would help characterize the important contributions African Americans and others made in this city. These murals would allow all members of our community to see themselves in these workers and realize their contributions are important and valued.

The City should also specifically consider commissioning a work of public art, such as a statue recognizing the primarily African American domestic workers who served wealthy families in the large homes in the Rivermont area, first riding street cars, and later, buses, to work. Statues such as these can bring to life people who otherwise may have faded into the background. Perhaps unnoticed in their time, a public installation of a statue representing these individuals would be a continual reminder to the community that these people had a significant impact on the lives of others in the city and that those who perform this work now are equally as important, even if not always noticed.



Action 5:

THE ANNE SPENCER PUBLIC LIBRARY

RECOMMENDATION:

Rename the Lynchburg Public Library in honor of Anne Spencer.

DISCUSSION:

As the City considers options for honoring African American members of our community, the importance of intentionality of design and naming cannot be understated and speaks to the community about what is and should be honored. In addition to the installation of new public art and facilities, one critically important way that cities honor those who have made substantial contributions to the community is through the naming of existing public facilities. The primary way Lynchburg has done so in the past is the naming of public schools. Individuals such as School Board Members Robert Spotswood Payne and Carl B. Hutcherson, Sr., Superintendent Edward Christian Glass, and Teacher Amelia Pride are among those local individuals honored by the name of public schools. There are, however, no public, non-school buildings named for women and **none** named for **local** African Americans members of our community.



The City should consider renaming the Lynchburg Public Library in honor of Anne Spencer, a Harlem Renaissance-era poet and contemporary of such luminaries as W.E.B. DuBois and Langston Hughes. More importantly, Anne Spencer was also the long-time librarian at Lynchburg’s Dunbar High School and a resident of Pierce Street in Lynchburg where she wrote poetry and gardened. Renaming the Lynchburg Public Library to honor Anne Spencer would solidify the importance of intellectualism, education and public service in our community and would provide a role model for those who have an interest in literature and the advancement of civil rights.

SUMMARY:		
PROJECT	TIMELINE	EST. COST
Library Renaming & Rebranding	Short	\$50,000

FOCUS AREA 2:

Programming,
Information, and
Advocacy

The Sankofa is an Akan symbol that means “return and take from the past that which may have been forgotten but which will be of use today and in the future.”



Effective programming, support of cultural assets and investment in our neighborhoods help ensure sustainability and foster a greater sense of belonging and involvement among all residents. The teaching of the full spectrum of African American history, which is vital to understanding American, and specifically Lynchburg history, should be better integrated into mainstream history classes. Equally important is to pave the way for community assets which are under-utilized or overlooked to be able to take full advantage of community resources, services and opportunities. The creation of active, diverse partnerships is mutually beneficial for all involved and strengthens the social and economic fabric of the community.

Action 1:

DEVELOP A LYNCHBURG-CENTERED K-12 AFRICAN AMERICAN HISTORY CURRICULUM

RECOMMENDATION:

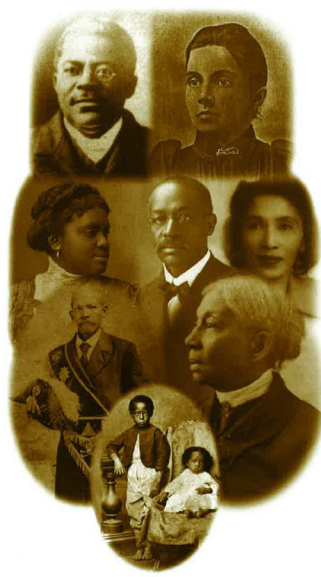
Collaborate with a diverse group of area educators, historians and parents to develop a K-12 curriculum that focuses on the history and contributions of Lynchburg African Americans. Make the curriculum available to public, private and homeschool students.

DISCUSSION:

African American influence can be found at the core of American life, from science and academia, to music, arts and social movements. When you explore the journey of African American history, you find stories of strength, resilience, and achievement. In every community, these stories are foundational to building shared values, which inspire today’s youth to become tomorrow’s leaders.

– Everfi

It is important for students to learn about the diverse contributions made by people of color in the Lynchburg community. A culturally inclusive education program not just limited to the month of February (Black History Month) would provide all students with a better understanding of the African American experience and an appreciation and understanding that goes far beyond the boundaries of slavery. The City should consider partnering with local educators, historians and parents to develop a curriculum that focuses on the contributions made by Lynchburg African Americans.



SUMMARY:		
PROJECT	TIMELINE	ESTIMATED COST
Develop Lynchburg-centered African American History Curriculum	Short	TBD



Action 2:

ESTABLISH A PARTNERSHIP WITH THE VIRGINIA UNIVERSITY OF LYNCHBURG/CONDUCT HIRING EVENTS AT THE UNIVERSITY

RECOMMENDATION:

Create internship and employment opportunities for students and graduates.

DISCUSSION:

The Virginia University of Lynchburg Virginia Seminary and College was organized in May 1886 during the 19th annual session of the Virginia Baptist State Convention at the First Baptist Church in Lexington, Virginia. The Rev. Phillip F. Morris, pastor of Court Street Baptist Church in Lynchburg, offered the resolution that authorized the establishment of the institution. Just 21 years out of slavery, African American Baptist leaders founded Lynchburg’s oldest institution of higher education for men and women to meet the growing demands of our community for better-educated and trained ministers, missionaries, and public-school teachers. The University has graduated many individuals of note who have made their mark in all areas of American life.

The City currently enjoys a number of partnerships with local colleges and universities. These partnerships are mutually beneficial and provide a network of student internships and career development opportunities in the public sector to help ensure students have the skills and experience to acquire fulfilling jobs, especially with the City of Lynchburg.



The City should consider establishing a partnership with the Virginia University of Lynchburg in order to give access to students of color who may not have other means to gain the experience and expertise of working in local government. This partnership will also send a strong message to the Lynchburg community that the organization is committed to the principles of diversity, equity and inclusion.

The City of Lynchburg conducts multiple hiring events throughout the year to attract high quality potential employees. It is recommended these recruitment events be held at the Virginia University of Lynchburg as well as at other institutions of higher learning in order to attract the best and brightest to City employment.

SUMMARY:		
PROJECT	TIMELINE	EST. COST
Establish a partnership with the Virginia University of Lynchburg and conduct recruitment events at the school	Short	Minimal

Action 3:

IMPLEMENT PROGRAMS AND INITIATIVES THAT PROMOTE COMMUNITY WELL-BEING



RECOMMENDATIONS:

- 1. Initiate opportunities to bring target City services to neighborhoods
- 2. Establish relationships with the Hunton-Randolph Community Center and other key historically African American organizations to provide culturally responsible mentoring to neighborhood youth
- 3. Identify funding opportunities to direct towards neighborhood improvements
- 4. Grow the Strong Neighborhoods Alliance to help provide guidance and direction for community well-being efforts
- 5. Conduct mini Citizens Academy sessions at neighborhood centers
 - a. Localize training from Citizen Academy and customize for neighborhoods
 - b. Promote civic engagement

DISCUSSION:

Community well-being is a combination of social, economic, environmental, cultural and political conditions essential to individuals and communities to flourish and fulfill their potential. One way to help ensure community well-being is to have fully engaged citizens who play a meaningful role in the deliberations, discussions, decision-making and/or implementation of projects or programs affecting them.

To be more effective in the City’s interaction with residents and businesses, there must be a letting go of some of the traditional reins of power and trusting that citizens can and will effectively engage in the issues, programs and opportunities that impact their lives. The City’s traditional methods of engaging with neighborhoods have not been as impactful or as successful as desired. The goals of the newly formed Strong Neighborhoods Alliance include developing relationships with neighbors, learning from their experiences and utilizing that information to formulate action plans. It relies heavily on neighborhood interaction and sustainability. Historically, residents in our urban core have a belief, whether factual or perceived that they receive less services than other more affluent areas of the City. One of the goals is to bring services to the neighborhoods to create productive partnerships with the community.



Action 4:

REIMAGINE THE CURRENT MAYOR’S YOUTH COUNCIL

RECOMMENDATION:
Provide development opportunities to youth throughout the City of Lynchburg by the establishment of a Mayor’s Youth Academy.



DISCUSSION:
There currently exists a Mayor’s Youth Council. The Mayor’s Youth Council, while providing networking opportunities to top students in public, private and homeschool students, rarely has a lasting impact on the community and does not provide a broad opportunity for a diverse pool of students. Following a model created by the City of Richmond, Virginia with great success, it is recommended that the current Mayor’s Youth Council be reimagined and transitioned to a Mayor’s Youth Academy.

Reimagining the Mayor’s Youth Council to the Mayor’s Youth Academy would provide development opportunities throughout the city of Lynchburg which include job readiness training, leadership development, exposure to entrepreneurship, mentoring and post-secondary career exploration. The goal would be to develop Lynchburg’s future workforce into determined, successful citizens who will one day become our city’s leaders. In doing so, the Mayor’s Youth Academy would strive to accomplish the following goals:

- Provide extensive training for youth
- Develop employability skills
- Promote civic engagement
- Expose youth to post-secondary educational and/or vocational opportunities
- Provide professional mentors and instructors in a variety of career paths
- Provide safe and constructive social outlets through supervised out of school activities
- Encourage continued school enrollment

SUMMARY:		
PROJECT	TIMELINE	EST. COST
Reimagine the Mayor's Youth Council	Short	\$5,000

Action 5:

SUPPORT COMMUNITY GROUPS IN EFFORTS TO CELEBRATE AFRICAN AMERICAN CULTURE



RECOMMENDATION:
The City should increase its efforts to reach out to all current and potential event organizers to make them aware of possible funding opportunities to ensure diversity in the events that it supports. Clear and concise information about funding opportunities should be included in all print and electronic materials regarding funding resources. There should be a routine review of the processes to ensure that all organizers have the opportunity to utilize city funding.

DISCUSSION:
One of the main objectives of a cultural event should be sharing our unique culture and creating a dialogue with other cultural groups. The City of Lynchburg currently provides some funding for eligible events through its Arts and Cultural District Grant Program. It also provides some funding for events deemed by the City as “City-sponsored.” The City should increase its efforts to reach out to all current and potential event organizers to make them aware of possible funding opportunities to ensure diversity in the events it supports and routinely review its processes to ensure all organizers have the opportunity to utilize city funding.

SUMMARY:		
PROJECT	TIMELINE	EST. COST
Support Community Groups in an effort to celebrate African American Culture.	Short	Existing Grants



FOCUS AREA 3:
Community Wealth Building

In order for the next generation to thrive, an investment in their future is necessary. This investment should provide adequate development spaces for business entrepreneurs, attract college graduates and new families to the many resources Lynchburg has to offer.

Action 1:
SMALL BUSINESS OPPORTUNITY CENTER
& SKILLS DEVELOPMENT



RECOMMENDATION:
Create a small business opportunity and skills development center in the Fifth Street corridor.

DISCUSSION:
According to the latest annual report from the City’s Office of Economic Development, 76% of businesses in Lynchburg are small businesses having 10 full time employees or less. Historically, the Fifth Street corridor served as a type of small business hub for the African American community. Small businesses and entrepreneurs once thrived in the corridor. “Mom and Pop” stores, barber shops, restaurants and physicians’ offices once lined the streets. However, as changes were made to policies and practices regarding parking and other issues, many of those businesses either closed or relocated.

To honor the legacy of the Fifth Street corridor and in celebration of the entrepreneurial spirit, the City’s Office of Economic Development & Tourism (OEDT) is exploring ideas toward the creation of a Small Business Opportunity Center in the Fifth Street corridor. Staff is conferring with services and existing programming to determine feasibility and actual needs, so as not to duplicate efforts that are already being done well elsewhere. This is actively in the exploration phase and no commitments or decisions have been made at this time.

SUMMARY:		
PROJECT	TIMELINE	ESTIMATED COST
Small business opportunity center & skills development space	Long	TBD / Partially Grant Funded



Photo credit: LuAnn Hunt

Action 2:
TOURISM PROMOTION

RECOMMENDATION:
Increase promotion of tourism to African American destination.

DISCUSSION:
Promotion of local African American tourist destinations have so far been either handled by the destinations themselves, by word of mouth or mixed in with other destination marketing materials offered by the City’s Office of Economic Development & Tourism. Tourism destinations such as the Anne Spencer House & Garden, the Heritage Tour, the Legacy Museum of African American History and the Old City Cemetery are known by many people; however, the majority of the general public does not know these places exist. Many of these destinations

simply desire to increase the number of visitors - from local residents as well as those who live outside of Lynchburg - to enjoy what they have to offer and hear the stories of African Americans woven into Lynchburg’s rich history. The result is a more educated population that has a better grasp of the contributions of all residents in Lynchburg.

The City should honor the contributions of African Americans of the past by developing sustainable partnerships with tourism destinations to maintain visibility, public awareness and perception that specifically showcase African American history and culture.

SUMMARY:		
PROJECT	TIMELINE	EST. COST
Tourism Promotion	Short	\$50,000

Action 3: POVERTY REDUCTION

RECOMMENDATION: Continue to create policies and invest in programs and initiatives that reduce poverty.

DISCUSSION: Recent reports indicate the City of Lynchburg has a 20% poverty rate, some of which can be attributed to generational poverty. In order to break the cycle, and to reduce, alleviate and work with those in poverty, the City should continue to use funds earmarked for Temporary Assistance to Needy Families and other grant opportunities to support efforts to reduce the poverty rate. In addition, the City should continue to partner with businesses, non-profits and other organizations to deliver programming and educational opportunities to those wishing to move from poverty to progress. Data should be collected on each program to determine effectiveness and to avoid duplication.

- Some examples of current poverty reduction programs include:
- Getting Ahead Classes – City of Lynchburg
 - Life Skills Institute – Parkview Mission
 - Non-Traditional Occupations for Women: Women in Machining – Vector Space, Jubilee, OEDT
 - Neighborhood Caretakers – City of Lynchburg

Data should be collected to determine the effectiveness of the programming and to determine if different programming is necessary.



SUMMARY:		
PROJECT	TIMELINE	EST. COST
Poverty Reduction	Short	TANF / Other Grants

SUMMARY OF FOCUS AREA PROJECTS

FOCUS AREA 1 Public Spaces, Art and Facilities

Action 1: THE FIFTH STREET NAME AND OVERLAY DISTRICT

Project | Estimated Cost

- Update Dr. King Overlay Signage | \$2,000
- Dr. King Bridge Streetscape | \$300,000

Action 2: EXISTING HISTORICAL RECOGNITION EFFORTS

Project | Estimated Cost

- Banner Placemaking | \$10,000
- Update Historic Markers | \$15,000

Action 3: PUBLIC ART HONORING LYNCHBURG’S FINEST

Project | Estimated Cost

- Mayor Thornhill Statue | \$200,000
- Honor Wall | \$65,000
- Slave Auction Markers | TBD

Action 4: PUBLIC ART HONORING EVERYDAY PEOPLE

Project | Estimated Cost

- Mural Program | Depends on installations, size, location, number
- Domestic Workers Statue | \$100,000

Action 5: THE ANNE SPENCER PUBLIC LIBRARY

Project | Estimated Cost

- Library Renaming & Rebranding | \$50,000

FOCUS AREA 2: Programming, Information, and Advocacy

Action 1: DEVELOP A LYNCHBURG–CENTERED K-12 AFRICAN AMERICAN HISTORY CURRICULUM

Project | Estimated Cost

- Develop Lynchburg-centered African American History Curriculum | TBD

Action 2: ESTABLISH A PARTNERSHIP WITH THE VIRGINIA UNIVERSITY OF LYNCHBURG/CONDUCT HIRING EVENTS AT THE UNIVERSITY

Project | Estimated Cost

- Establish a partnership with the Virginia University of Lynchburg and conduct recruitment events at the school | Minimal

Action 3: IMPLEMENT PROGRAMS AND INITIATIVES THAT PROMOTE COMMUNITY WELL-BEING

Project | Estimated Cost

- TBD | TBD

Action 4: REIMAGINE THE CURRENT MAYOR’S YOUTH COUNCIL

Project | Estimated Cost

- Reimagine the Mayor’s Youth Council | \$5,000

Action 5: SUPPORT COMMUNITY GROUPS IN EFFORTS TO CELEBRATE AFRICAN AMERICAN CULTURE

Project | Estimated Cost

- Support Community Groups in an effort to celebrate African American Culture. | Existing Grants

FOCUS AREA 3: Community Wealth Building

Action 1: SMALL BUSINESS OPPORTUNITY CENTER & SKILLS DEVELOPMENT

Project | Estimated Cost

- Small business opportunity center & skills development space | TBD / Partially Grant Funded
- Explore grant and other funding opportunities
- Explore existing services and programs to determine scope of need

Action 2: TOURISM PROMOTION

Project | Estimated Cost

- Tourism Promotion | \$50,000

Action 3: POVERTY REDUCTION

Project | Estimated Cost

- Poverty Reduction | TANF / Other Grants

AFRICAN AMERICAN CULTURAL COMMITTEE MEMBERS

Mike Anderson, *Anderson Counseling Services*

Ramona Battle, *Legacy Museum of African American History*

Charles Dunning, *Fifth Street CDC/Pastor of Jericho Missionary Church*

John Hughes III, *Resident*

Rev. Carl B. Hutcherson Jr., *Pastor, First Baptist South Lynchburg*

Denise McDonald, *Old City Cemetery*

Pat Price, *Virginia University of Lynchburg*

Trae Watkins, *Hunton-Randolph CC/Bank of the James*

CITY STAFF

Reid Wodicka, *Deputy City Manager*

JoAnn Martin, *Director, Communications and Public Engagement*

Tom Martin, *City Planner, Community Development*

Ted Delaney, *Director, Museum System*

Josh Quintero, *Community Engagement Manager,
Communications and Public Engagement*

Emily Kubota, *Curator, Museum System*



900 Church Street, Lynchburg, VA 24504
(434) 856-CITY | www.lynchburgva.gov



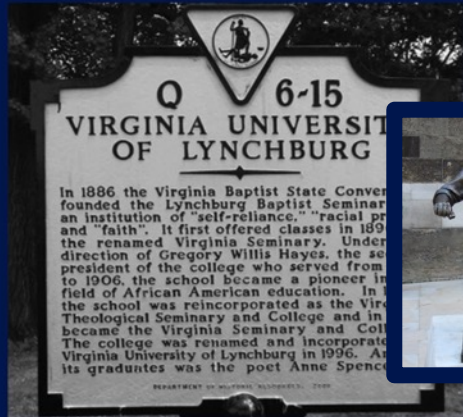
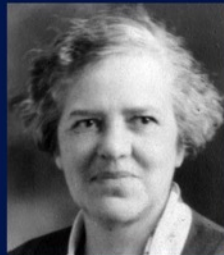
REPLACEMENT OF THE CONFEDERATE SOLDIER STATUE

The committee members discussed the possibility of the replacement of the statue of the Confederate soldier located at the top of Monument Terrace. Some members felt strongly that the statue should be replaced with a more inclusive monument or symbol. It was suggested that the American flag and/or the Virginia State flag would be more appropriate..

Those who want to see the statue replaced articulated they believed the statue was a celebration of the Confederacy and commemorated the atrocities of slavery. They also believe the current statue would be best relocated to the Lynchburg Museum as it sends the wrong message especially given its location and juxtaposition to the Courts in the area.

Others who did not support this action felt its replacement would simply be symbolic and not achieve anything of lasting substance. They suggested creating programs and activities which would serve to tell the entire story of the City's history for an enduring and positive effect on the community.

Since there was no consensus, the replacement of the statue is not a recommendation being made by the committee.



AFRICAN AMERICAN CULTURAL COMMITTEE

Recommendations for Review

December 14, 2021



ACTION ITEMS



*"The more you know about your own history,
the more liberated you are." - Maya Angelou*

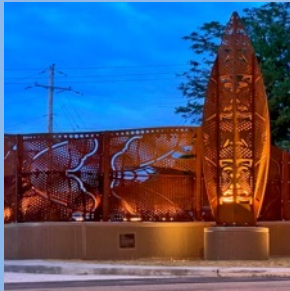
- Public Spaces,
Art and Facilities
- Programming,
Information and Advocacy
- Community Wealth Building



FOCUS ONE

"The point with public art, I think, is that it helps people form a sense that the place they live in is unique, that there's something special about it." - Andy Stewart

PUBLIC SPACES, ART AND FACILITIES



1. Fifth Street
2. History & Recognition
3. Art Honoring Lynchburg's Finest
4. Honor Contributions of Everyday People
5. Anne Spencer Public Library





Action 1

FIFTH STREET

- Keep the name Fifth Street as it is with the Martin Luther King, Jr. Blvd. overlay designation
- Invest in public art and streetscape improvements on the Martin Luther King, Jr. bridge which is located on Fifth Street





Current





Action 2

HISTORY AND RECOGNITION

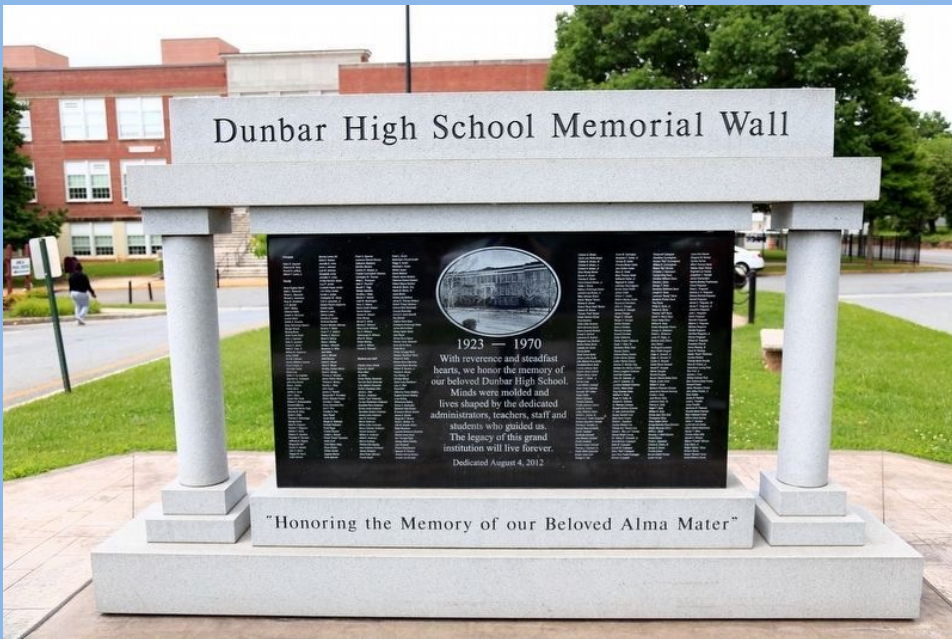
- Re-institute the banner placemaking program along the Fifth Street corridor
- Update and revitalize the existing historical markers at the Fifth Street roundabout



Action 3

ART HONORING LYNCHBURG'S FINEST

- Financially support the completion of the Mayor Thornhill statue
- Create Honor Walls in multiple locations
- Support the *Silent Witnesses* initiative led by the Legacy Museum and Lynchburg Museum to place markers at local sites associated with slavery





Action 4

HONOR THE CONTRIBUTIONS OF EVERYDAY PEOPLE

- Commission murals of workers from Lynchburg's key employers throughout its history – Craddock Terry, Glamorgan (now US Pipe) and Lynchburg Foundries, etc.
- Commission a statue honoring domestic workers in Rivermont area









Action 5

ANNE SPENCER PUBLIC LIBRARY

- Rename the Lynchburg Public Library in honor of Anne Spencer – renown poet, librarian, civic leader



FOCUS TWO



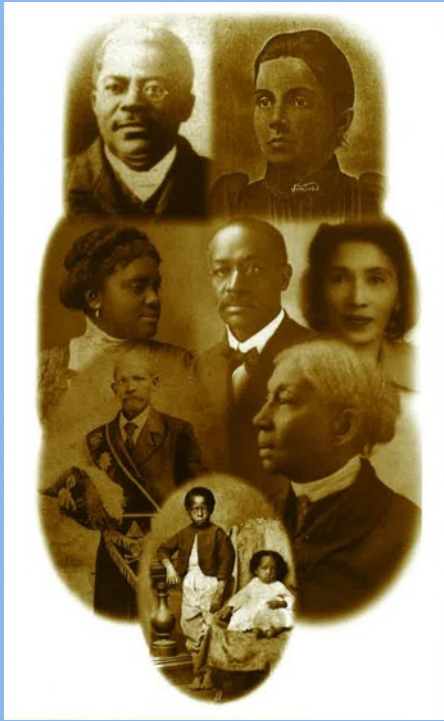
The Sankofa is an Akan symbol that means “return and take from the past that which may have been forgotten but which will be of use today and in the future.”

PROGRAMMING, INFORMATION & ADVOCACY



1. Lynchburg-Centered K-12 African American History Curriculum
2. Partnership with Virginia University of Lynchburg
3. Community Well-being
4. Support Celebrations of African American Culture





Action 1

DEVELOP A LYNCHBURG– CENTERED K-12 AFRICAN AMERICAN HISTORY CURRICULUM

- Collaborate with area educators, historians and parents to develop a K-12 curriculum that focuses on the history and contributions of Lynchburg African Americans
- Make curriculum available to public, private and homeschool students





Action 2

ESTABLISH PARTNERSHIP WITH VIRGINIA UNIVERSITY OF LYNCHBURG

- Create internship and employment opportunities for students and graduates
- Conduct hiring recruitment events





Action 3

PROMOTE COMMUNITY WELL-BEING

- Initiate opportunities to bring targeted City services to neighborhoods
- Establish relationships with the Hunton-Randolph Community Center and other key historically African American organizations to provide culturally responsible mentoring to neighborhood youth
- Identify funding opportunities to direct towards neighborhood improvements
- Grow the Strong Neighborhoods Alliance to help provide guidance and direction for community well-being efforts





Action 4

REIMAGINE MAYOR'S YOUTH COUNCIL

- Provide extensive training for youth
- Develop employability skills
- Promote civic engagement
- Expose youth to post-secondary educational and/or vocational opportunities
- Provide professional mentors and instructors in a variety of career paths
- Provide safe and constructive social outlets through supervised out of school activities
- Encourage continued school enrollment





Action 5

SUPPORT COMMUNITY EFFORTS TO CELEBRATE AFRICAN AMERICAN CULTURE

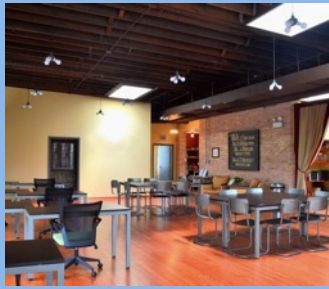
- Provide financial support and public services for events commemorating African American culture (Black History Month, Juneteenth, MLK Birthday Celebration, etc.) through the Special Events Grant Program



FOCUS THREE

"Leadership requires the courage to make decisions that will benefit the next generation." - Alan Autry

COMMUNITY WEALTH BUILDING



1. Small-Business Opportunity & Skills Development Center
2. Tourism Promotion
3. Poverty Reduction





Action 1

SMALL-BUSINESS OPPORTUNITY & SKILLS DEVELOPMENT CENTER

- Explore existing services and programs to determine scope of need
- Identify space for a business opportunity center & skills development center in the Fifth Street corridor
- Explore grant and other funding opportunities





Action 2

TOURISM PROMOTION

- Anne Spencer Home, Pierce Street
- African American Heritage Tours
- Legacy Museum of African American History
- Old City Cemetery





Action 3

POVERTY REDUCTION

- Getting Ahead Classes – *City of Lynchburg*
- Life Skills Institute – *Parkview Mission*
- Non-Traditional Occupation Training for Women: Women in Machining - *Vector Space, Jubilee, OEDT*
- Neighborhood Caretakers – *City of Lynchburg*



SUMMARY OF FOCUS AREA PROJECTS

FOCUS AREA 1

Public Spaces, Art and Facilities

Action 1:

THE FIFTH STREET NAME AND OVERLAY DISTRICT

Project | Estimated Cost

- Update Dr. King Overlay Signage | **\$2,000**
- Dr. King Bridge Streetscape | **\$300,000**

Action 2:

EXISTING HISTORICAL RECOGNITION EFFORTS

Project | Estimated Cost

- Banner Placemaking | **\$10,000**
- Update Historic Markers | **\$15,000**

Action 3:

PUBLIC ART HONORING LYNCHBURG'S FINEST

Project | Estimated Cost

- Mayor Thornhill Statue | **\$200,000**
- Honor Wall | **\$65,000**
- Slave Auction Markers | **TBD**

Action 4:

PUBLIC ART HONORING EVERYDAY PEOPLE

Project | Estimated Cost

- Mural Program | **Depends on installations, size, location, number**
- Domestic Workers Statue | **\$100,000**

Action 5:

THE ANNE SPENCER PUBLIC LIBRARY

Project | Estimated Cost

- Library Renaming & Rebranding | **\$50,000**

FOCUS AREA 2:

Programming, Information, and Advocacy

Action 1:

DEVELOP A LYNCHBURG-CENTERED K-12 AFRICAN AMERICAN HISTORY CURRICULUM

Project | Estimated Cost

- Develop Lynchburg-centered African American History Curriculum | **TBD**

Action 2:

ESTABLISH A PARTNERSHIP WITH THE VIRGINIA UNIVERSITY OF LYNCHBURG/CONDUCT HIRING EVENTS AT THE UNIVERSITY

Project | Estimated Cost

- Establish a partnership with the Virginia University of Lynchburg and conduct recruitment events at the school | **Minimal**

Action 3:

IMPLEMENT PROGRAMS AND INITIATIVES THAT PROMOTE COMMUNITY WELL-BEING

Project | Estimated Cost

- TBD | **TBD**

Action 4:

REIMAGINE THE CURRENT MAYOR'S YOUTH COUNCIL

Project | Estimated Cost

- Reimagine the Mayor's Youth Council | **\$5,000**

Action 5:

SUPPORT COMMUNITY GROUPS IN EFFORTS TO CELEBRATE AFRICAN AMERICAN CULTURE

Project | Estimated Cost

- Support Community Groups in an effort to celebrate African American Culture. | **Existing Grants**

FOCUS AREA 3:

Community Wealth Building

Action 1:

SMALL-BUSINESS OPPORTUNITY & SKILLS DEVELOPMENT CENTERS

Project | Estimated Cost

- Small-business opportunity & skills development center | **TBD / Partially Grant Funded**
- Explore grant and other funding opportunities
- Explore existing services and programs to determine scope of need

Action 2:

TOURISM PROMOTION

Project | Estimated Cost

- Tourism Promotion | **\$50,000**

Action 3:

POVERTY REDUCTION

Project | Estimated Cost

- Poverty Reduction | **TANF / Other Grants**

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **3**

REGULAR:
ACTION:

WORK SESSION: **X**
INFORMATION: **X**

CLOSED SESSION (Confidential):

ITEM TITLE: Update on Lynchburg Police Department Headquarters Building Project

RECOMMENDATION: Receive this as an information item.

SUMMARY: Chief Ryan Zuidema will provide an update on the status of the Lynchburg Police Department (LPD) headquarters building project.

PRIOR ACTION(S): January 2017: LPD Space Needs Assessment presentation to City Council.
May 2017: City Council approves Capital Improvement Plan budget that includes construction of a new LPD headquarters building.

FISCAL IMPACT: As noted in the attached presentation.

CONTACT(S): Ryan M. Zuidema, Chief of Police, 455-6145

ATTACHMENT(S):
• Presentation

REVIEWED BY: MMB

152A

Lynchburg Police Department: New Public Safety Headquarters



December 14, 2021

Project History

Summer 2016:
Initial Space Needs
Assessment (SNA)



Fall 2016:
Began search for
new site



January 2017:
SNA presentation
to City Council



May 2017:
New Public Safety
Headquarters
added to CIP for
\$40 million

February 2018:
Federal Transit
Administration approves
transfer request for
Kemper Street property



May 2019:
Demolition begins at
Kemper Street property



April 2020:
Design contract signed for
architectural work

October 2020:
Updated SNA projects total
cost at \$53 million



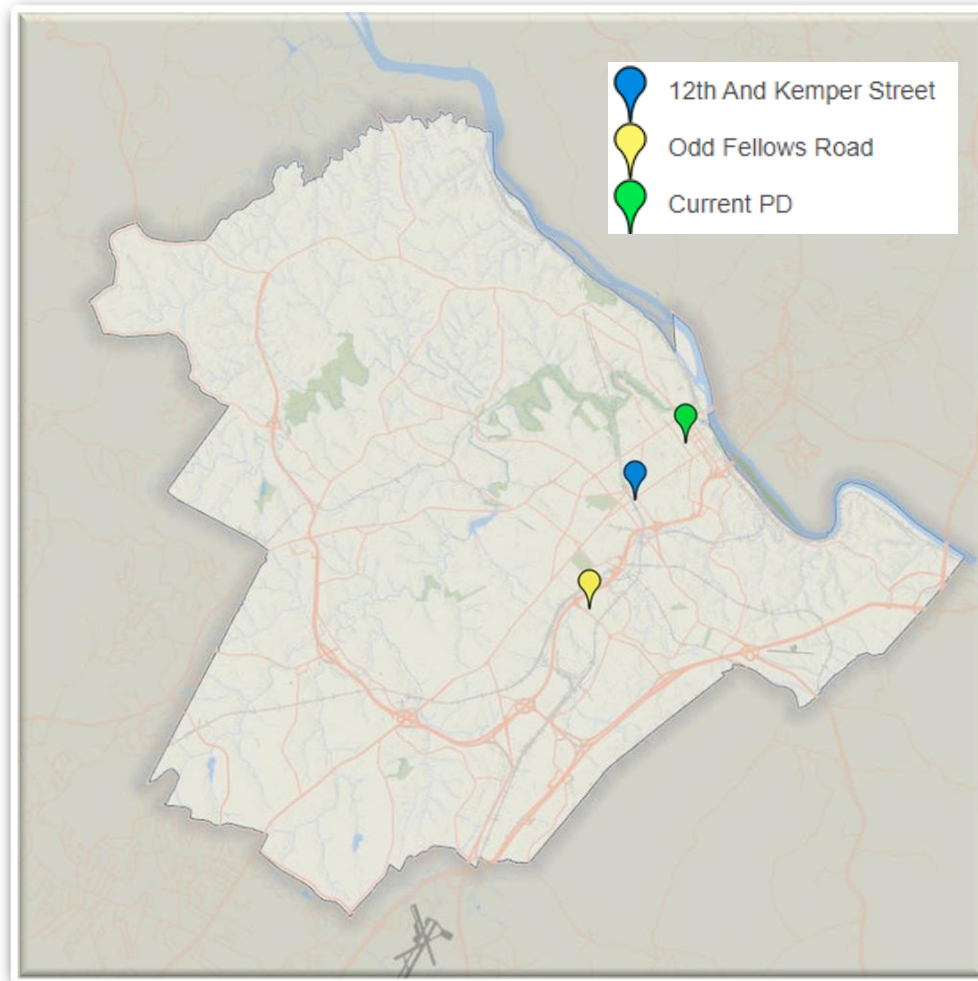
March 2021:
City receives unsolicited
PPEA for new
headquarters project



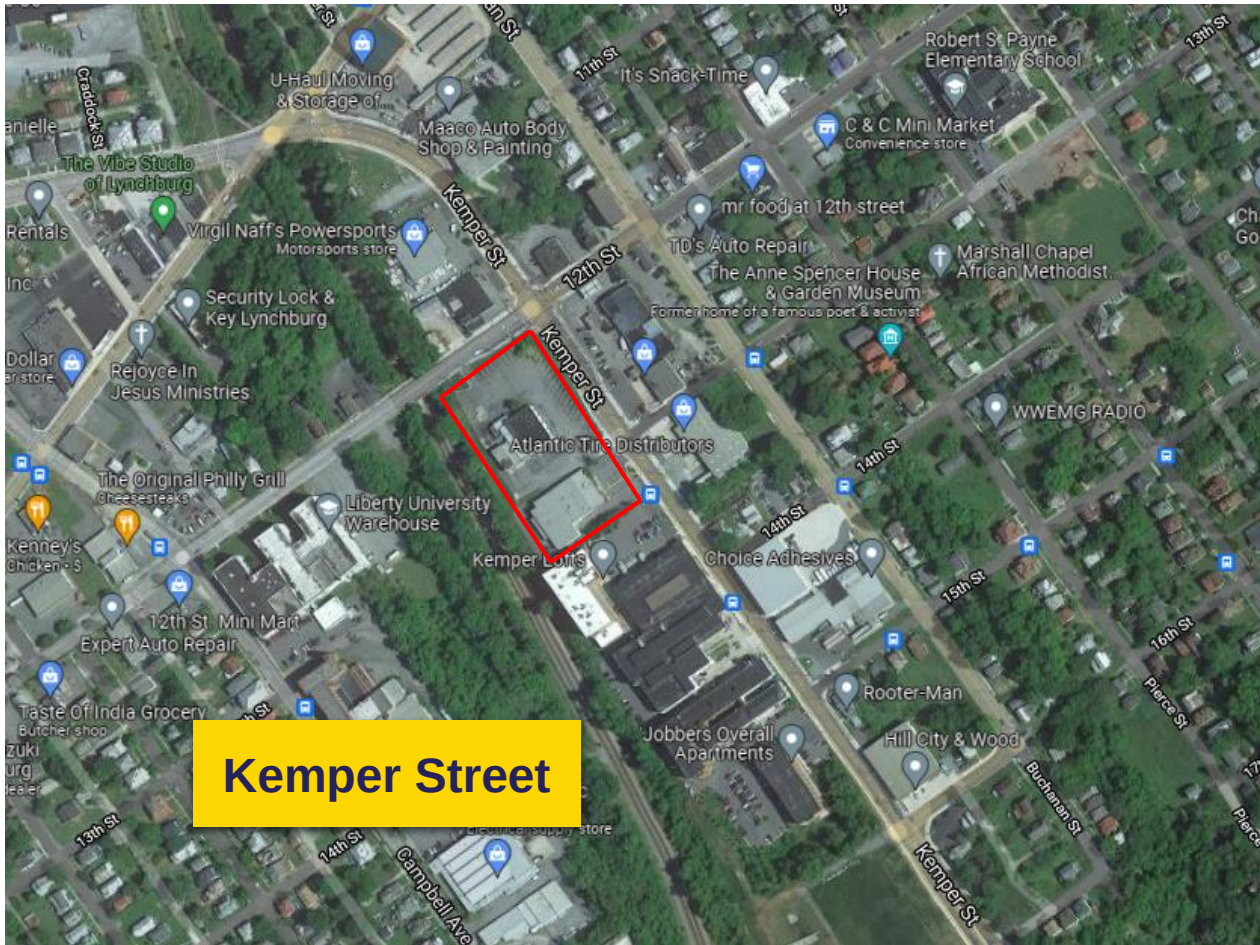
June 2021 - Present:
Review and discussion of
PPEA feasibility



Potential Project Sites



Potential Project Sites



★ YOUR PARTNERS



★ YOUR PROTECTORS ★

Potential Project Sites



Potential Project Sites

Kemper Street

2.64 acres

\$55,010,444

Four stories

Notice to proceed
+ 26-30 months

Odd Fellows Road

7.7 acres

\$43,908,731

Two stories

Notice to proceed
+ 30-34 months



Potential Project Sites

Kemper Street

Pros

- Spent \$715,399 on this site
- Geotechnical work completed
- City-owned site

Cons

- Cost-prohibitive to fit a parking deck
- Four stories
- Doesn't meet department needs based on site limitations and cost

Odd Fellows Road

Pros

- More fiscally viable
- No need for parking deck
 - Two stories
- Roughly 3x acreage
- More centrally located
- Meets all department needs

Cons

- Adds two months to timeline
- Geotechnical work not completed
- Need to purchase property



Next Steps

Feedback



Updates/Expected action (Early 2022)



Remaining portions of master plan
and conceptual design



Regular design period



Construction



LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **4(a)**

REGULAR: WORK SESSION: **X** CLOSED SESSION (Confidential):
ACTION: INFORMATION: **X**

ITEM TITLE: Business Item Briefing: Taxicab Rate Increases to Trip Rates for Mileage and Waiting Time

RECOMMENDATION: *This item will appear before City Council on the January 11, 2022 General Business agenda. Although not required by statute, Council may follow precedent and hold a public hearing prior to the vote.* Approve an amendment to Section 37-019 of the City Code allowing taxicab operators to increase fares as outlined in the proposed ordinance.

SUMMARY: Mr. Robert Williams addressed Council on May 25, 2021 as a matter of Public Comment to request a rate increase for taxicab fare on behalf of the local taxi companies. After careful consideration, subsequent discussions, consultation with the City Attorney, and a comparison to other localities, City staff supports an increase in Mileage and Waiting Time fares as follows:

From \$1.80 to \$2.80 for the first one-ninth of a mile, or fraction thereof;
From \$0.25 to \$0.28 for each succeeding one-ninth mile, or fraction thereof;
From \$.50/min or \$30.00 per hour to \$.60/min or \$36.00 per hour waiting time after the first three minutes of waiting time.

PRIOR ACTION(S):

August 9, 2005: After a public hearing, Lynchburg City Council voted 7-0 to adopt Ordinance #O-05-103 and incorporate fee increases for taxicab fare from \$1.40 to \$1.80 for the first one-ninth mile, or fraction thereof; from \$0.20 to \$0.25 for each succeeding one-ninth mile, or fraction thereof; and to increase the waiting time fee from \$0.40/min to \$0.50/min or \$30.00 per hour waiting time after the first three minutes of waiting time, effective September 1, 2005.

June 10, 2008: City Council voted 6-0 (one absent) to adopt Ordinance #0-08-088 amending the City Code and authorizing a \$1.00 surcharge on each taxicab fare to offset the high cost of fuel.

FISCAL IMPACT: None

CONTACT(S): John H. Hughes, IV – Assistant City Manager; 455-3990
Matthew Freedman – City Attorney; 455-3980

ATTACHMENT(S):

- Draft Ordinance
- Comparison sheet of taxicab rates in other Virginia Cities

REVIEWED BY: raw MMB

ORDINANCE:

AN ORDINANCE TO AMEND AND REENACT SECTION 37-109 OF CHAPTER 37 OF THE CODE OF THE CITY OF LYNCHBURG, 1981, WITH SUCH CODE SECTION BEING RELATED TO TAXICAB RATES PERMITTED WITHIN THE CITY

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

1. That Section 37-109 of Chapter 37 of the Code of the City of Lynchburg, 1981, be amended and reenacted as follows:

Sec. 37-109. Rates.

The rates to be charged passengers by owners or drivers of taxicabs shall be as provided in this section and it shall be unlawful for an owner to permit or a driver to make any greater or lesser charges for the transportation of passengers and luggage than the following charges:

(a) *Trip rates.*

(1) *Mileage basis.*

For the first one-ninth mile, or fraction thereof~~\$1.80~~ \$2.80

For each succeeding one-ninth mile, or fraction thereof~~0.25~~ \$0.28

(2) *Waiting time.*

For each minute of waiting time, or fraction thereof, after the first three minutes~~0.50 or \$30.00~~
~~per hour waiting time~~ \$0.60 or \$36.00 per hour waiting time

(b) *Hourly rates.*

When hired on an hourly basis for one or more passengers, per hour~~\$~~\$30.00

(c) *Trunks or footlockers.*

For transporting trunks or footlockers along with passengers, each piece~~\$~~\$1.00

(d) *Hand luggage.*

(1) For each hand baggage in excess of two bags per passenger, each additional bag~~\$~~\$0.10

(2) For packages without a passenger, each~~\$~~\$1.00

(e) *Bags weighing 100 pounds, or over.*

For each piece of baggage weighing 100 pounds, or over~~\$~~\$1.00

(f) *For transporting pets, other than seeing-eye dogs, an additional charge for each pet*~~\$~~\$1.50

(g) *Two or more passengers.* An extra charge of \$0.20 per passenger shall be made for each additional passenger traveling together and discharged along the route or at the same destination.

- (1) Should the first person taken into a taxicab for transportation permit the driver to allow another or others traveling in the same direction to be transported in the same taxicab with him, pursuant to section 37-24 of this Chapter, the passenger first arriving at his destination shall pay in accordance with the meter charge at that point, plus an extra charge of \$0.20 for each additional passenger transported and discharged at that destination, whereupon the driver of the taxicab shall immediately clear his meter and set the same for immediate operation for the next passenger, who shall pay the meter charge upon arrival at his destination, plus an extra charge of \$0.20 for each additional passenger transported and discharged at that destination. The same method shall be followed for each succeeding passenger.
 - (2) When two or more passengers are bona fide traveling together and engage a taxicab to different destinations, the charge shall be made as if the taxicab were hired for one passenger for the last destination, plus an extra charge of \$0.20 for each additional passenger transported.
- (h) Passengers to points beyond city limits. For transportation of passengers from the city to points beyond the city limits, the rates set out in this section shall be applicable only to so much of such trip as is within the city limits.
 - (i) In order to ensure payment of fares, drivers may request a security deposit of no more than \$5.00 prior to accepting a passenger. The difference between such deposit and the actual fare shall be refunded to the passenger.
 - (j) *Fuel cost surcharge.* Effective July 1, 2008, a surcharge of \$1.00 shall be added to the current meter charge for each trip.

2. That this Ordinance shall become effective upon its adoption.

Adopted:

Certified: _____
Clerk of Council

Comparable Taxicab Rates in other Virginia Cities

Roanoke City Code: Sec. 34-130. - Rate schedule.

(g) The rates for services rendered by taxicabs and for-hire automobiles shall be as follows:

(1) Distance rates:

a. For the first one-seventh ($1/7$) mile or fraction thereof, three dollars and fifteen cents (\$3.15).

b. For each additional one-seventh ($1/7$) mile or fraction thereof, thirty cents (\$0.30).

(2) Time rates: For each forty (40) seconds of waiting time, twenty cents (\$0.20). While a charge is made for waiting time, there shall be no charge for mileage under the foregoing distance rates.

Charlottesville: Each company chooses max rate individually

One company (yellow cab) was \$2 pickup and \$2/mile; another (Star Taxi) was \$3.30/mile

Richmond: Sec. 29-33 & 34

a) The rates to be charged passengers by certificate holders or drivers of taxicabs shall be as follows, and it shall be unlawful for a certificate holder to permit or a driver to make any greater or lesser charge for the transportation of passengers and baggage:

(1) For the first one-fifth mile: \$2.50.

(2) For each succeeding one-fifth mile: \$0.50.

Danville: Sec. 39-17

(1) For the first one-seventh-mile or portion thereof, one dollar eighty-five cents (\$1.85);

(2) For each additional one-seventh-mile or portion thereof, twenty-five cents (\$0.25);

Norfolk: Sec 34.1-60

(a) The charges to be made and collected for services by taxicabs shall be determined by a taximeter and shall not exceed the following rates:

(1) For the first one-seventh mile, or fraction thereof\$3.00

(2) For each succeeding one-seventh mile, or fraction thereof\$0.30

December 14, 2021



CITY COUNCIL AGENDA

City Council Meeting - 7:30 p.m.

Council Chamber | City Hall, 900 Church Street, Lynchburg, VA 24504

- IV. Invocation** *Vice Mayor Wright*
-
- V. Consent Agenda**
- A)** Consideration of adopting Ordinance #O-21-083 authorizing the City Manager to sell 317 Hancock Street.
 - B)** Consideration of adopting Resolution #R-21-085 approving a grant awarded to assist with response to the infestation of Spotted Lantern Fly.
-
- VI. Public Hearing**
- 7)** Consideration of adopting an ordinance approving the petition to rezone property at 2001 & 2003 Enterprise Drive.
#O-21-____
 - 8)** Consideration of introducing a resolution to amend the FY 2022 Schools Capital Fund budget and appropriating \$11,296,804 to fund infrastructure upgrades to City School facilities and City-wide broadband.
#R-21-____
-
- VII. Public Comment**
- *Public Comment Addendum will be posted separately after the citizen sign-up deadline of Friday at noon preceding the Council meeting.*
-
- VIII. General Business**
- 9)** Consideration of adopting the City of Lynchburg's 2022 Legislative Agenda.
#R-21-____
 - 10)** Consideration of introducing a resolution to amend the FY 2022 City/Federal/State Aid Fund Budget and appropriating \$38,326 to purchase law enforcement equipment for the Police Department, Sheriff's Office, and Office of the Commonwealth's Attorney.
#R-21-____

- 11)** Consideration of introducing a resolution to amend the FY 2022 City/Federal/State Aid Fund Budget and appropriate \$60,000 to purchase 75 replacement ballistic vests for law enforcement officers.

#R-21-____

- 12)** Consideration of introducing a resolution amending the FY 2022 City/Federal/State Aid Fund budget and appropriate \$50,000 to study potential housing opportunities in the Dearington neighborhood.

#R-21-____

- 13)** Consideration of introducing a resolution amending the FY 2022 City/Federal/State Aid Fund budget and appropriating \$22,717 to provide rapid emergency relief to safely reopen libraries, promote digital inclusion, and support library services that meet the needs of the community.

#R-21-____

- 14)** Consideration of introducing a resolution to amend the FY 2022 City/Federal/State Aid Fund Budget and appropriate \$636 to purchase tennis equipment for the youth tennis programs.

#R-21-____

- 15)** Consideration of introducing a resolution amending the FY 2022 City/Federal/State Aid Fund budget and appropriating \$84,000 to fund equipment for the Fire Department Technical Rescue Team.

#R-21-____

16)

- a.** Consideration of adopting a resolution allowing the City to participate in the Virginia Opioid Abatement Fund and Settlement Allocation MOU.

#R-21-____

- b.** Consideration of adopting a resolution approving the City's participation in the proposed settlement of opioid-related claims.

#R-21-____

- 17)** Consideration of a closed meeting to discuss the appointments to the following Boards and Commissions: Central Virginia Alcohol Safety Program Board of Directors, Airport Commission, Horizon Behavioral Health Board of Directors, Planning Commission, City Employees Appeal Board, Community Development Advisory Committee, and LynCAG Board of Directors, pursuant to Section 2.2-3711(A)(1) of the Code of Virginia, 1950, as amended.

AN UNCODIFIED ORDINANCE TO AUTHORIZE THE SALE OF CITY-OWNED REAL ESTATE, COMMONLY KNOWN AS 317 HANCOCK STREET, INCLUDING ANY, IF ANY, IMPROVEMENTS THEREON, BEING LOCATED IN LYNCHBURG, VIRGINIA

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

1. That the following described real estate, including any, if any, improvements thereon, may be sold by the City of Lynchburg, a Virginia municipal corporation, hereafter the "City", to Calfee & Hansen, LLC for \$39,000.00:

317 Hancock Street, Lynchburg, Virginia 24504

Tax Map No. 023-25-002

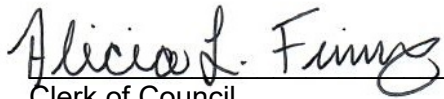
All that certain real estate, identified as Parcel No. 5, including any, if any, improvements and appurtenances thereunto belonging, described in a deed dated August 4, 1997, and of record in the Clerk's Office of the Circuit Court of the City of Lynchburg, Virginia in Deed Book 1002 at Page 875.

2. That the City Manager is hereby authorized to take any and all actions necessary to effectuate the sale and disposal of the previously described real estate.
3. That all documents which may have been signed on behalf of the City before the adoption of this Ordinance, which are connected to the substance of this Ordinance, are hereby approved and ratified.
4. That this Ordinance shall become effective upon its adoption.

Introduced: November 9, 2021

Adopted: December 14, 2021

Certified:


Clerk of Council

RESOLUTION:

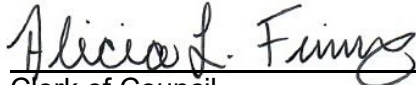
#R-21-085

BE IT RESOLVED that the FY 2022 City/Federal/State Aid Fund budget is amended and \$51,004 is appropriated with resources of \$20,000 from the Virginia Department of Forestry Urban and Community Forestry Assistance Grant Program and \$31,004 from the FY 2022 Public Works Department General Fund budget to hire an hourly employee to assist with providing a comprehensive response to the Spotted Lanternfly infestation.

Introduced: November 9, 2021

Adopted: December 14, 2021

Certified:


Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **7**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Rezoning – Rick Barker Properties LLC – I-2, Light Industrial District to B-5C, General Business District (Conditional) – 2001 & 2003 Enterprise Drive

RECOMMENDATION: Approval of the rezoning from I-2, Light Industrial District to B-5C, General Business District (Conditional).

SUMMARY: Rick Barker Properties is petitioning to rezone six and seven tenths (6.7) acres at 2001 & 2003 Enterprise Drive from I-2, Light Industrial District to B-5C, General Business District (Conditional) to allow the use of existing office space for pediatric therapy services while maintaining the continued use of warehousing and distribution.

PRIOR ACTION(S):

November 10, 2021

The Planning Commission recommended approval (6-0, with 1 member absent, Bowden) of the rezoning petition.

The Planning Division recommended approval of the rezoning petition.

FISCAL IMPACT:

Increased real estate value to be determined upon construction completion.

CONTACT(S):

Tom Martin, City Planner – 455-3900

Kent White, Director Community Development – 455-3900

ATTACHMENT(S):

- Ordinance
- Planning Commission Minutes – November 10, 2021
- Planning Commission Packet – November 10, 2021
 - Zoning Map with Adjoining Property Owners
 - Future Land Use Map
 - Watershed Map
 - Planimetric and Topographic Map
 - Concept Plan
 - Narrative
 - Property Photograph
 - Speaker Signup Sheet

REVIEWED BY:MMB

UNCODIFIED ORDINANCE

AN ORDINANCE CHANGING A CERTAIN AREA LOCATED AT 2001 & 2003 ENTERPRISE DRIVE FROM I-2, LIGHT INDUSTRIAL DISTRICT 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 35.2 of the Code of the City of Lynchburg, 1981, as amended, be and the same is hereby further amended by adding thereto Section 35.2-54, which shall read as follows:

Section 35.2-54. Change of a certain area located at 2001 & 2003 Enterprise Drive from I-2, Light Industrial District to B-5C, General Business District (Conditional).

The area embraced within the following boundaries:

LEGAL DESCRIPTION: TM #24103004

BEGINNING AT AN IRON PIN FOUND ON THE EASTERLY RIGHT-OF-WAY OF ENTERPRISE DRIVE BEING THE POINT OF BEGINNING (P.O.B.), THENCE LEAVING SAID RIGHT-OF-WAY ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 80 DEGREES 43 MINUTES 03 SECONDS, A RADIUS OF 35.00 FEET, A LENGTH OF 49.31 FEET, A CHORD OF 45.33 FEET AND A CHORD BEARING OF NORTH 23 DEGREES 27 MINUTES 41 SECONDS EAST TO AN IRON PIN FOUND; THENCE NORTH 63 DEGREES 49 MINUTES 06 SECONDS EAST 560.92 FEET TO AN IRON PIN SET; THENCE SOUTH 01 DEGREE 47 MINUTES 06 SECONDS WEST 491.26 FEET TO AN IRON PIN SET; THENCE A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 56 DEGREES 02 MINUTES 55 SECONDS, A RADIUS OF 477.47 FEET, A LENGTH OF 467.08 FEET, A CHORD OF 448.67 FEET AND A CHORD BEARING OF SOUTH 29 DEGREES 48 MINUTES 34 SECONDS WEST TO AN IRON PIN SET ON THE EASTERLY RIGHT-OF-WAY OF ENTERPRISE DRIVE; THENCE ALONG SAID RIGHT-OF-WAY THE FOLLOWING COURSES; NORTH 26 DEGREES 12 MINUTES 49 SECONDS WEST 91.28 FEET TO AN IRON PIN AND CAP FOUND, NORTH 28 DEGREES 45 MINUTES 23 SECONDS WEST 304.47 FEET TO AN IRON PIN AND CAP FOUND, NORTH 29 DEGREES 12 MINUTES 25 SECONDS WEST 52.39 FEET TO AN IRON PIN FOUND, A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 06 DEGREES 21 MINUTES 55 SECONDS, A RADIUS OF 775.68 FEET, A LENGTH OF 86.17 FEET, A CHORD OF 86.13 FEET AND A CHORD BEARING OF NORTH 26 DEGREES 01 MINUTE 27 SECONDS WEST TO AN IRON PIN AND CAP FOUND, A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 01 DEGREE 31 MINUTES 29 SECONDS, A RADIUS OF 620.00 FEET, A LENGTH OF 16.50 FEET, A CHORD OF 16.50 FEET AND A CHORD BEARING OF NORTH 15 DEGREES 56 MINUTE 36 SECONDS WEST TO AN IRON PIN SET, NORTH 15 DEGREES 10 MINUTES 49 SECONDS WEST 86.89 FEET TO AN IRON PIN FOUND, A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 01 DEGREE 43 MINUTES 05 SECONDS, A RADIUS OF 680.00 FEET, A LENGTH OF 20.39 FEET, A CHORD OF 20.39 FEET AND A CHORD BEARING OF NORTH 16 DEGREES 02 MINUTES 19 SECONDS WEST TO THE POINT OF BEGINNING AND CONTAINING 6.416 ACRES.

LEGAL DESCRIPTION: TM #24103006

BEGINNING AT AN IRON PIN FOUND ON THE EASTERLY RIGHT-OF-WAY OF ENTERPRISE DRIVE BEING THE POINT OF BEGINNING (P.O.B.), THENCE ALONG SAID RIGHT-OF-WAY THE FOLLOWING COURSES, A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 03 DEGREES 09 MINUTES 09 SECONDS, A RADIUS OF 680.00 FEET, A LENGTH OF 37.41 FEET, A CHORD OF 37.41 FEET AND A CHORD BEARING OF NORTH 18 DEGREES 24 MINUTES 14 SECONDS WEST TO AN IRON PIN SET, A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 87 DEGREES 45 MINUTES 32 SECONDS, A RADIUS OF 35.00 FEET, A LENGTH OF 53.61 FEET, A CHORD OF 48.52 FEET AND A CHORD BEARING OF NORTH 23 DEGREES 49 MINUTES 41 SECONDS EAST TO AN IRON PIN SET ON THE SOUTHERLY RIGHT-OF-WAY OF DILLARD DRIVE; THENCE ALONG SAID RIGHT-OF-WAY NORTH 67 DEGREES 42 MINUTES 21 SECONDS EAST 555.17 FEET TO AN IRON PIN FOUND; THENCE LEAVING RIGHT-OF-WAY

SOUTH 01 DEGREE 47 MINUTES 06 SECONDS WEST 1.42 FEET TO AN IRON PIN SET; THENCE SOUTH 63 DEGREES 49 MINUTES 06 SECONDS WEST 560.92 FEET TO AN IRON PIN FOUND; THENCE A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 80 DEGREES 43 MINUTES 03 SECONDS, A RADIUS OF 35.00 FEET, A LENGTH OF 49.31 FEET, A CHORD OF 45.33 FEET AND A CHORD BEARING OF SOUTH 23 DEGREES 27 MINUTES 41 SECONDS WEST TO THE POINT OF BEGINNING AND CONTAINING 0.287 ACRES.

...is hereby changed from I-2, Light Industrial District to B-5C, General Business District (Conditional), subject to the condition herein below which was voluntarily proffered in writing by the petitioner, Rick Barker Properties, to wit:

“Rezoning of the property is being pursued for the purpose of leasing the existing office space to a tenant and to future tenants for office use only, we will not be seeking to locate retail establishments such as auto, truck or trailer sales requiring external displays/sales areas.”

Adopted:

Certified: _____
Clerk of Council

MINUTES OF THE NOVEMBER 10, 2021 PLANNING COMMISSION MEETING (MINUTES HAVE NOT BEEN APPROVED):

Petition of Rick Barker Properties to rezone approximately six and seven hundred three thousandths acres located at 2001 & 2003 Enterprise Drive from I-2, Light Industrial District to B-5C, General Business District (Conditional) to allow the use of the property for pediatric therapy services and warehousing.

Mr. Tom Martin, City Planner, provided the following summary to the Commission. The Center for Pediatric Therapy, currently located at 305 Gristmill Drive, will expand into the vacant office space of this building. The office space is approximately four thousand five hundred (4,500) square feet. The current I-2, Light Industrial District zoning allows for the existing warehouse and distribution use but does not allow for an office that is unrelated to the industrial use. The B-5, General Business District zoning allows the office use as well as the distribution and warehousing. If this is approved, the distribution and warehousing use will continue in addition to the pediatric therapy use. The Planning Division recommends approval with the proffers that were submitted.

Chair Rogers asked who was present to speak on behalf of the petition.

Mr. Rick Barker of Rick Barker Properties addressed the Commission. Mr. Barker stated the warehouse is being utilized by his business but the office space has been vacant for several years. He stated his wife expanded her business a year ago and has outgrown the current location. She will be adding mental health services to her business and will need a bigger space for this expansion. He noted that there are other medical offices within several blocks of this building. The projected density of operations will be somewhat less than the density of operations when Dillard Paper operated out of this building.

Chair Rogers asked if there was anyone else present who wished to speak in favor of the petition. When no one stepped forward, he asked if there was anyone present who wished to speak in opposition of the petition. When no one stepped forward again, Chair Rogers closed the public hearing.

Commissioner Lowe asked if there is adequate parking.

Mr. Barker replied yes, there is parking in the front of the building with additional parking on the side of the building.

Commissioner Bowden asked if Mrs. Barker plans to utilize the location over time. If she does not, what will be done with the zoning in the future. He asked for clarification on potential businesses uses in this zoning.

Mr. Martin noted that the majority of the property on Enterprise Drive has transitioned from industrial to commercial use. The existing warehouse distribution use will stay and if the pediatric therapy office outgrows the location it may be rented to another office use. This rezoning gives more flexibility to the property. He stated that Mr. Barker has proffered to prohibit any outdoor storage and retail sales on the property.

Commissioner Bowden noted that these things should be considered long term.

Chair Rogers noted that in the event the site was outgrown, there would be a demand for the office space.

Mr. Barker stated the most likely intended long term use would be for anyone who has a warehouse operation that would need the onsite office space.

Commissioner Lowe stated having activity in the front of the building is beneficial to see that there are businesses growing in that community.

Commissioner Perault asked how much usage the City currently has in terms of industrial zoning.

Mr. Martin stated he would send the Planning Commission a map but is not prepared at the moment to give a detailed account. He noted several industrial areas in the community. He stated that preserving the industrial plan is important but it is important to preserve it in the right places.

Commissioner Perault agreed and appreciated that this was addressed.

Chair Rogers asked if the zoning could be reverted back in the future by new property owners.

Mr. Martin replied that if new property owners wanted any usage not allowed in the B-5, General Business District zoning, they would have to rezone.

Commissioner Bowden noted how uniquely the parking is set up.

Mr. Martin stated the office parking has its own separate entrance from the loading dock area.

Commissioner Bowden made the following motion, seconded by Commissioner Light, and approved by the following vote:

"Based on the preceding Findings of Fact, the Planning Commission recommends to City Council approval of the petition of Rick Barker Properties, LLC to rezone six and nine hundred ninety-nine thousandths (6.99) acres located at 2001 & 2003 Enterprise Drive from I-2, Light Industrial District to B-5C, General Business District (Conditional) with the following voluntarily submitted proffer:

AYES:	Bowden, Johnson, Light, Lowe, Marion, Perault, and Rogers	7
NOES:		0
ABSTENTIONS:		0
ABSENT:		0

The Department of Community Development

City Hall, Lynchburg, VA 24504 **434-455-3900**

To: Planning Commission
From: Planning Division
Date: November 10, 2021
Re: **Rezoning: 2001 & 2003 Enterprise Drive – I-2, Light Industrial District to B-5C, General Business District (Conditional)**

I. PETITIONER

Rick Barker Properties, 554 Craighead Street, Danville, Virginia 24541

Representative: Michael Allen, Rick Barker Properties, 554 Craighead Street, Danville, Virginia 24541

Property Owner: Same as petitioner

II. LOCATION

The property is approximately six and ninety-nine hundredths (6.99) acres located at 2001 & 2003 Enterprise Drive.

III. PURPOSE

The purpose of the rezoning is to allow the continued use of the property for warehousing and distribution while allowing the use of existing office space for pediatric therapy services.

IV. SUMMARY

- The City's *Comprehensive Plan 2013-2030, Future Land Use Map (FLUM)* recommends an Employment 2 use for the property.
- The proposed rezoning would allow the continued use of the property for warehousing and distribution while allowing the use of the existing office space for pediatric therapy services.

The Planning Division recommends approval of the rezoning petition.

V. FINDINGS OF FACT

1. **Comprehensive Plan.** The *Future Land Use Map (FLUM)* recommends an "Employment 2" use for the property. Employment 2 uses are intended to include light and heavy manufacturing, research and development, flex space, and large-scale office uses. Restaurant, hotel and business service uses are also appropriate, if sized and designed to serve the employment area. Employment 2 differs primarily from Employment 1 in that it permits heavy industrial uses. (*p. 76*)
2. **Zoning.** The subject properties were annexed into the City 1976. The existing I-2, Light Industrial District was established in 1978.
3. **Proffers.** The petitioner has submitted the following voluntarily submitted proffer:
 - Rezoning of the property is being pursued for the purpose of leasing the existing office space to a tenant and to future tenants for office use only, we will not be seeking to locate retail establishments such as auto, truck or trailer sales requiring external displays/sales areas.
4. **Board of Zoning Appeals (BZA).** The Zoning Administrator has determined that no variances are 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 June 8, 2021, City Council approved the petition of Lowes Group LLC to rezone 2011 Enterprise Drive from I-2, Light Industrial District to B-3C, Community Business District (Conditional) to allow the use of the existing building as an office.
- On August 13, 2019, City Council approved the petition of 434 Center, LLC to amend the Future Land Use Map (FLUM) from Employment 2 to Mixed Use and to rezone 1001, 1009 Dillard Drive and 2009 Enterprise Drive from I-2, Light Industrial District and I-2C, Light Industrial District (Conditional) to B-3C, Community Business District (Conditional) to allow the construction of a mixed use development containing a gymnasium, fitness center, office space, restaurants and one hundred sixteen (116) apartment units.
- On May 9, 2017, Council approved the CUP petition of Jefferson's Poplar Forest to allow Fill in the Flood Plain to facilitate the construction of a new access road at 1900, 1950 and 1970 Enterprise Drive and 1901 Laxton Road.
- On October 9, 2012, Council approved the CUP petition of Jamerson YMCA to allow a modified sign at 801 Wyndhurst Drive.
- On July 8, 2008, Council approved the CUP petition of Phillip Jamerson to allow a consolidated sign plan at 1301, 1601, 1627 Enterprise Drive, 100 Tradewynd Drive and 100 Hexham Drive.
- On July 8, 2003, Council approved the CUP petition of Jamerson & Company to allow the construction of apartments and single-family uses off Wyndhurst Drive & 1536 Lockewood Drive.
- On May 9, 2000, Council approved the CUP petition of The Summit & J.E. Jamerson & Sons to allow the construction of a traditional neighborhood development at Enterprise Drive.
- On July 14, 1998, Council approved the CUP petition of J.E. Jamerson & Sons to allow the construction of a traditional neighborhood development at Laxton Road & Enterprise Drive.
- On August 10, 1982, Council approved the petition of Annjo Land Corporation to rezone approximately fourteen (14) acres from R-C, Conservation District to R-C, Conservation District (Conditional) and I-2, Light Industrial District (Conditional) to allow the development of an industrial park in the area of existing Dillard Drive.

6. Site Description. The property currently consists of approximately six and ninety-nine hundredths (6.99) acres located at 2001 & 2003 Enterprise Drive.

The property contains a seventy-nine thousand six hundred ninety-six (79696) square foot building constructed in 1985. A parking area is located adjacent to the southwestern corner of the building and loading docks are located on the north and south sides of the building. An office space is located on the northwestern corner of the building.

7. Proposed Use of Property. If the rezoning is approved the property would continue to be used as warehouse and distribution space and the existing office space would be used for pediatric therapy services or other office use. The existing I-2, Light Industrial District zoning does not allow an office use not related to the industrial use.

8. **Traffic, Parking and Public Transit.** The City Engineer did not require a traffic study for the addition of office use.

The property is served by Greater Lynchburg Transit Company (GLTC) Routes 6, 7 & 7X. Bus stops are located in the immediate area with one stop directly in front of the property along Enterprise Drive.

Adequate parking exists on site to serve the proposed office use and the existing warehousing and distribution uses.

9. **Stormwater Management.** No land disturbance is proposed. An Erosion & Sediment Control or Stormwater Management Plan will not be required.

10. **Emergency Services:** The City Police Department had no comments of concern related to the proposed use of the property. The City Fire Marshal noted that any renovations to the building would be required to follow the 2018 International Fire Code.

11. **Impact.** The proposed rezoning of the property should have little to no negative impact on the area. The existing I-2, Light Industrial District zoning does not permit the proposed office use which is not directly related to the industrial use on the property. The proposed B-5C, General Business District (Conditional) zoning would allow the continued use of the property for warehousing and distribution while allowing an office use not related to the industrial activity. This gives the property flexibility in the use of the property. While the City is always concerned with the loss of Industrial zoned land, the Office of Economic Development & Tourism had no concerns since the existing warehousing and distribution use would remain.

The petitioner has submitted the following voluntary proffer:

“Rezoning of the property is being pursued for the purpose of leasing the existing office space to a tenant and to future tenants for office use only, we will not be seeking to locate retail establishments such as auto, truck or trailer sales requiring external displays/sales areas.”

While this proffer excludes retail uses that require external displays, it is important to consider that a variety of B-5, General Business District uses could be permitted on the property in the future. Given that the frontage of Enterprise Drive has and is transitioning to commercial uses this should not be seen as detrimental to the area.

12. **Technical Review Committee.** The Technical Review Committee (TRC) reviewed the petition on October 19, 2021. Comments have or will be addressed prior to final site plan approval.

VI. PLANNING DIVISION RECOMMENDATION

Based on the preceding Findings of Fact, the Planning Commission recommends to City Council approval of the petition of Rick Barker Properties, LLC to rezone six and nine hundred ninety-nine thousandths (6.99) acres located at 2001 & 2003 Enterprise Drive from I-2, Light Industrial District to B-5C, General Business District (Conditional) with the following voluntarily submitted proffer:

“Rezoning of the property is being pursued for the purpose of leasing the existing office space to a tenant and to future tenants for office use only, we will not be seeking to locate retail establishments such as auto, truck or trailer sales requiring external displays/sales areas.”

This matter is respectfully offered for your consideration.



William T. Martin, AICP
City Planner

pc: Mr. Wynter C. Benda, City Manager
Dr. Reid Wodicka, Deputy City Manager
Mr. Matthew Freedman, 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 Official
Mr. Kevin Henry, Zoning Administrator
Mr. Rick Barker, Property Owner / Petitioner
Mr. Michael Allen, Representative

VII. ATTACHMENTS

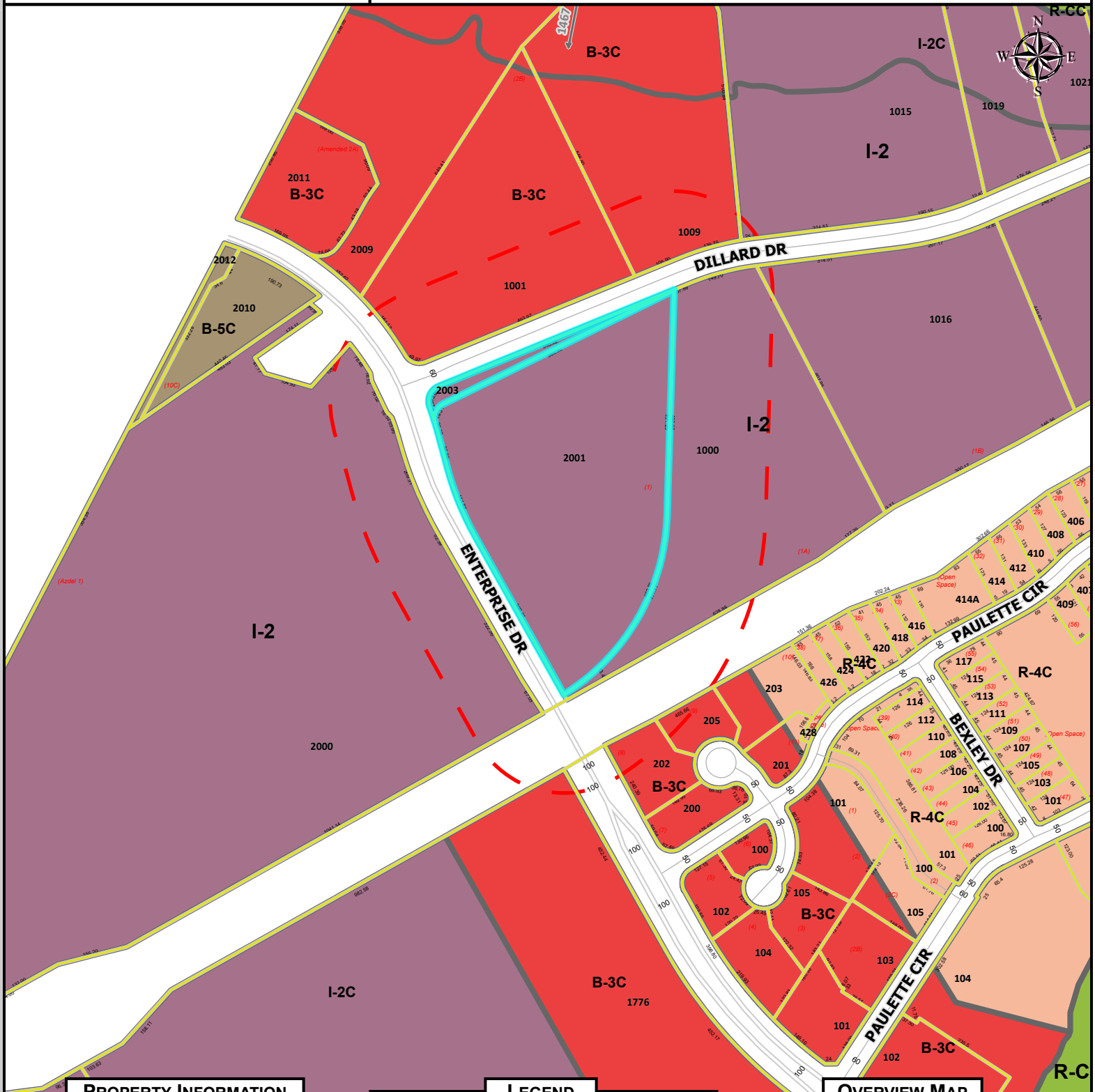
- 1. Zoning Map with Adjoining Property Owners**
- 2. Future Land Use Map**
- 3. Watershed Map**
- 4. Planimetric and Topographic Map**
- 5. Concept Plan**
- 6. Narrative**
- 6. Property Photographs**

Zoning

TRC

2001 ENTERPRISE DR 2003 ENTERPRISE DR

Rick Barker Properties LLC



PROPERTY INFORMATION

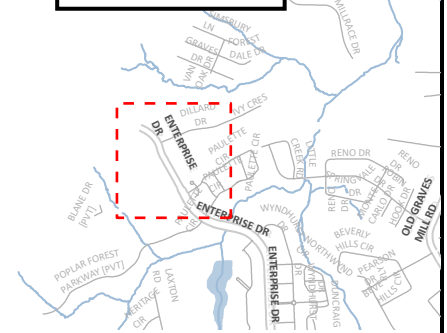
PARCEL ID	ADDRESS
24103004	2001 ENTERPRISE DR
24103006	2003 ENTERPRISE DR

LEGEND

	Subject Property
	215 Foot Buffer
	B-1
	B-3
	B-4
	B-5
	R-C
	I-1
	I-2
	I-3
	IN-1
	IN-2
	R-1
	R-2
	R-3
	R-4

MAP SCALE: 1:48,000 DATE PRINTED: 10/25/2021

OVERVIEW MAP

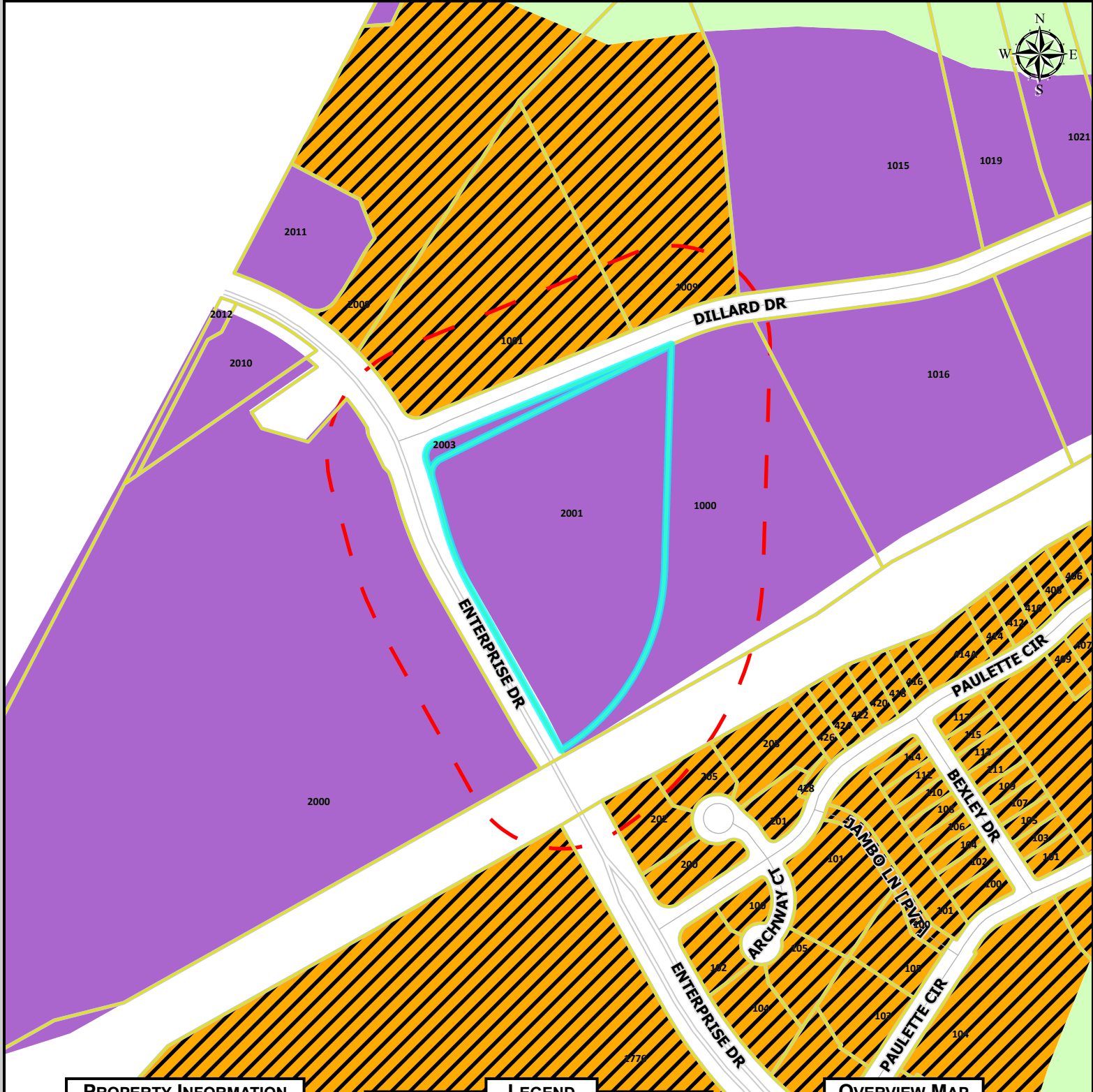


DISCLAIMER: THIS MAP IS NEITHER A LEGALLY RECORDED MAP NOR A SURVEY AND IS NOT INTENDED TO BE USED AS SUCH. THE INFORMATION DISPLAYED IS A COMPILATION OF RECORDS, INFORMATION, AND DATA OBTAINED FROM VARIOUS SOURCES. THE CITY OF LYNCHBURG IS NOT RESPONSIBLE FOR ITS ACCURACY OR HOW CURRENT IT MAY BE.

2001 & 2003 Enterprise Drive

Parcel ID	Address	Owner
11601006	1301 NELSON DR	NORFOLK & SOUTHERN RAILWAY
24103002	2000 ENTERPRISE DR	AZDEL INC
24103004	2001 ENTERPRISE DR	RICK BARKER PROPERTIES LLC
24103005	1015 DILLARD DR	SEA 179 LLC
24103006	2003 ENTERPRISE DR	RICK BARKER PROPERTIES LLC
24103007	1009 DILLARD DR	434 CENTER LLC
24103009	1001 DILLARD DR	434 CENTER LLC
24213001	1000 DILLARD DR	ANNJO LAND CORP
24213015	1016 DILLARD DR	CGMC LCC
25009001	1900 ENTERPRISE DR	CORPORATION FOR JEFFERSONS
25027002	202 ARCHWAY CT	FMWM LLC
25027003	205 ARCHWAY CT	BONTZ LLC
25009001	1776 POPLAR FOREST PKWY	CORPORATION FOR JEFFERSONS VDOT LYNCHBURG DISTRICT OFFICE COUNTY ADMINISTRATOR FOR BEDFORD COUNTY

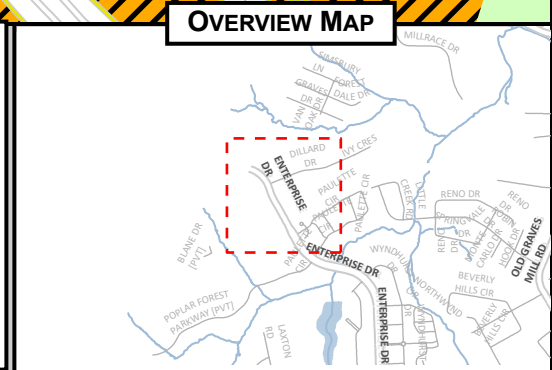
FLUM	2001 ENTERPRISE DR	2003 ENTERPRISE DR
TRC	Rick Barker Properties LLC	



PROPERTY INFORMATION	
PARCEL ID	ADDRESS
24103004	2001 ENTERPRISE DR
24103006	2003 ENTERPRISE DR

LEGEND

- Local Historic District (Hatched pattern)
- Traditional Residential (Brown)
- Low Density Residential (Light Yellow)
- Medium Density Residential (Yellow)
- High Density Residential (Orange)
- Neighborhood Commercial (Light Orange)
- Community Commercial (Red)
- Employment 1 (Light Purple)
- Employment 2 (Dark Purple)
- Downtown (Light Orange)
- Institution (Light Blue)
- Public Use (Blue)
- Public Parks (Green)
- Resource Conservation (Light Green)
- Mixed Use (Black and Yellow diagonal stripes)



Watershed

2001 ENTERPRISE DR

2003 ENTERPRISE DR

TRC

Rick Barker Properties LLC



City of Lynchburg GIS Office - 434.455.3966 - GIS@lynchburgva.gov

PROPERTY INFORMATION

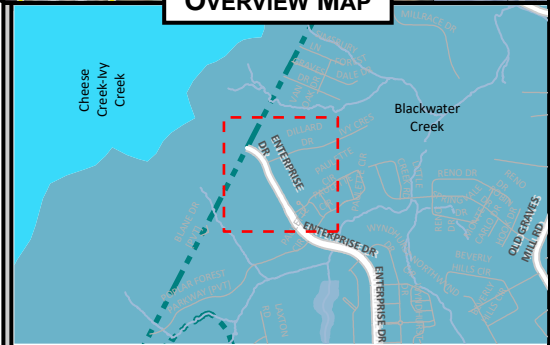
PARCEL ID	ADDRESS
24103004	2001 ENTERPRISE DR
24103006	2003 ENTERPRISE DR

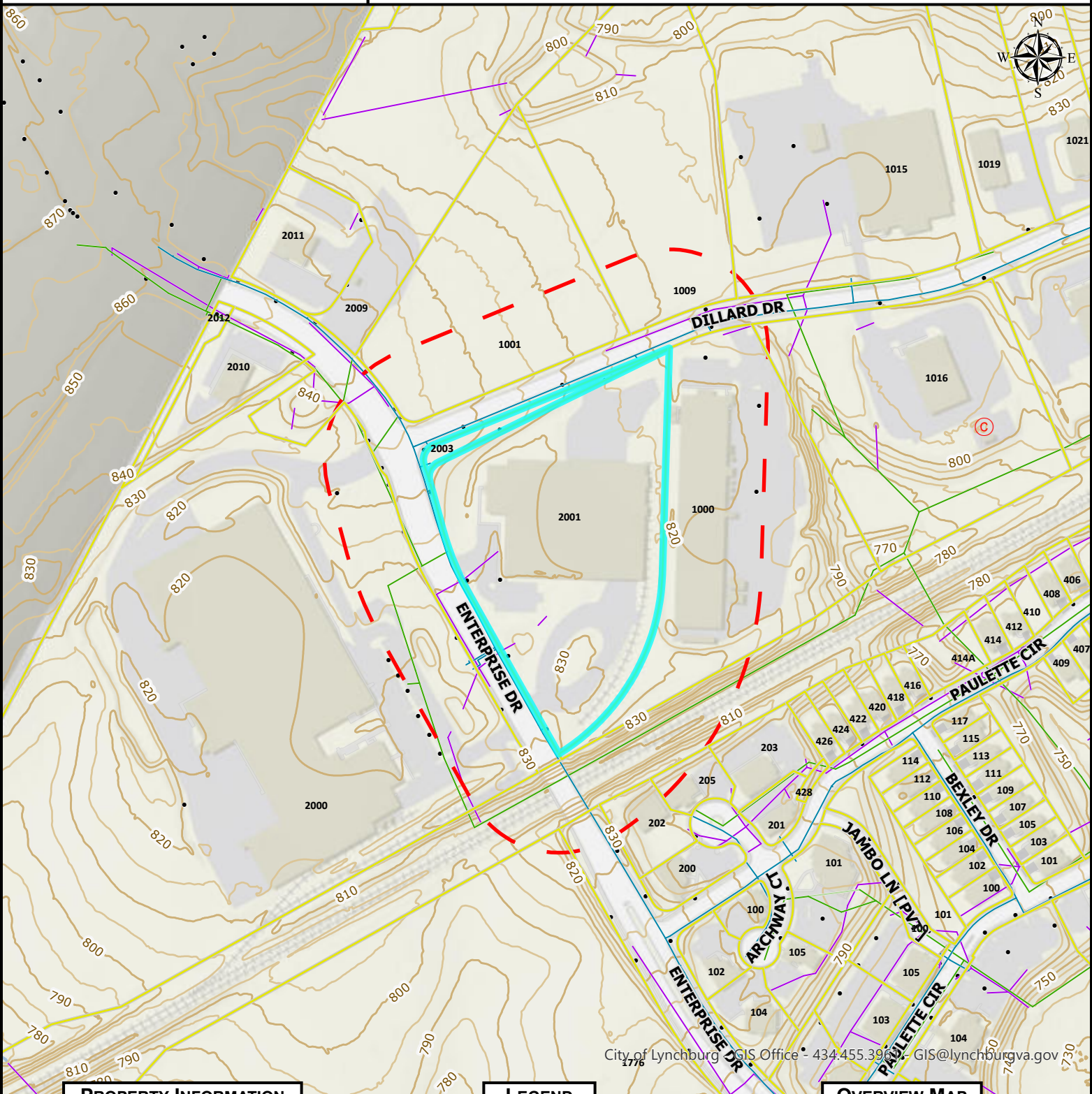
LEGEND

-  Subject Property
-  Base Flood Elevation
-  Floodway
-  Floodzone
-  River / Lake / Stream

MAP SCALE: 1:48,000 DATE PRINTED: 10/25/2021

OVERVIEW MAP





City of Lynchburg GIS Office - 434.455.3966 - GIS@lynchburgva.gov

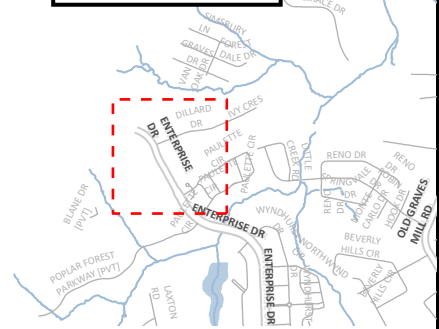
PROPERTY INFORMATION

PARCEL ID	ADDRESS
24103004	2001 ENTERPRISE DR
24103006	2003 ENTERPRISE DR

LEGEND

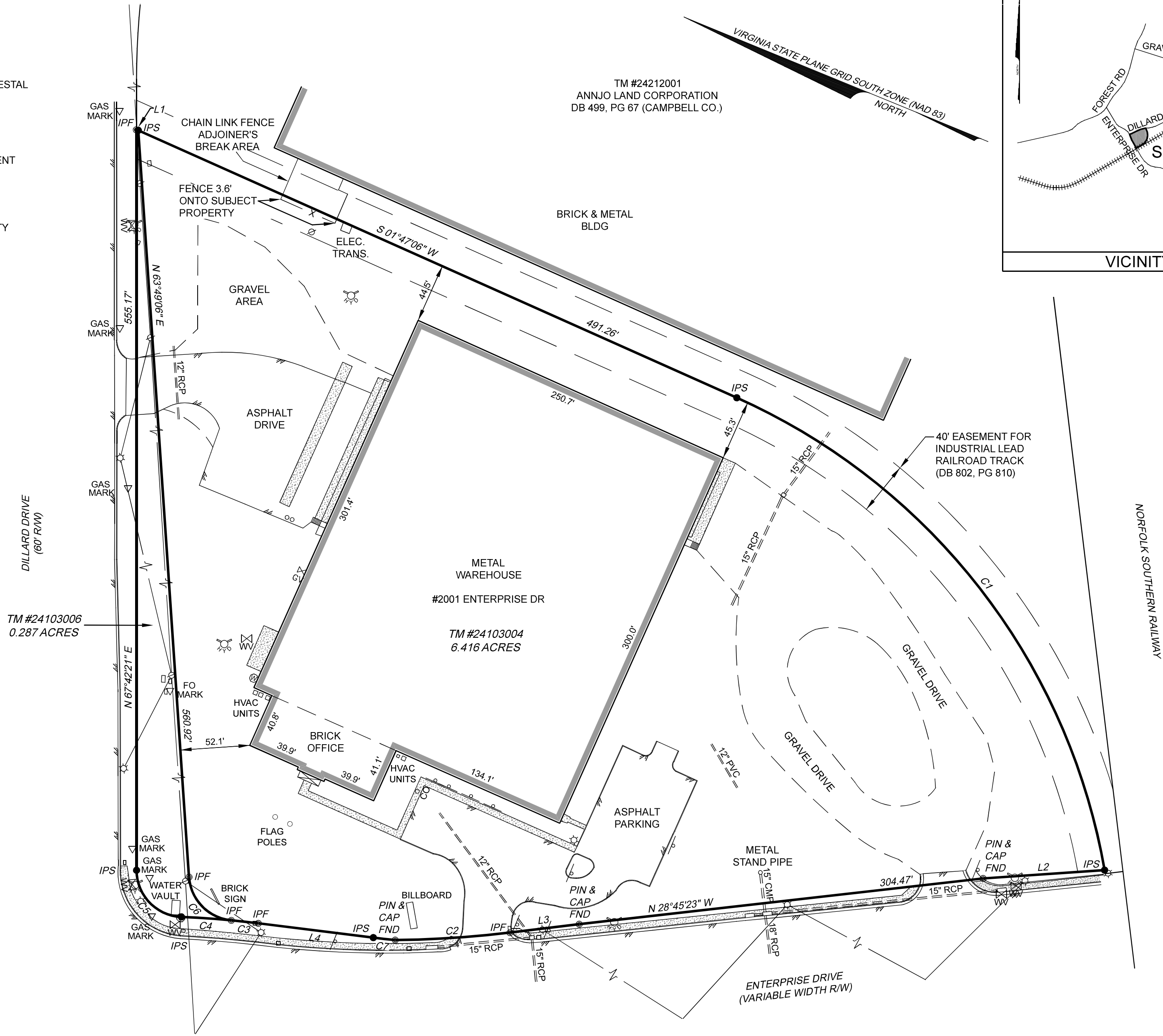
	Active	Proposed	Abandoned
Utilities	Water	Sanitary	Storm
Planimetrics	Structure	Roadway	Parking
	Sidewalk	Driveway	
Topography	Contour		

OVERVIEW MAP



MAP SCALE: 1"=48,000' DATE PRINTED: 10/25/2021

- LEGEND**
- IPF IRON PIN FOUND
 - IPS IRON PIN SET
 - ⊗ ELECTRIC POLE
 - TELEPHONE PEDESTAL
 - CLEANOUT
 - WATER METER
 - WATER VALVE
 - ⊙ FIRE HYDRANT
 - ⊙ LIGHT POLE
 - ▬ EDGE OF PAVEMENT
 - GAS VALVE
 - GAS MARKER
 - SIGN
 - GUARDRAIL
 - OVERHEAD UTILITY
 - CONCRETE



6.416 ACRES (TM #24103004)
+0.287 ACRES (TM #24103006)
6.703 ACRES TOTAL

LINE	BEARING	DISTANCE
L1	S 01°47'06" W	1.42'
L2	N 26°12'49" W	91.28'
L3	N 29°12'25" W	52.39'
L4	N 15°10'49" W	86.89'

CURVE	ARC LENGTH	RADIUS	DELTA ANGLE	CHORD BEARING	CHORD LENGTH
C1	467.08'	477.47'	56°02'55"	S 29°48'34" W	448.67'
C2	86.17'	775.68'	6°21'55"	N 26°01'27" W	86.13'
C3	20.39'	680.00'	1°43'05"	N 16°02'19" W	20.39'
C4	37.41'	680.00'	3°09'09"	N 18°24'14" W	37.41'
C5	53.61'	35.00'	87°45'32"	N 23°49'41" E	48.52'
C6	49.31'	35.00'	80°43'03"	N 23°27'41" E	45.33'
C7	16.50'	620.00'	1°31'29"	N 15°56'36" W	16.50'

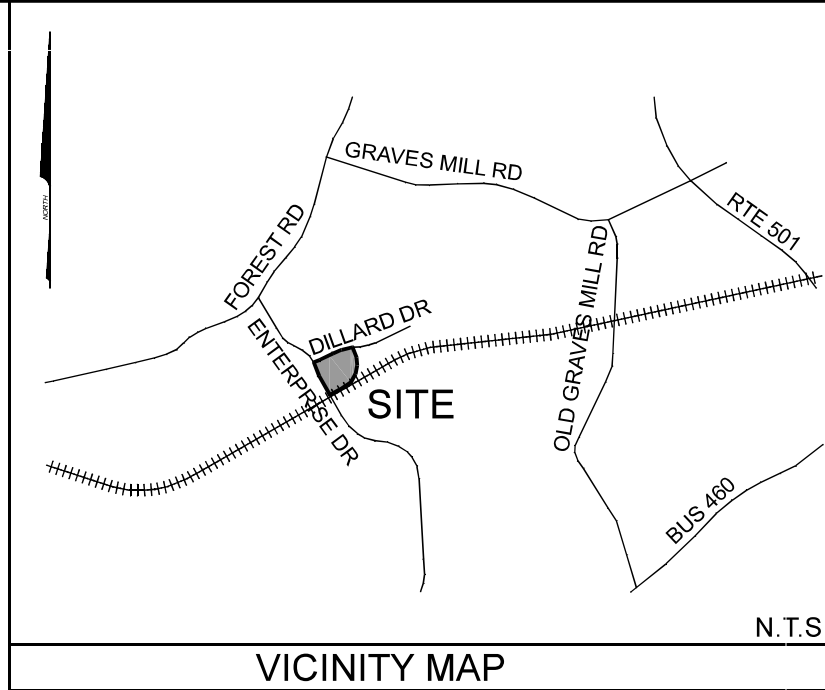
SOURCE OF TITLE:
THE AREA SHOWN WAS ACQUIRED BY RICK BARKER PROPERTIES, LLC FROM VERITIV OPERATING COMPANY BY DEED DATED OCTOBER 10, 2018 AS RECORDED IN INSTRUMENT #180006674 OF THE CIRCUIT COURT CLERK'S OFFICE OF LYNCHBURG, VIRGINIA.

SUBJECT PLAT OF REFERENCE:
PLAT BY HURT & PROFFITT, INC. TITLED "PLAT SHOWING ADDITION TO LOT 1, SECTION 3 GREENSTONE COMMERCIAL CENTER BEING PART OF THE PROPERTY OF ANNJO LAND CORPORATION" AND DATED OCTOBER 9, 1985. RECORDED IN DEED BOOK 802 PAGE 810.

PLAT BY HURT & PROFFITT, INC. TITLED "PLAT SHOWING PROPOSED RIGHT OF WAY AND TEMPORARY SLOPE EASEMENT LOT 1, SECTION 3 GREENSTONE COMMERCIAL CENTER BEING PROPERTY OF DILLARD PAPER COMPANY" AND DATED JULY 22, 1998. RECORDED AS INSTRUMENT #010001740.



- NOTES:**
- THIS PLAT HAS BEEN PREPARED FROM AN ACTUAL FIELD SURVEY DONE AS PER DATE OF THIS PLAT AND THERE ARE NO VISIBLE EASEMENTS OR ENCROACHMENTS EXCEPT AS SHOWN.
 - THIS PLAT HAS BEEN PREPARED WITHOUT THE BENEFIT OF A TITLE REPORT AND DOES NOT, THEREFORE, NECESSARILY INDICATE ALL ENCUMBRANCES ON THE PROPERTY.
 - THE AREA SHOWN HEREON IS LOCATED IN FLOOD HAZARD ZONE 'X' AND IS NOT LOCATED WITHIN FLOOD HAZARD ZONE 'AE' FOR A 100 YEAR FLOOD AS DETERMINED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY AS SHOWN ON FEMA MAP #5100930101D DATED REVISED JUNE 3, 2008.
 - THE UTILITIES SHOWN HEREON ARE PLOTTED PER VISIBLE EVIDENCE IN THE FIELD. UNDERGROUND UTILITIES HAVE NOT BEEN MARKED IN THE FIELD AT THIS TIME.
 - THIS SURVEY WAS PREPARED AT THE REQUEST OF RICK BARKER PROPERTIES, LLC.



HURT & PROFFITT
INSPIRED / RESPONSIVE / TRUSTED

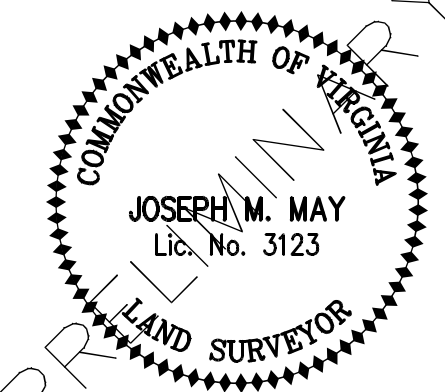


HANDP.COM
LYNCHBURG, VA. 24501
434.847.7796
2524 LANGHORNE ROAD
ENGINEERING • SURVEYING • LAND DEVELOPMENT • ENVIRONMENTAL
GEOTECHNICAL • CONSTRUCTION TESTING & INSPECTION • CULTURAL RESOURCES

PHYSICAL IMPROVEMNET SURVEY

PROPERTY OF
RICK BARKER PROPERTIES, LLC
CITY OF LYNCHBURG, VIRGINIA

PROJECT NO.	20211916
FILE NO.	SL-15374
LAT.	37.365742°
LONG.	-79.247757°
DATE:	10/21/2021
DRAWN BY:	MCM
CHECKED BY:	JMM



SHEET NO.
1 OF 1

REV.

Narrative Description for Intended use:

The property owner is wishing to rezone the listed properties to be able to lease the existing, unoccupied office space attached to the warehouse space to a new tenant offering pediatric therapy services to clients. The warehouse space is occupied by Thrive Logistics and offers warehousing and distribution services to their customers in the greater Lynchburg area and will continue to do so moving forward. The tenant wishing to occupy the 4000 sq ft of office space facing Enterprise Dr is the Center for Pediatric Therapies. They offer pediatric occupational therapy, speech-language therapy, physical therapy and autism services through multiple locations in southern Virginia. They currently have a location at 305 Gristmill Dr in Lynchburg and are looking to expand their services in the area by adding this second location. They anticipate having 10 staff on site to begin with possibly expanding to 12-15 based on demand. Estimated daily traffic is eight clients per day to start, increasing as they are able to add staff.

There are no proposed changes to the building or the property at this time, both tenants will occupy existing spaces. The change from 1-2 to B-5 will accommodate both businesses,



**Enterprise Drive Rezoning
2001 and 2003 Enterprise Drive
November 10, 2021**

PLEASE PRINT CLEARLY

[illegible]

AN ORDINANCE CHANGING A CERTAIN AREA LOCATED AT 2001 & 2003 ENTERPRISE DRIVE FROM I-2, LIGHT INDUSTRIAL DISTRICT 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 35.2 of the Code of the City of Lynchburg, 1981, as amended, be and the same is hereby further amended by adding thereto Section 35.2-54. which shall read as follows:

Section 35.2-54. Change of a certain area located at 2001 & 2003 Enterprise Drive from I-2, Light Industrial District to B-5C, General Business District (Conditional).

The area embraced within the following boundaries:

LEGAL DESCRIPTION: TM #24103004

BEGINNING AT AN IRON PIN FOUND ON THE EASTERLY RIGHT-OF-WAY OF ENTERPRISE DRIVE BEING THE POINT OF BEGINNING (P.O.B.), THENCE LEAVING SAID RIGHT-OF-WAY ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 80 DEGREES 43 MINUTES 03 SECONDS, A RADIUS OF 35.00 FEET, A LENGTH OF 49.31 FEET, A CHORD OF 45.33 FEET AND A CHORD BEARING OF NORTH 23 DEGREES 27 MINUTES 41 SECONDS EAST TO AN IRON PIN FOUND; THENCE NORTH 63 DEGREES 49 MINUTES 06 SECONDS EAST 560.92 FEET TO AN IRON PIN SET; THENCE SOUTH 01 DEGREE 47 MINUTES 06 SECONDS WEST 491.26 FEET TO AN IRON PIN SET; THENCE A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 56 DEGREES 02 MINUTES 55 SECONDS, A RADIUS OF 477.47 FEET, A LENGTH OF 467.08 FEET, A CHORD OF 448.67 FEET AND A CHORD BEARING OF SOUTH 29 DEGREES 48 MINUTES 34 SECONDS WEST TO AN IRON PIN SET ON THE EASTERLY RIGHT-OF-WAY OF ENTERPRISE DRIVE; THENCE ALONG SAID RIGHT-OF-WAY THE FOLLOWING COURSES; NORTH 26 DEGREES 12 MINUTES 49 SECONDS WEST 91.28 FEET TO AN IRON PIN AND CAP FOUND, NORTH 28 DEGREES 45 MINUTES 23 SECONDS WEST 304.47 FEET TO AN IRON PIN AND CAP FOUND, NORTH 29 DEGREES 12 MINUTES 25 SECONDS WEST 52.39 FEET TO AN IRON PIN FOUND, A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 06 DEGREES 21 MINUTES 55 SECONDS, A RADIUS OF 775.68 FEET, A LENGTH OF 86.17 FEET, A CHORD OF 86.13 FEET AND A CHORD BEARING OF NORTH 26 DEGREES 01 MINUTE 27 SECONDS WEST TO AN IRON PIN AND CAP FOUND, A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 01 DEGREE 31 MINUTES 29 SECONDS, A RADIUS OF 620.00 FEET, A LENGTH OF 16.50 FEET, A CHORD OF 16.50 FEET AND A CHORD BEARING OF NORTH 15 DEGREES 56 MINUTE 36 SECONDS WEST TO AN IRON PIN SET, NORTH 15 DEGREES 10 MINUTES 49 SECONDS WEST 86.89 FEET TO AN IRON PIN FOUND, A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 01 DEGREE 43 MINUTES 05 SECONDS, A RADIUS OF 680.00 FEET, A LENGTH OF 20.39 FEET, A CHORD OF 20.39 FEET AND A CHORD BEARING OF NORTH 16 DEGREES 02 MINUTES 19 SECONDS WEST TO THE POINT OF BEGINNING AND CONTAINING 6.416 ACRES.

LEGAL DESCRIPTION: TM #24103006

BEGINNING AT AN IRON PIN FOUND ON THE EASTERLY RIGHT-OF-WAY OF ENTERPRISE DRIVE BEING THE POINT OF BEGINNING (P.O.B.), THENCE ALONG SAID RIGHT-OF-WAY THE FOLLOWING COURSES, A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 03 DEGREES 09 MINUTES 09 SECONDS, A RADIUS OF 680.00 FEET, A LENGTH OF 37.41 FEET, A CHORD OF 37.41 FEET AND A CHORD BEARING OF NORTH 18 DEGREES 24 MINUTES 14 SECONDS WEST TO AN IRON PIN SET, A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 87 DEGREES 45 MINUTES 32 SECONDS, A RADIUS OF 35.00 FEET, A LENGTH OF 53.61 FEET, A CHORD OF 48.52 FEET AND A CHORD BEARING OF NORTH 23 DEGREES 49 MINUTES 41 SECONDS EAST TO AN IRON PIN SET ON THE SOUTHERLY RIGHT-OF-WAY OF DILLARD DRIVE; THENCE ALONG SAID RIGHT-OF-WAY NORTH 67 DEGREES 42 MINUTES 21 SECONDS EAST 555.17 FEET TO AN IRON PIN FOUND; THENCE LEAVING RIGHT-OF-WAY

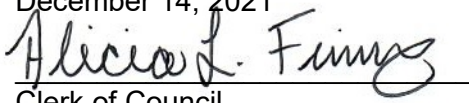
SOUTH 01 DEGREE 47 MINUTES 06 SECONDS WEST 1.42 FEET TO AN IRON PIN SET; THENCE SOUTH 63 DEGREES 49 MINUTES 06 SECONDS WEST 560.92 FEET TO AN IRON PIN FOUND; THENCE A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 80 DEGREES 43 MINUTES 03 SECONDS, A RADIUS OF 35.00 FEET, A LENGTH OF 49.31 FEET, A CHORD OF 45.33 FEET AND A CHORD BEARING OF SOUTH 23 DEGREES 27 MINUTES 41 SECONDS WEST TO THE POINT OF BEGINNING AND CONTAINING 0.287 ACRES.

...is hereby changed from I-2, Light Industrial District to B-5C, General Business District (Conditional), subject to the condition herein below which was voluntarily proffered in writing by the petitioner, Rick Barker Properties, to wit:

"Rezoning of the property is being pursued for the purpose of leasing the existing office space to a tenant and to future tenants for office use only, we will not be seeking to locate retail establishments such as auto, truck or trailer sales requiring external displays/sales areas."

Adopted: December 14, 2021

Certified:


Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **8**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding for Lynchburg City Schools

KEY ELEMENTS:

___Economic Development **X**Excellent Government **X**Natural and Built Environment _ Safe Community ___Vibrant Community

RECOMMENDATION: Following a public hearing, adopt a resolution to amend the FY 2022 Schools Capital Fund budget and appropriate \$11,296,804 with resources from the Coronavirus Aid, Relief, and Economic Security (CARES) Act to fund infrastructure upgrades to City School facilities and City-Wide Broadband.

SUMMARY: The Lynchburg City Schools has received approximately \$42.5 million as its share of the Coronavirus Relief Fund (CRF) for their II-IV allocations. The Lynchburg School Board has approved \$7,796,804 to be used for upgrades to primarily HVAC and chillers in City School facilities. An additional \$3.5 million was approved for City-wide broadband expansion. These funds need to be appropriated in the Schools Capital Fund for spending.

A list of projects and additional information regarding the projects are included in the attachments.

PRIOR ACTION(S): n/a

FISCAL IMPACT: \$11,296,804 offset of expenditures related to City Schools Infrastructure and Broadband

CONTACT(S): Donna Witt, Chief Financial Officer, 455-3968
Steve Gatzke, Senior Director for Finance and Operations, 515-5110

ATTACHMENT(S):

- Resolution
- CARES CIP Project Proposal
- Explanation for CIP/CARES Projects
- Project WISH Presentation
- Project WISH Proposal

REVIEWED BY: raw

RESOLUTION:

BE IT RESOLVED that the FY 2022 Schools Capital Fund budget is amended and \$11,296,804 is appropriated with resources from the Coronavirus Aid, Relief, and Economic Security (CARES) Act to fund infrastructure upgrades to City School facilities and City-Wide Broadband.

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY SCHOOLS

PROPOSED CAPITAL IMPROVEMENT ADDITIONS - CARES

(Subject to Change Pending Facilities Study Report)

CARES FUNDED

CARES II - spend down 9/30/2023
 CARES III - spend down 9/30/2024
 CARES IV - spend down 12/31/2026

Current City Council Approved Projects

ECG Intercom Replacement	\$	317,000.00
--------------------------	----	------------

Proposed Additional Projects

	\$		Yr Installed	Condition
Bass Elementary Chiller Replacement	\$	350,000.00	1998	Fair
Dearington Chiller	\$	300,000.00	2000	Poor
Dunbar Middle Heating System	\$	1,529,804.00	1954	Poor
Linkhorne Elementary Air Handlers	\$	841,200.00	1970	Poor
Paul Munro HVAC	\$	750,000.00	1962	Poor
Perrymont Elementary HVAC	\$	450,000.00	1995	Fair/Poor
RS Payne Elementary HVAC *	\$	1,398,800.00	1992	Poor
Sandusky Elementary Chiller (immediate)	\$	150,000.00	2005	Poor
Sandusky Elementary HVAC	\$	860,000.00	1964	Poor
Sandusky Middle School Chiller rebuild	\$	200,000.00	2009	Maintenance
TC Miller Chiller Replacement	\$	300,000.00	1993	Fair

DMS restroom/storage building - Athletic Field	\$	350,000.00
--	----	------------

City-wide Broadband expansion	\$	3,500,000.00
-------------------------------	----	--------------

Proposed/Requested CARES Funded Projects

	\$	11,296,804.00
--	----	----------------------

- * RS Payne project cost is based on the cost, by total building area, of a similar project just completed at Bass Elementary. Bass cost was \$600,000.00. RS Payne is 42% larger, making base cost \$1,026,080.00. RS Payne is a more complicated project due to the equipment being replaced is ceiling mounted rather than floor mounted. A contingency cost of 25% was added in anticipation of the additional cost for the above floor work. Revised 10/21/2021

December 3, 2021

Explanation for CIP/CARES Projects

Bass Elementary Chiller Replacement – Chiller installed in 1999. 22 years old in a 20 year life cycle. Uses R22 refrigerant which is no longer available. Would not be able to replace refrigerant if lost. Major refrigerant leak would leave building without cooling.

Dearington Elementary Chiller Replacement – Chiller installed in 2000. 21 years old in a 20 year life cycle. Uses R22 refrigerant which is no longer available. Would not be able to replace refrigerant if lost. Major refrigerant leak would leave building without cooling.

Dunbar Middle Heating System Replacement – System installed in 1954. 67 years old in a 30 year life cycle. Old steam piping susceptible to leaks and breaks. Multitude of repairs done in the past. Very energy inefficient. New heating system would convert the building from steam to hot water and be more energy efficient.

Linkhorne Elementary Air Handler Replacement – The equipment planned for replacement is in the original part of the building not affected by the 1988 fire. The equipment was originally installed in 1966. It is 55 years old in a 20 year life cycle. It is anticipated that replacing the equipment now will not affect a complete renovation in future years. The new equipment will be incorporated into the renovation.

Paul Munro Elementary HVAC Replacement – The current system utilizes centrally located air handlers distributing air to the classroom unit ventilators via under slab duct work. The ducts have started breaking down causing contamination of the room air. These ducts will be abandoned in a new system. It is anticipated that replacing the system now will not affect a complete renovation in future years. The new equipment will be incorporated into the renovation.

Perrymont Elementary HVAC Replacement – This project is similar to the project just completed at Bass Elementary. It entails replacement of the classroom unit ventilators. The equipment was installed in 1995. 27 years old in 20 year life cycle. The equipment needs constant attention.

RS Payne Elementary HVAC Replacement – This project entails the replacement of the classroom unit ventilators. Installed in 1995, they are 27 years old in a 20 year life cycle. The units are ceiling mounted making maintenance and repairs extremely hard to do. The units are of an age that they need constant attention. Being mounted from the ceiling also increases the anticipated cost of the replacement project. It is anticipated that the new system will be incorporated into a future renovation.

Sandusky Elementary Chiller Replacement - This project is an emergency that needs to be done immediately. The current equipment is nonfunctioning. The current unit was installed in 2005, so it did not quite make the anticipated 20 year life cycle. It contains R22 refrigerant, which is no longer available, so the unit needs to be replaced rather than repaired.

Sandusky Elementary HVAC Replacement – Of all the projects on the list, this is the most troublesome. The system, other than the chiller mentioned above, has not had any major replacement or upgrades since it was installed in 1964. 57 years old in a 20 year life cycle. The equipment is obsolete, with repair

parts unavailable. If we should have a major failure, at least a portion of the building will be without heat and cooling. If replacing the building was a certainty in the next 4 to 5 years, nursing the system along is a possibility. Since we do not have that certainty and the funding is available now through CARES, we need to proceed with the project now to ensure we can continue to use the building.

Sandusky Middle Chiller Rebuild – This is a maintenance project recommended by the manufacturer when the equipment is 10 to 15 years old. It extends the life of the equipment and gives us a five year warranty period.

TC Miller Elementary Chiller Replacement – Chiller was installed in 1993, making it 28 years old in a 20 year life cycle. This equipment contains R22 refrigerant which is no longer available. A loss of refrigerant would leave the building without cooling. Also, we have received many complaints from the neighbors about the noise the equipment makes. The new chillers are much quieter.

Why HVAC projects at other schools were not considered:

Bass ES – Unit ventilators replaced in the summer of 2021. Renovation due for review 2029.

Bedford Hills ES – Chiller replaced in the spring of 2021. Unit ventilator replacement scheduled for 2027.

Dearington ES – Unit ventilator replacement scheduled for 2029.

Heritage ES – HVAC renovation completed in 2004. Renovation due for review in 2034.

Linkhorne ES – Full renovation scheduled for 2027 – 2028. This renovation would include the rest of the HVAC system.

Sheffield ES – Renovated 2000. Renovation due for review 2030.

TC Miller ES – Renovated 1993. Renovation due for review 2023.

Hutcherson ELC – 2013 renovation included classroom HVAC. Due for renovation review 2043.

Laurel RP – Renovated 2002. Due for renovation review 2032.

Linkhorne MS – Renovated 2003. Due for renovation review 2033.

EC Glass HS – Renovated 2006. Due for renovation review 2036.

Fort Hill CS – Renovated 2013. Due for renovation review 2043.

Project WISH:

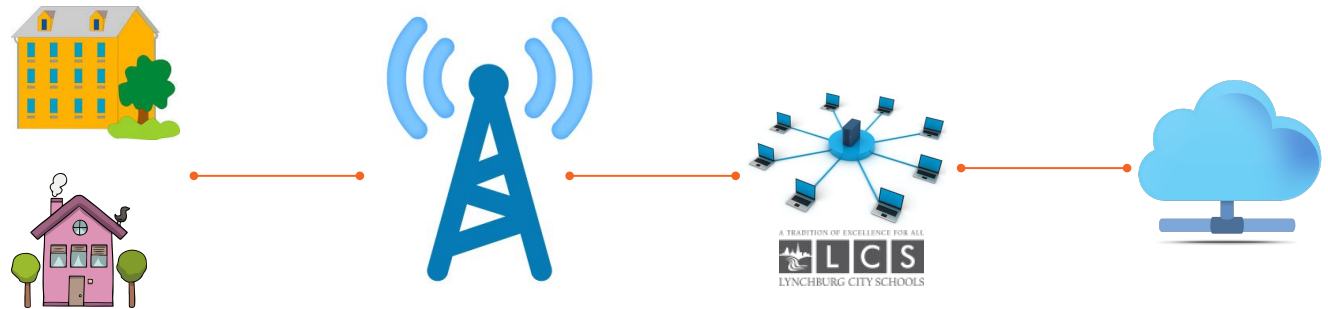
Wireless Service at Home

3.4.4 Build and Expand on existing Wireless Access Services Program for students

Strategic Plan 3.4.4
09.04.2021
LCS Information Technology

Closing the Connectivity Gap

The Goal



3.5 GHz - 3.7 GHz

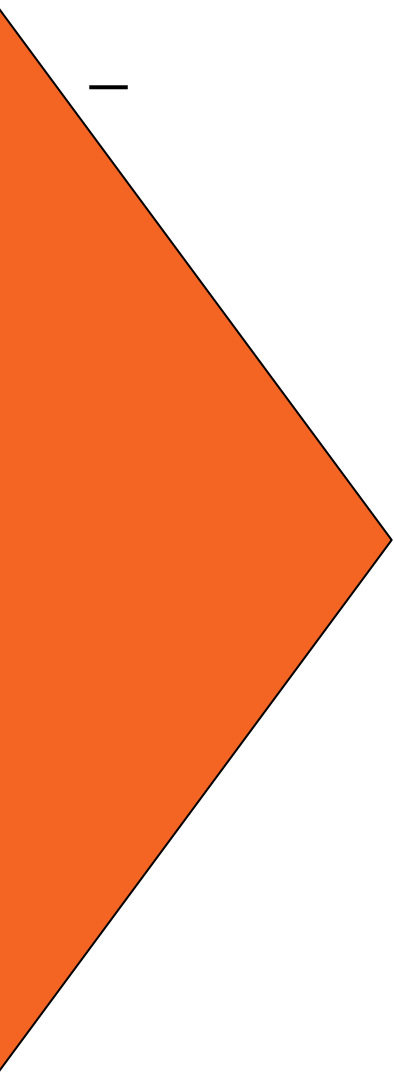
No license Required

"[m]ore reliable than Wi-Fi" and "technology that risks making Wi-Fi outmoded"

-- *Bloomberg Technology*

What is CBRS?

Citizens Broadband Radio Service



Connectivity is important!

Virtual Learning

- Synchronous Content Delivery
- Human Interaction
- Virtual Field Trips
- Productivity
- Flexibility
- Equitable Expectations

Additional Benefits

- Information Access
- Communication
- Accessibility
- Global Connectivity
- Self Expression
- Opportunities
- Social Determinant of Health*

LCS - Strategic Plan - 3.4.4

City of Lynchburg - Blueprint for Opportunity Objectives - 3.2, 4.1

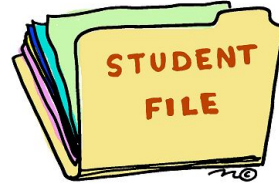
City of Lynchburg - Comprehensive Plan -

Chapter 2. Opportunities for a Quality Education

Who is it for? All LCS Students



Survey



Household



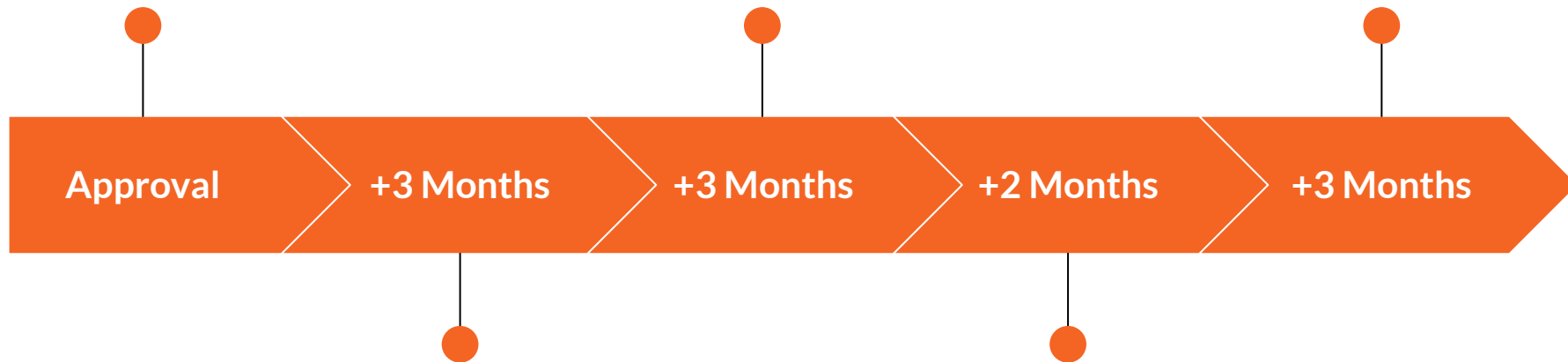
Geographic



Project & Budget
Approval

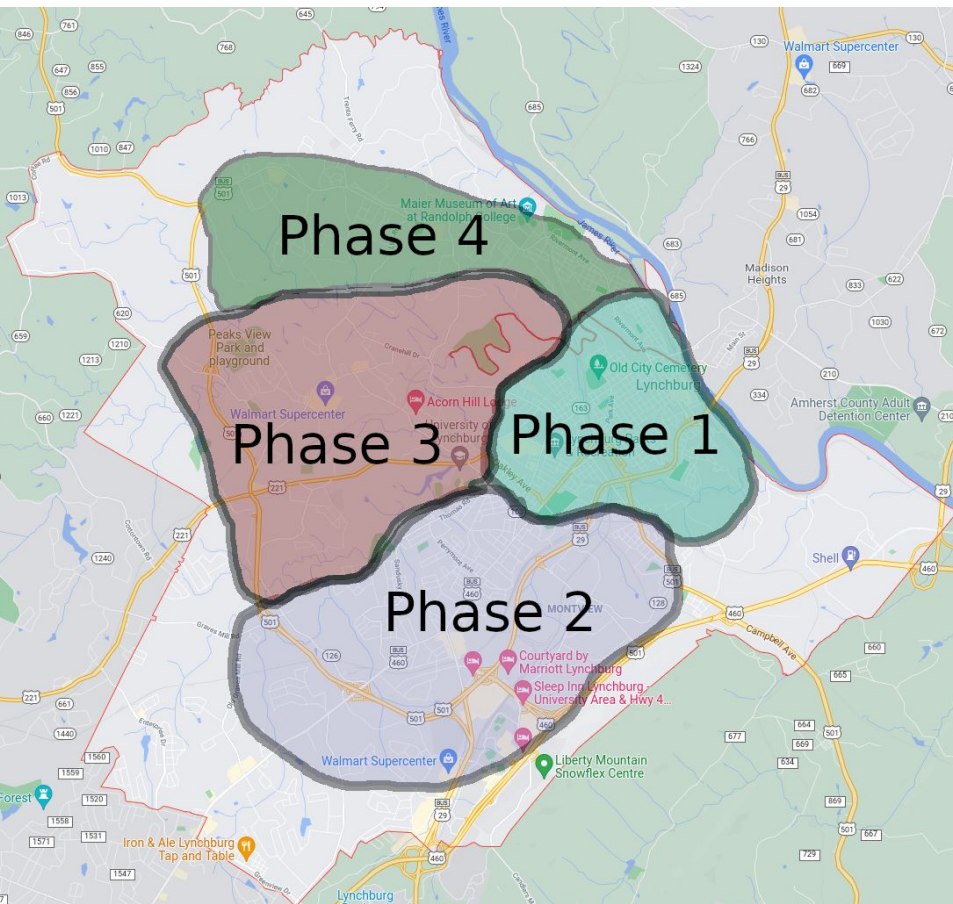
Phase 2
Midtown (part 2) &
College Park

Phase 4
Boonsboro &
Rivermont



Phase 1
Downtown,
Midtown (part 1)

Phase 3
West Lynchburg &
Northwest Lynchburg



Phase 1 - 1,600 Students

Phase 2 - 1,800 Students

Phase 3 - 1,000 Students

Phase 4 - 1,100 Students

*Based on Variety of Factors

FAQ

- Internet Access?
Yes. Safe & Secure. CIPA-compliant
 - City Cooperation?
As much as possible.
 - Costs? -- CARES up front -- Ongoing:
Support Service Contract (\$60K)
Licensing (?)
1 FTE (\$90K)
Misc. Equipment (\$30K)
 \$180K / year
 - Who Else?
LCS Faculty & Staff. Investigate for families.
-

Questions?

Lynchburg City Schools

September 04, 2021

Project WISH (Wireless Service at Home)

Overview

The COVID-19 pandemic has shown an increased requirement for technology-based instruction. Critical dependencies of this instruction are the ability for students and teachers to collaborate digitally, remotely, and quickly. This project is being called the *Wireless Service at Home*, or WISH and is designed to ameliorate gaps in the community that prevent these dependencies from being fulfilled. This aligns with the LCS Strategic Plan 3.4.4 and supports the City of Lynchburg Blueprint for Opportunity Objectives 3.2, 4.1 and the City of Lynchburg [Comprehensive Plan -- Chapter 2. Opportunities for a Quality Education.](#)

Goals

1. **Network Connectivity:** Provide for basic network connectivity to the Lynchburg City Schools' computer network. This includes access to authentication, network storage, LCS-hosted applications and gateway services to cloud-provided instructional material.
2. **Safety.** Network security is critical to the success of providing service directly into students' homes. This includes firewall protection and CIPA-compliant filtering where appropriate.
3. **Usability:** Instructional use of the WISH network will only take place if the implementation is easy to use and straightforward. Ease of use is a key goal.
4. **Sustainability:** Initial implementation and adoption of the program incurs the bulk of the project cost. It is essential that the ongoing maintenance cost be affordable and predictable.

Specifications

The equipment and configuration plan of the WISH network has been evaluated based on working designs from respected vendors and with input from other industry professionals.

Design Overview. The WISH network will be comprised of the following high-level equipment:

1. Customer Premise Equipment (CPE). This could be a wireless router, hotspot-like device, SIM card, newer technology that supports the Radio Frequency (RF) used.
2. Radio Towers. Towers to support equipment will need to be installed in strategic locations around the city. Priority will first go to existing school building rooftops.
3. Carrier Equipment (CE). Radio towers will be arrayed with radio antennae capable of sending and receiving wireless signals to and from CPE. LCS is considered the carrier.
4. Backhaul. Primary network access will connect CE to the wired LCS network via physical cabling. Where required, CE on radio towers can be configured to backhaul via wireless from radio tower to radio tower.
5. System Management. The assignment of radio resources will be managed via a software system for easy updates, inventory and configuration management.
6. Serviceability. LCS will need dedicated personnel to manage the WISH network's daily tasks and to coordinate any support services. Support and warranty services for students will be provided by a 3rd party vendor.

Wireless Frequency. The use of wireless radio frequencies is regulated by the Federal Communications Commission. The WISH network will utilize the **3.5GHz** range, commonly referred to as "private LTE" or "48 CBRS (Citizens Broadband Radio Service)". This frequency contains the band 3550MHz to 3700MHz and is available for open use, with priority given to the U.S. Navy for communications.

Milestones

The following milestones are proposed. Note that once Phase 1 is complete, core infrastructure and implementation processes should be refined. Additional Phases can be worked on simultaneously as funding allows.

1. Scope Project

- a. Evaluate Need
- b. Site Surveys and Physical Location Planning
- c. Equipment testing & Specifications
- d. Obtain Pricing
- e. Vendor Selection

2. Plan Development & Approval

- a. Complete Written Plan
- b. LCS Finance Committee
- c. LCS School Board
- d. Lynchburg City Council (for information and/or approval as required)

3. Phase 1 - Downtown + Midtown (part 1)

- a. Apply for and receive any required building permits
- b. Purchase and deploy towers (E.C. Glass High School & Dunbar Middle School).
- c. Deploy CE on towers.
- d. Establish Backhaul
- e. Build and configure server. Training.

- f. Internal testing of equipment and services
- g. Activate and open enrollment to eligible students

4. Phase 2 - Midtown (part 2) + College Park

- a. Apply for and receive any required building permits
- b. Purchase and deploy towers (Heritage High School, Perrymont, Sheffield).
- c. Deploy CE on towers.
- d. Establish Backhaul
- e. Internal testing of equipment and services
- f. Activate and open enrollment to eligible students

5. Phase 3 - West / North West

- a. Apply for and receive any required building permits
- b. Purchase and deploy towers (Linkhorne, community partner [Lakeside / 501]).
- c. Deploy CE on towers.
- d. Establish Backhaul
- e. Build and configure server. Training.
- f. Internal testing of equipment and services
- g. Activate and open enrollment to eligible students

6. Phase 4 - Boonsboro & Rivermont

- a. Apply for and receive any required building permits
- b. Purchase and deploy towers (Bedford Hills, Paul Munro).

- c. Deploy CE on towers.
- d. Establish Backhaul
- e. Build and configure server. Training.
- f. Internal testing of equipment and services
- g. Activate and open enrollment to eligible students

7. Project Completion

- a. Provide continuity plan for service
- b. Provide any required materials to key stakeholders (e.g. LCS Board, City Council).

December 14, 2021



CITY COUNCIL AGENDA ADDENDUM | PUBLIC COMMENT

City Council Meeting - 7:30 P.M.
Council Chamber, City Hall, 900 Church Street

- A) Hear from a citizen regarding a concern. (Gary Taylor)
 - B) Hear from a group representative regarding a concern. (Jamie Maxwell)
-

RULES OF PROCEDURE

- // An individual may speak for up to 3 minutes; please state clearly your name and locality of residence.
- // A group spokesperson may speak for up to 5 minutes; please state clearly your name and the group you will be representing.

Citizens often express conflicting and diverse positions regarding specific issues under consideration. To encourage citizen participation and to avoid intimidation to persons who may express sometimes unpopular opinions, **applause, cheers, or jeers from the audience are not permitted**. When appearing before City Council, citizens may not engage in behavior that intimidates or insults others, engage in disruptive behavior, use profanity or vulgar language, promote private business ventures or campaign for public office.

Finney, Alicia

From: Gary Taylor <gltaylor50@yahoo.com>
Sent: Friday, November 19, 2021 8:33 AM
To: Finney, Alicia
Cc: Gary Taylor
Subject: Re: City council meeting 11-23-21

CAUTION: External Sender

Thanks Ms. Finney. See you on 12/14.....

On Thursday, November 18, 2021, 04:23:28 PM EST, Finney, Alicia <alicia.finney@lynchburgva.gov> wrote:

Hi Gary,

Due to a lack of agenda items, the City Council meeting for November 23rd has been canceled. I'll put you on the agenda for the December 14th meeting!

Thank you!

ALICIA L. FINNEY – Clerk of Council

City of Lynchburg

900 Church Street

Lynchburg, VA 24504

P: (434) 455-3990 **F:** (434) 847-1536

From: Gary Taylor <gltaylor50@yahoo.com>
Sent: Monday, November 15, 2021 7:59 AM
To: Finney, Alicia <Alicia.Finney@lynchburgva.gov>
Cc: Gary Taylor <gltaylor50@yahoo.com>
Subject: City council meeting 11-23-21

CAUTION: External Sender

Ms. Finney,

Would you please sign me up to speak at city council meeting on 11-23-21. Will be speaking about monetary budget surplus. Thank you

Gary Taylor, 980-406-8868.

Finney, Alicia

From: Maxwell, Jamie
Sent: Friday, December 10, 2021 1:38 PM
To: Finney, Alicia
Subject: Re: Speak at Council Meeting

Budget concerns

Sent from my iPhone

On Dec 10, 2021, at 12:28 PM, Finney, Alicia <Alicia.Finney@lynchburgva.gov> wrote:

Confirming receipt of your email. Please provide the topic of your request and I'll add you to the agenda.

Thank you!

ALICIA L. FINNEY – Clerk of Council
City of Lynchburg
900 Church Street
Lynchburg, VA 24504
P: (434) 455-3990 **F:** (434) 847-1536

From: Maxwell, Jamie
Sent: Friday, December 10, 2021 11:52 AM
To: Finney, Alicia <Alicia.Finney@lynchburgva.gov>
Subject: Speak at Council Meeting

Good morning Alicia. Please schedule me speak at the next council meeting. I will be speaking as a group.

Jamie Maxwell

Master Firefighter/HazMat Specialist

Station 7A

"Rangers Lead the Way"

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **9**

REGULAR: **X** WORK SESSION: CLOSED SESSION (Confidential):
ACTION: **X** INFORMATION:

ITEM TITLE: Draft 2022 General Assembly Legislative Agenda

RECOMMENDATION: To adopt a resolution adopting the 2022 Legislative Agenda and directing the Clerk of Council to forward it to the City's General Assembly delegation for information and action, as appropriate.

SUMMARY: Each year, City Council reviews and updates its legislative agenda in preparation for the Virginia General Assembly Session. Attached is an annotated copy of the adopted 2021 Legislative Agenda with suggested revisions from City staff for 2022. Staff requests City Council's input on the draft revisions so that a final copy will be ready for adoption at a subsequent City Council Meeting.

The following is a summary of staff recommendations:

- Added additions to the Surplus Principal at the suggestion to follow the same guideline for unexpected surplus
- Added section entitled Key Legislative Imperatives, which includes very specific items for attention by the City's General Assembly Delegation. In the present recommendations, this includes the following items:
 - o Specific action to revise Emergency Custody Order/Temporary Detention Order legislation
 - o Reversion of the Virginia Department of Transportation Revenue Sharing program schedule to pre-COVID practices to better reflect the City's needs
 - o City Charter Changes relating to City Council elections schedules
- Updates to various airport and aviation-related matters
- Request to permanently provide the option for compensatory time to be paid to public employees in lieu of overtime
- Removal of the request to change the City Charter for Council salaries, which is no longer necessary
- Revisions and updates for various economic development matters, including workforce, affordable housing, outdoor dining, ABC licenses, and tourism improvement districts
- Request to provide additional funding for emergency medical technician training and provide equity in funding for fire department funding
- Request to reclassify public safety telecommunicators as public safety first responders
- Removal of a request to revise the Parking Authority term limits, which was previously completed
- Requests for revisions to funding formulae for public safety agencies
- Revisions to various water quality and environmental protections positions
- Additions to Early Childhood Education to request the State choose Lynchburg for the pilot location for the Charter School
- Additions to affordable housing to include Workforce Housing
- Additions requested to further the language in implementation of criteria to the Tourism Improvement Districts
- Reinstatement of the SLAF funding request to meet that of last year's or increase by \$30 million
- Addition of citizen request for Reforestation and Management of Urban Forests
- Attached letters of support from citizens

PRIOR ACTION(S): n/a

FISCAL IMPACT: To be determined

CONTACT(S): Wynter Benda, City Manager – 455-3990
Reid A. Wodicka, Deputy City Manager – 455-3990

ATTACHMENT(S):

- Resolution
- Draft 2022 Legislative Agenda (with annotations)

REVIEWED BY: raw MMB

146A

RESOLUTION:

BE IT RESOLVED that the Lynchburg City Council adopts its 2022 Legislative Agenda and directs the Clerk of Council to forward it to the City's General Assembly delegation for information and action, as appropriate

Adopted:

Certified:

Clerk of Council

CITY OF LYNCHBURG
2022¹ LEGISLATIVE AGENDA
Adopted November 10, 2020

The City of Lynchburg 2022¹ Legislative Agenda is meant to highlight those issues of particular importance to the City.

The Lynchburg City Council asks that legislators keep the following principles in mind as they evaluate and vote on legislation and the budget.

PRINCIPLES

- Local governments are instruments of the state, created in large measure to deliver state responsible services in a more efficient and effective manner. This state/local partnership requires an equitable allocation of costs between the two levels of government and across the various jurisdictions of the Commonwealth.
- The state must continue to meet constitutional and statutory responsibilities to adequately fund the state share of state/local services, especially in education, human services, and public safety. Any shortfall in state revenues should not be shifted to local governments.
- When the state experiences or anticipates a budget surplus, due to either increased revenues or reduced expenditures, it should relieve localities of funding responsibilities that have been shifted to them for state mandated/locally delivered services. The city will follow suit with this example and in the event of an unanticipated surplus, refund the tax payers with the overage.
- Rather than shifting responsibilities for programs that the state is unwilling to fund down to the localities, the state should consider eliminating those programs.
- The state should explore ways to increase the efficiency and effectiveness of the delivery of state services at the local level including the regionalization of service delivery (e.g. Social Services) and the elimination of inefficient structures such as the Compensation Board.
- The General Assembly should defeat proposed legislation that would erode local taxing authority, cap or reduce local revenue sources or that would impose unfunded mandates on localities.
- The General Assembly should support legislation that provides greater authority to localities in implementing sustainability initiatives especially with regard to land use and transportation planning.
- The General Assembly should preserve local zoning and land use authority, allowing flexibility to meet the needs of individual communities.
- The General Assembly should defeat all efforts to impose unfunded mandates on localities. Unfunded mandates from state government are an abdication of state responsibility and limit localities' ability to perform their own core responsibilities.

Formatted: Justified

Commented [BM1]: Councilman Helgeson's additions.

Formatted: List Paragraph, Indent: Hanging: 0.24", Bulleted + Level: 1 + Aligned at: 0.12" + Indent at: 0.36", Tab stops: 0.34", Left + 0.36", Left

|

2022 KEY LEGISLATIVE IMPERATIVES

Emergency Custody Orders (ECOs) and Temporary Detention Orders (TDOs): State code currently requires law enforcement officers to sit with patients under an (ECO) and requires law enforcement officers to transport patients issued a (TDO) to mental health hospitals throughout the state. The City of Lynchburg has seen a large increase in mental health issues over the last several years, which has resulted in an increased number of patients under both an ECO and TDO. This requires additional law enforcement officers to stay with these patients at the hospital, taking them away from answering calls for service and engaging with residents. Law enforcement has a role in the mental health process, but that role should be limited to stabilizing the situation and ensuring the safety of all those involved and then returning to their regularly assigned duty. The City of Lynchburg supports an update to state code so it no longer mandates that law enforcement must stay with ECO patients at the hospital and that law enforcement no longer must transport TDO patients.

Commented [WR2]: PROPOSED TITLE

Formatted: Justified

Commented [WR3]: Added by LPD

Commented [BM4]: Councilman Helgeson strongly supports this endeavor to ensure our law enforcement is utilized appropriately. Senator Newman's prior bill – potentially resurrected for this.

Formatted: Justified

Commented [WR5]: Revised by Public Works

Revenue Sharing: Preserve the Revenue Sharing program administered by the Virginia Department of Transportation and revert to the previous application and funding schedule: a two year application process, award funding the following year(s), maximum of \$10,000,000 per application cycle. The Revenue Sharing program allows localities to leverage funds for needed projects that have no other source of funding. Prior to the present application process, funds were available to be used within a year of application. The process has changed so that localities are required to wait at least five years before funding is awarded. The gap is too large between application process and the funding award. This leaves localities waiting five to six years before they can even begin design and construction of the needed transportation project, delaying and increasing costs.

City Charter Change for Elections: Notwithstanding any general or special law to the contrary, the City of Lynchburg requests a portion of its existing charter to be amended to allow for a technical amendment and to allow for the Councilmember elections in November 2022 and November 2024 to be for three-year terms. Then, in November 2025 and November 2027 and thereafter, revert back to four-year terms.

Commented [BM6]: Councilman Faraldi is opposed to this.

Commented [BM7R6]: Councilman Helgeson is opposed as well.

2024² LEGISLATIVE PRIORITIES

Airports: The impact of the Coronavirus pandemic on Virginia's commercial service airports has been unprecedented in the history of the aviation industry. As a result, the City supports:

- Support increased state funding for the "Governor's New Airline Service Incentive Fund" as passed by the General Assembly during its 2019 session (SB 990). This legislation created a special non-reverting fund to be used at the discretion of the Governor for grants to airlines serving commercial service airports in Virginia. The creation of the fund was intended to provide or assist in the marketing, advertising and promotional activities by airlines in connection with the launch of new airline service, and to provide incentives to airlines as part of such new service.
- Support the extension of the Retail Sales and Use Tax Exemption on Aviation Parts that was created in 2017 by the General Assembly and is set to expire on July 1, 2022. This economic development tool was established to encourage growth of the aviation maintenance, repair, and overhaul industry and unmanned aviation systems in Virginia, and has been well received by aviation businesses and consumers alike. Tax savings from the aircraft repair parts exemption have been estimated to be \$5.4 million in FY19.

Formatted: Justified

- Oppose any amendment(s) to state statutory language that would alter the formula which determines the allocation of state entitlement funds to Virginia air carrier airports that would result in Lynchburg Regional Airport receiving less state entitlement funding annually than received under the current formula.
- Support a Joint Legislative Audit and Review Commission (JLARC) review or similar study to evaluate Virginia's competitiveness with surrounding states in providing comparable airport infrastructure and dedicated economic development funding to Virginia airports in order to supplement the existing Commonwealth Aviation Fund (CAF).

~~Increased funding for the "Governor's New Airline Service Incentive Fund" as passed by the General Assembly during its 2019 session (SB 990). This legislation created a special non-reverting fund to be used at the discretion of the Governor for grants to airlines serving commercial service airports in Virginia. The fund is intended to provide or assist in the marketing, advertising and promotional activities by airlines in connection with the launch of new airline service, and to provide incentives to airlines as part of such new service.~~

Commented [WR8]: Revised from last year's document

- ~~Increasing commercial service airport entitlement funding under the Commonwealth Aviation Program (CAF). This initiative, adopted by the Virginia Airport Board (VAB) September 17, 2020, is designed to assist airports in moving forward capital projects during this time that would otherwise be cancelled or deferred, as well as allow those airports to use entitlement funds for operating expenses.~~
- ~~Funding a new marketing program, adopted by the VAB September 17, 2020, aimed at maximizing the state-wide potential to create jobs in travel and tourism. This would be accomplished by working together with the various Commonwealth agencies and public/private sector partners to support grants to communities to promote available airline service and build consumer confidence in air transportation.~~

Blighted Properties: The General Assembly should amend the Code of Virginia to allow cities to transfer blighted properties directly to a land bank created by the City or an existing nonprofit in lieu of sale at public auction for unpaid real estate taxes. This ability is provided to several Virginia cities and should be applied to all cities. Additionally, the General Assembly should adjust the qualifying criteria for localities that are authorized to treat blighted properties and derelict structures as a separate property class for local taxation of real property so that all Virginia cities the ability to do so.

Broadband: The General Assembly should create a concerted governmental effort to ensure broadband coverage that is both available and affordable to the most in need. Particularly in low income neighborhoods, a lack of broadband coverage and affordability has far-reaching implications for K-12 education and lifelong learning.

Children's Services Act (CSA): CSA funding continues to be a serious concern. Actions taken by the General Assembly have increased mandated services and shifted costs to the localities. The General Assembly should refrain from adding additional mandated services and should fund its full share of the CSA program.

Compensatory Time: The General Assembly should permanently amend Virginia Overtime Wage Act § 40.1-29.2 so the terms "Wages" and "Pay" also mean overtime compensatory time in lieu of wages for overtime pay by public agencies, as provided by the Fair Labor Standards Act.

Commented [WR9]: Added by Human Resources

Comprehensive Poverty Reduction: Support continued funding of the Community Wealth Building state matching fund which partners with local programs that target intractable long-term pockets of poverty through combined education and job training, housing and transportation resources, mentoring and prisoner re-entry, childcare and early education, and workforce training and other programs that break the cycle of poverty. Preparing people for jobs in the new workforce is extremely important to a healthy community continuum. Prioritize the use of "Go Virginia" funding to create jobs for those in poverty.

Community Wealth Building/Public Housing Redevelopment: Increase funding by \$4 million in the Brownfields Restoration and Remediation Fund and have specific State budget language that would allow grant application for public housing remediation and infrastructure improvements associated with public housing on or adjacent to former landfill sites.

~~**Council Salaries:** The City of Lynchburg requests that the General Assembly remove from the City's Charter provisions that define City Council salaries. Recent proposed legislation would require the City to be limited to the salary amounts established in the City Charter if the City Charter establishes an amount. This would reduce Lynchburg City Council members' salaries to \$2,400 per year, the Vice Mayor to \$3,000 per year, and the Mayor to \$3,600 per year. This would greatly limit the number of qualified individuals willing to serve as City Council members in the future.~~

Disposal of Property Due to Eviction: Support legislation to require that evicted tenants' personal property must remain inside the premises for a specified period time after which it becomes that landlord's responsibility to remove and properly dispose of the tenants' property at the landlord's expense. The state code outlines what a landlord must do with an evicted tenant's personal property. Currently the state code says when evicting a tenant the landlord must set the tenant's personal property on the public right-of-way for at least 24 hours so that the evicted person may obtain their belongings. The code also says that tenants shall have 24 hours to remove the property and if the tenant does not remove the personal property within 24 hours, the landlord must remove the property within 48 hours. If the landlord fails to remove the property within 48 hours, the City can remove the property and bill the landlord for the removal costs. The 24 hour and 48 hour removal periods are required by state law. This places an undue burden on localities to collect and dispose of this debris from the public right-of way and causes unsightly and unsanitary conditions in neighborhoods. Landlords should be treated as businesses.

Early Childhood Education: Support legislation that would improve access to and quality of early childhood education. For the Commonwealth to be successful in future generations, it is critical that early childhood educational opportunities meet the needs of working families. This should be accomplished through incentives or other direct support for the development of early educational opportunities. The City wishes to be considered as the pilot location for the State's Charter School initiative.

Economic Development: Preserve existing incentive and grant funds offered by the Virginia Economic Development Partnership, the Virginia Department of Agriculture and Consumer Services, the Department of Housing and Community Development, the Department of Environmental Quality, Virginia Tourism Corporation, and Virginia Commission for the Arts.

A Skilled and Available Workforce – The future of Virginia's economic development success is talent attraction, retention, and development. For the Commonwealth to be viewed as the top state for a skilled and available workforce, training programs must be in place and well-funded.

Commented [BM10]: Councilman Helgeson's belief, that regardless of party influence, the concurrence is that poverty begins on an individual basis. He furthered with three ingredients to a successful life are 1) finish high school; 2) work 40 hours; and 3) have children once married. This is a successful formula to eliminate poverty.

Commented [BM11]: Councilman Helgeson would like to reword this to ensure that the government continues to arbitrate the lessor, lessee contract and removes itself from the contractual obligations.

Commented [BM12]: Councilman Helgeson requests that the City of Lynchburg be the pilot program for the Charter School. We request that the state government place the initial school here. He suggested a lottery for attendees

Commented [BM13R12]: Councilman Faraldi is in agreement with a Charter School.

Commented [BM14R12]: Councilwoman Tweedy stated that she feels that the details will need to have steady focus from the City in order to ensure a fair advantage at a potential lottery system.

- *Innovative Partnerships with Higher Education and the Business Community* – Support enhanced partnerships between Virginia’s colleges and universities and the business community to commercialize research and development; create innovative ideas and new technologies; support Virginia’s entrepreneurial ecosystem; and meet the growing demand for talent in the Commonwealth. Support the continued funding of the Tech Talent Investment Program to build technology-educated talent in the Commonwealth.
- *Credentials for High-Demand Occupations* – Support additional funding to build on the success of the Workforce Credential Grant (Fast Forward), a pay-for-performance initiative that creates and sustains a demand-driven supply of credentialed workers to fill occupations where demand outstrips supply in Virginia. The grant makes attainment of credentials in high-demand fields more affordable to Virginians through the Virginia Community College System.
- *Talent Solutions* – Virginia currently has two critical and complementary programs that provide economic development projects with critical workforce training support.
 - i. Virginia Jobs Investment Pool is the most frequently used economic development program, as it is accessible to companies of all sizes in every corner of the Commonwealth. The program helps offset recruitment and training costs, thus reducing companies’ human resource development expenses and reinvesting these funds in the people of Virginia.
 - ii. Increase funding for the Virginia Talent Accelerator Program to continue the program’s development and growth to the capacity of Virginia’s competitor states. Virginia’s newest workforce training program, the Virginia Talent Accelerator Program, will rapidly re-skill to the exact requirements of a new or expanding employer through training that is fully customized to an employer’s unique processes, equipment and procedures

Site Development – Support increased funding for the Virginia Business Ready Sites (VBRS) program and other efforts to develop new sites for those businesses looking to locate or expand in the Commonwealth. Funding for site characterization and development is an investment in the foundation of economic development. Site readiness is important to Virginia’s economic development efforts. Currently, Virginia has the lowest number of buildable/certified sites among competing states.

Transportation – Support policies to invest in infrastructure to enhance the state’s competitiveness and the effective spending of funding. The City has long held that Virginia’s transportation network (air, highways, rail, and the port) is an essential component of the state’s economic development success. Special attention is needed to rural areas versus more densely populated cities such as Northern Virginia and the Tidewater areas. Providing a connection from Central Virginia to the Capital City.

Energy – Support policies that allow for the timely development of needed energy infrastructure investments across the Commonwealth. A sustainable, reliable and cost-effective energy supply is critical to the attraction of new companies and the retention of existing businesses, particularly in the energy-intensive manufacturing and Information Technology (IT) sectors.

GO Virginia – Support maintaining the funding for GO Virginia to encourage collaboration among

Virginia's localities to support economic growth and diversification and leads to higher-paying jobs. The GO Virginia effort makes strategic investments in regional projects to achieve that goal and should continue in a way that complements the state's broader economic goals.

Affordable Housing/Workforce Housing - Affordable housing plays a substantial and reinforcing role in local economic development. Without a sufficient supply of affordable housing, employers—and entire regional economies—can be at a competitive disadvantage given the subsequent difficulty to attract and retain qualified workers. Expanded opportunities for housing a community's workforce are critical to keeping and growing jobs in Virginia. Extending the program to those who with incomes beyond that threshold within Federal Support, will allow the workforce to live within closer access to their jobs and continue to support their independent growth.

Incentives – Support transparency and accountability with the use and management of incentives, but such measures should not restrict the state's ability to be responsive and flexible to the needs of business. Among Virginia's most important tools to be competitive are economic development incentives. Virginia must increase funding to the economic development incentives that deliver success for the Commonwealth, with a clear return on investment and mitigated risk for the State.

- *Commonwealth Opportunity Fund (COF)* – Support the COF as it remains Virginia's flagship economic development incentive program and the state's premier deal closing fund. Virginia will only remain competitive to make the short list of site selection projects by maintaining funding for the program.
- *Enterprise Zones* – Support additional funds to serve existing zones and future zones, if the number of zones is expanded. This long-standing program has helped both urban and rural communities revitalize distressed areas. The grants offered through this program are modest, but recent budget cuts have resulted in caps on funding for the program, which means amounts promised to companies making investments in these zones end up being prorated.
- *Agriculture and Forestry Industries Development Fund (AFID)* - Support continued funding for the program. AFID is a critical tool for localities to support two of Virginia's largest industries: agriculture and forestry. This performance-based grant is available to companies that create jobs and investment, add value to Virginia-grown products, and commit to sourcing Virginia-grown agricultural and forest products – creating additional marketplaces for Virginia's farmers and forestland owners.
- *Data Center and Manufacturing Incentives* – Support the continuation of this program. The availability of data center sales and use tax exemptions is among the top few site-selection considerations for data centers and has been a major contributor to the Commonwealth's success in data center locations.

Economic Development Marketing & Lead Generation - Support enhancing the Virginia Economic Development Partnership's (VEDP) marketing budget, while keeping our current economic development tools whole, to effectively differentiate Virginia from its global competitors. Even a great business climate and fully-funded incentives are of limited use if we do not have the resources or the people to tell the Virginia story. This, however, is the area where past budget cuts and/or stagnant funding have hit the hardest. Virginia must reengage business leaders globally to ensure top of mind awareness of the state as a great place to do business.

Tourism Promotion – Support continued state tourism promotion by the Virginia Tourism Corporation to attract first time visitors to Virginia and to enhance the leverage marketing program.

Outdoor Dining – Support the Commonwealth and its localities allowing outdoor dining in nontraditional spaces on a permanent basis. The Virginia Alcohol Beverage Control Authority should continue expedited approvals of outdoor dining spaces.

ABC Licenses - Support making Alcohol To-Go permanent, expedited ABC approval of outdoor dining spaces, and authorizing local governments to establish local entertainment districts.

Tourism Improvement Districts - Support legislation that would allow hospitality related businesses and localities to enter into public private partnerships and create Tourism Improvement Districts (TIDs). Proposals should require that localities obtain support and approval of assessments from a majority of hospitality related businesses that are located in the TID, and funds generated by such levies shall be dedicated solely to the promotion and tourism related marketing of the TID. The TID must also be managed by the local Destination Marketing Organization.

Economic/Industrial Development Authorities (EDAs/IDAs) Structure – Support the current structure of EDAs/IDAs as an important economic development tool. EDAs/IDAs were authorized by the General Assembly and exist to permit localities to have a flexible tool to support economic development in their communities.

EDA/IDA Member Disclosures – Support legislation that would repeal the 2020 amendment to the Conflict of Interest Act requiring members of Economic Development Authorities and Industrial Development Authorities to file financial disclosure forms. Lynchburg and other localities have had members of their EDAs/IDAs resign as a result of these requirements. Members of EDAs/IDAs are volunteers who serve without pay and feel it is an invasion of their privacy to have to file the forms.

Educational Funding: Jobs are the key to economic recovery and adequate education is essential for preparing the current and future workforce. The State should fully fund the Standards of Quality (SQQ), including support staff costs and categorical incentive funds for At-Risk students and restore funding from cuts to education over the last biennium. The state has a constitutional duty to meet its education funding obligations and should refrain from changes in methodology and division of financial responsibility that result in a further shift of funding responsibility from the state to localities. These shifts do not change what it actually costs to provide education but simply transfers additional costs to local governments, and ultimately to the local real estate tax base.

Emergency Management: Support a dedicated revenue stream for the Virginia Department of Emergency Management's local support functions. Recent budgetary constraints have threatened pass-through funding available to localities from VDEM. Loss of local assistance funding would result in the City of Lynchburg's inability to maintain its Emergency Operations Plan, reduce readiness to open its Emergency Operation Center, and would limit the City's ability to engage in community outreach and disaster management.

Emergency Medical Technician Training: The General Assembly should allocate additional funding, or reallocate funding to support Advanced Life Support Training programs at Community Colleges, providing free tuition for Emergency Medical Technician Basic through Paramedic

Commented [BM15]: Councilman Helgeson stated that there should be additional criteria that allow more than the previously supported hotels to participate and receive funding.

certification. The shortage of Advanced Life Support prehospital care providers is not a new reality, though it has been and continues to be exacerbated by the COVID-19 pandemic. The lack of appropriate funding results in a the lack of qualified paramedics both in the City of Lynchburg and throughout the Commonwealth. Offering these programs creates opportunities for organizations to be more reflective of their communities.

911 Reclassification: Support the classification of 911 Public Safety Communications Specialist as public safety first responders within the Virginia Retirement System to ensure that they are eligible for enhance retirement benefits for hazardous duty service. Under current law, localities may provide such benefits to first responders, including firefighters and emergency medical technicians, and certain other hazardous duty positions. This classification limits the ability to recruit and retain qualified public safety communicators at public safety answering points throughout the Commonwealth.

Filing of Items with Local Fiscal Impact: Support legislation that requires members of the General Assembly to file bills with local fiscal impacts as early as possible and no later than the first day of the legislative session, so that the appropriate fiscal impact analysis can be completed and reported in a timely manner.

Historic Rehabilitation Tax Credits: Support this financing tool which supports the development and redevelopment of historic buildings.

Local Law Enforcement Funding: The Commonwealth should be equitable in its support for local law enforcement funding both to those localities with police departments (HB 599 funding) and to those in which Sheriff's Departments provide law enforcement (through the Compensation Board). Cities should not bear a disproportionate burden for law enforcement funding through continued reductions in funds provided by HB 599.

Commented [BM16]: Councilman Helgeson is for this.

Commented [BM17R16]: Councilman Faraldi is for this.

Commented [BM18R16]: In addition Councilman Faraldi is for increasing teacher pay as well.

~~**Lynchburg Parking Authority:** Request the General Assembly consider revising the Article of Incorporation of the Lynchburg Parking Authority to amend the terms of Authority members from five years to three years. The City has experience difficulty with finding individuals to serve on this board and one of the cited reasons in the longer than normal term.~~

Commented [WR19]: Completed last year

Proffers: Request that the General Assembly monitor the impact of recent amendments to Section 15.2-2303.4 of the State Code and consider any amendments that may be needed to further clarify the appropriate use of proffers in conditional residential rezonings.

Public Safety Funding:

- **Police Funding:** The General Assembly should consider reconstructing the funding formula for Aid to Localities with Police Departments to create a formula that is responsive to urban police departments facing challenges with workforce recruitment and training.
- **Fire and Emergency Medical Services Funding, generally:** The General Assembly should consider matching funding for Fire Department and Emergency Medical Services agencies in at a level consistent with Police HB 599 funds.
- **Local Assistance for Fire Departments:** The General Assembly should increase entitlement funding for program such as Aid to Localities (ATL) and 4-For-Life to increase available funds for training, technology, medical, and physical fitness. As an Internationally Accredited Fire and Emergency Medical Services the Lynchburg Fire Department embraces the 16 Fire and Life Safety Initiatives and funding from state resources provides critical assistance. This funding supports the

Formatted: Font: (Default) Times New Roman

Formatted: Body Text, Justified, Right: 0.01", Space Before: 4.65 pt, Line spacing: Multiple 1.02 li, Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

programs previously mentioned, that include important multifaceted and multiagency opportunities for training that cannot otherwise be funded. This includes, but is not limited to: Hostile Event (Active Shooter) training, Hazardous Materials, and crisis mitigation – such as natural disasters. In addition to the aforementioned, the following focus areas are at the forefront of the 16 Fire and Life Safety Initiatives and desperately require additional funding support at the state and local level: Cancer Risk Reduction, Mental and Physical Fitness.

Qualified Immunity: Oppose legislation that removes qualified immunity protections for local law enforcement officers. Eliminating qualified immunity will dramatically affect the ability of localities to recruit and retain professional law enforcement officers. This step also will negatively affect police response to community requests for services, potentially impacting community safety.

Commented [WR20]: Moved up to priorities by LPD

~~**Revenue Sharing:** Preserve the Revenue Sharing program administered by the Virginia Department of Transportation. This program allows localities to leverage funds for needed projects that have no other source of funding.~~

Commented [WR21]: Revised by Public Works; moved up to Key Legislative Imperatives

Sidewalks: Support the General Assembly granting local governments the authority to enter into agreements with developers to have a payment in-lieu-of option for sidewalk installation. These agreements would be initiated at the request of the developer and include language allowing the locality to install a sidewalk that is required as part of a development project somewhere else that is beneficial to the community.

Sustainability: Support policies that help municipalities reduce their carbon footprint and promote sustainability. Additionally, the General Assembly should promote policies that assist localities to be leaders in promoting opportunities for energy efficiency in order to reduce costs for our most vulnerable citizens.

Taxes- Machinery and Tools: Oppose legislation that would reduce or eliminate a locality's authority to impose a machinery and tools tax. The loss of \$4,600,000 in revenue from the Machinery and Tools Tax would equate to a 8.6 cent increase in the City's Real Property Tax rate.

Taxes- Business License: Oppose legislation that would reduce or eliminate a locality's authority to impose a business license tax. The loss of \$9,668,302 in revenue from the Business License Tax would equate to a 17.2 cent increase in the City's Real Property Tax rate.

~~**Temporary Detention Orders, Emergency Custody Orders, and Mental Health:** Support a long term overhaul of the mental health system related to law enforcement mandates. In the interim, funding for reimbursement of TDO transports is needed from the State. In addition, more local beds for mental health patients are needed to avoid out-of-town transports and to support more immediate services for mental health clients.~~

Commented [WR22]: Deleted by LPD and re-written above; included in the Key Legislative Imperatives

Transportation Initiatives: Support various transportation initiatives as noted below:

- Support expansion of Amtrak rail service including a second Northeast Regional Train anchored in Lynchburg.
- Support efforts to expand air service from Lynchburg Regional Airport to northern destinations, including air service to Dulles International Airport.
- Support connectivity efforts that attract and retain a skilled and educated workforce.
- Support access management strategies that preserve and improve corridors of statewide significance.

Drinking Water, Water Quality, and Environment: The City continues to face significant financial burdens in our efforts to comply with water quality and drinking water regulations and legislation. Coupled with the effort to renew and replace failing infrastructure this places a significant burden on our citizens through high water, sewer and stormwater rates. The City supports state and federal funding assistance for these programs to minimize the impacts to citizens and businesses. Additionally, the City opposes legislative efforts that place additional requirements and burdens on our utilities that are not scientifically based and place additional burden on our rate payers. Further, the City opposes additional fees and enforcement authority that would further reduce funding and available resources to address the needs of our water programs. As a result the City urges strongly endorses the following positions:

Polyfluoroalkyl Substances (PFAS) Chemical Regulation

- The term polyfluoroalkyl substances (PFAS) encompasses many substances that are of concern to drinking water quality, and have become a topic of conversation in environmental regulation
- Any new regulation of PFAS chemicals in Virginia should focus on the actual sources such as military bases, industrial discharges, and consumer products, rather than locality-owned water and wastewater treatment facilities.
- Virginia Code § 32.1-169 (as amended by HB 1257 (2020)) should be enhanced to require that the development of any drinking water maximum contaminant levels for PFAS set by the Virginia Department of Health comply with the same rigorous scientific and technical requirements applicable to the development of such levels by the U.S. EPA in accordance with the Safe Drinking Water Act, and be at least as protective.

Commented [WR23]: Revised by Tim Mitchell, Director of Water Resources

Chesapeake Bay Watershed Implementation Plan

- ~~Increase appropriations (bond authorization) to the Point Source WQIF to keep pace with the State's share of Chesapeake Bay TMDL Wastewater Projects in accordance with DEQ's WQIF Needs Assessment.~~
- ~~Avoid imposing the Department of Environmental Quality's (DEQ) draft "Floating Cap" Regulation addition new, unexpected permit limits on municipal wastewater treatment plants and instead focus planning and grants on the key priority large wastewater projects recommended by the Virginia Association of Municipal Wastewater Agencies.~~

Formatted: Tab stops: Not at 2"

Water/Wastewater Facilities Regulation, generally

- ~~Maintain local discretion related to utility disconnections associated with delinquent accounts.~~
- Support funding for compliance with the federal Lead and Copper Rule, including support for lead service line inventory efforts, lead service line replacement, and additional testing requirements.
- Maintain, and where appropriate streamline, regulatory programs administered by DEQ, DCR, and VDH that affect localities directly, including:
 - No increase in permit fees assessed by ~~DEQ~~ regulatory agencies against localities,
 - No increase in enforcement authority and penalties against localities, and
 - No additional administrative or operational constraints on local utility operations.

Formatted: Tab stops: Not at 0.5"

Formatted: Tab stops: Not at 1"

Formatted: Indent: Left: 0.46", No bullets or numbering, Tab stops: Not at 1.92"

Formatted: Font: Not Bold

◦ Stormwater Local Assistance Fund (SLAF) – Maintain the existing FY 2021 \$50 million appropriation for Chesapeake Bay TMDL and other local stormwater projects.

Commented [BM24]: Citizen addition: request to make more aggressive in the request. Suggested: Support appropriating \$80 million each year in the biannual budget for Storm Water Assistance Fund."

~~Stormwater Local Assistance Fund (SLAF) – Maintain the existing FY 2021 \$50 appropriation for Chesapeake Bay TMDL and other local stormwater projects.~~

Commented [BM25R24]: Recommended by Tim Mitchell, Director of Water Resources: Keep consistent with other organizations (\$50 million), but will be fine to ask for \$80 million.

~~Stormwater Utility Legal Authority – Maintain statutory authority authorizing local utility rates~~

~~and charges for local stormwater management and environmental compliance purposes.~~

Stormwater and Flood Management Regulations Generally – Considering many years of legislative and regulatory authority expansion that localities continue to implement, the City recommends maintaining and where appropriate streamlining stormwater regulatory programs administered by DEQ and DCR that affect localities directly, including:

- No reduction in locality TMDL credit earned by implementing stormwater improvement projects including septic system connections to sanitary sewer
- No increase in permit fees assessed by DEQ against localities
- No increase in enforcement authority and penalties against localities
- No additional administrative or operational constraints on local stormwater management and flood mitigation efforts.

Stormwater Utility Legal Authority – Maintain statutory authority authorizing local utility rates and charges for local stormwater management and environmental compliance purposes.

Water-Related Grants to Localities – Continue funding state grants to localities for improvements with regional or statewide benefits including the Water Quality Improvement Fund (wastewater) and the Stormwater Local Assistance Fund.

Pollution Control Equipment Sales Tax Exemption Certification Streamlining – To make implementation of the existing sales tax exemption more efficient and effective for localities and for the Department of Environmental Quality, amend Virginia § 58.1-3660 to enable political subdivisions to self-certify equipment, facilities, devices, or other property intended for their own use in conjunction with the operation of their water, wastewater, stormwater, or solid waste management facilities or systems.

Local Utility Rates and Charges – Oppose legislation that would restrict current local legislative discretion or mandate preferences or exemptions in local rate structures for allocating various costs of service to local ratepayers for water-related utilities.

OTHER LEGISLATIVE POSITIONS

Binding Arbitration: Oppose legislation that mandates binding arbitration, meet and confer requirements, and imposed grievance procedures for local employees. Oppose any amendment to the 2020 legislation authorizing collective bargaining that allows localities to choose whether or not they wish to engage in collective bargaining. The City opposes any requirements to mandate collective bargaining, require binding arbitration, or repeal Virginia's right to work law.

Communications Sales and Use Tax: The Virginia Communication Sales and Use Tax was enacted to establish a statewide tax rate and to preempt local taxes on communication sales and services. The City supports setting the tax rate at the same level as the state sales tax rate of ~~5.3 percent~~****, [5.3 percent](#) and broadening the coverage of the tax to include audio and video streaming services and prepaid calling services.

Exemptions: Oppose any legislation that would exempt churches and other religious and non-profit organizations from neutral, generally applicable local ordinances, and in particular local health, safety and zoning ordinances.

FOIA Exemption on the Release of Information Pertaining to Closed Criminal Justice Case

Files: Oppose legislative action to remove the current FOIA exemption on the release of information pertaining to closed criminal justice case files. While not preventing the disclosure of information from closed criminal case files, the exemption allows law enforcement agencies the option to decline disclosure in situations where such disclosure is deemed likely to compromise ongoing criminal investigations; to identify at-risk witnesses, informants or victims; or to otherwise jeopardize public safety. Beyond the scope of endangering witnesses, informants or victims in certain cases, indiscriminate release of all closed case information would significantly hamper current criminal investigations involving the same suspect, similar modus operandi, etc. A primary reason for keeping investigative details from public knowledge is to preserve investigators' ability to evaluate the validity of information gathered from various sources.

Line of Duty Act: Support initiatives that return program funding responsibility to the state. Should this unfunded mandate continue, support efforts to implement the recommendations of the 2014 Joint Legislative Audit and Review Commission (JLARC) "Line of Duty Act Report".

Preclearance Requirements: Oppose legislation that would require preclearance prior to the implementation of changes to voting laws or practices. Preclearance would require that the City seek approval to do such things as change the boundaries of the City's wards and relocate polling places, both of which should be matters of local control.

Prevention: Restore state funds for prevention services.

Reforestation, Preservation and management of urban forests: [The City requests further support to provide localities with greater authority in reforestation, preservation and management of urban forests.](#)

~~**Qualified Immunity:** Oppose legislation that removes qualified immunity protections for local law enforcement officers. Eliminating qualified immunity will dramatically affect the ability of localities to recruit and retain professional law enforcement officers. This step also will negatively affect police response to community requests for services, potentially impacting community safety.~~

Commented [BM26]: Citizen Request.

Commented [WR27]: Moved up to priorities

Reimbursement for Political Party Primaries: Support the full reimbursement to localities for the costs related to political party primaries.

Reimbursement for General Registrar and Electoral Board Expenses: Support the full reimbursement by the State to the localities for the compensation and expenses of the General Registrar and Electoral Board.

Reimbursement for the Retrieval of Cellular Phone Information: The General Assembly should amend §19.2-70.3 of the Code of Virginia to provide reimbursement for the costs of retrieving historic cellular tower information through a search warrant. Code of Virginia §19.2-70.2 has language in section G that allows localities to seek reimbursement for costs related to obtaining pen register information authorized through a court order. Such orders are traditionally used for real-time cellular phone information (pen register and trap & trace). Code of Virginia §19.2-70.3 does not currently have language to allow localities to seek reimbursement. This code section requires a search warrant for cellular phone information related to real-time location data (pinging a phone) or historic subscriber and billing information. United States v. Graham, decided on August 5, 2015 in the 4th Circuit Court of Appeals, held that a search warrant is necessary for historic cellular tower information. This sort of information shows where a phone was at any relevant point in time. Without the reimbursement language being added to §19.2-70.3, localities will end up spending thousands of dollars a year through investigations involving the need for cellular phone information obtained through search warrants.

Short-term Rentals: Oppose any additional short-term rental legislation that would further limit local governments' authority to regulate short-term rental properties.

Social Services: Maintain funding for workforce re-training through appropriate agencies, retaining Virginia Initiative for Employment not Welfare (VIEW) staff and funding in Social Services. This program has successfully helped Temporary Assistance for Needy Families (TANF) recipients secure and maintain jobs.

State Aid to Public Libraries: ~~Oppose any efforts to reduce state aid to public libraries. Fully fund state aid for public libraries to improve services provided in the community. Citizens rely on their public library to bridge the digital divide, assist their job search, and support early childhood literacy and education initiatives. Full state aid funding will allow the library to improve and expand access to these services to help improve the community. Restore state aid for libraries to at least FY 2010 levels. Public libraries serve as resources for early childhood education and for the unemployed seeking job opportunities.~~

Formatted: Justified

Commented [WR28]: Revised by Library staff.

Substance Abuse Treatment: Restore state funding for substance abuse treatment programs. Such funding could be provided to Community Service Boards, programs such as "The Healing Place" or other pilot programs.

Tax on Electronic Cigarettes and Vapor: Support legislation to allow localities to tax electronic cigarettes and vapor in a manner similar to traditional cigarettes.

Taxes on Local Services: Oppose the imposition of a state fee, tax or surcharge on water, sewer, and solid waste or on any other local government funds or services.

Telecommunications and Wireless Infrastructure Regulation: Maintain local authority over zoning, land use, rights-of-way and taxation. Limit new state regulation preempting local authority regarding the use and compensation of local rights-of-way for telecommunications. Refrain from adopting any additional legislation that preempts local regulation of the placement of wireless infrastructure in the public rights-of-way or on public property.

Workers Compensation Medical Fees: Virginia should adopt Medicare-based fee schedules for setting medical provider fees in workers' compensation cases, instead of the prevailing community rate standard now used. This will make providing workers' compensation coverage more affordable and will adequately protect the financial interests of the medical providers of Virginia.

Formatted: Justified

Field Code Changed

Field Code Changed

Field Code Changed

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **10**

REGULAR: **X** WORK SESSION: CLOSED SESSION (Confidential):
ACTION: **X** INFORMATION:

ITEM TITLE: 2021 Edward Byrne Memorial Justice Assistance Grant (JAG)

RECOMMENDATION: Adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$38,326 with resources from the 2021 Edward Byrne Memorial Justice Assistance Grant (JAG) to purchase law enforcement equipment for the Lynchburg Police Department and technology equipment for the Lynchburg Sheriff's Office and the Office of the Commonwealth's Attorney.

SUMMARY: The City of Lynchburg was awarded \$38,326 in Edward Byrne Memorial JAG funding. The Lynchburg Police Department will use this funding to purchase 28 tactical headsets (\$17,718) to replace current headsets that are outdated and broken. The tactical headsets are used for effective communication in tactical operations. These innovative headsets mount to the rear of an officer's helmet, which frees up the forward rail of the helmet for infrared attachments or riot shields. The Lynchburg Police Department will also purchase a global navigation satellite system (\$12,747) for use in crash reconstruction. The GPS-based global navigation satellite system will provide quicker and more efficient scene mapping and evidence collection. It will be operated by one officer and will create a safer environment for both drivers and officers because it will shorten the amount of time roadways are blocked. The Lynchburg Sheriff's Office will use funds to purchase a file server (\$3,763). The server is required to accommodate expansion needs due to additional software programs. The Office of the Commonwealth's Attorney will use the funds to purchase two desktop computers (\$4,098). The computers will be used by the General District Court and Circuit Court legal assistants. The total equipment cost of \$38,326 is fully reimbursable by the grant. No local matching funds are required.

PRIOR ACTION(S):

December 14, 2021: Finance Committee will consider request to appropriate funds

FISCAL IMPACT: None, no local match

CONTACT(S): Chief Ryan Zuidema, 455-6045
Amy Lowe, Administrative Manager, 455-6128

ATTACHMENT(S):

- Resolution

REVIEWED BY: raw

143A

RESOLUTION:

BE IT RESOLVED that the FY 2022 City/Federal/State Aid Fund budget is amended and \$38,326 is appropriated with resources from the 2021 Edward Byrne Memorial Justice Assistance Grant (JAG) to purchase law enforcement equipment for the Lynchburg Police Department and technology equipment for the Lynchburg Sheriff's Office and the Office of the Commonwealth's Attorney.

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **11**

REGULAR: **X**

WORK SESSION:

CLOSED SESSION (Confidential):

ACTION: **X**

INFORMATION:

ITEM TITLE: 2021 Police Bulletproof Vest Partnership Grant Program

RECOMMENDATION: Adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$60,000 with resources of \$30,000 from the Bulletproof Vest Partnership 2021 Grant Program and \$30,000 transferred from the FY2022 General Fund Police Department (\$26,000) and Sheriff's Office (\$4,000) budgets to purchase 75 replacement ballistic vests for law enforcement officers.

SUMMARY: The Police Department applies annually for the Bulletproof Vest Partnership through the Office of Justice Programs. For the 2021 Police Bulletproof Vest Partnership, the City was awarded funding that covers the cost of replacement ballistic vests for both the Lynchburg Police Department and the Lynchburg Sheriff's Office. The vests provide protection to officers in the line of duty and the life of the vest is five years from the manufacturing date. The total replacement cost for 75 vests is \$60,000. The grant requires a 50% local match; these funds are available in the FY 2022 General Fund Police (\$26,000) and Sheriff's Office (\$4,000) operating budgets.

PRIOR ACTION(S):

December 14, 2021: Finance Committee will consider request to appropriate funds

FISCAL IMPACT:

The required local match of \$30,000 is budgeted in the FY 2022 General Fund Police and Sheriff's Office operating budgets; no additional funds are required.

CONTACT(S):

Chief Ryan Zuidema, 455-6045

Amy Lowe, Administrative Manager, 455-6128

ATTACHMENT(S):

- Resolution

REVIEWED BY: raw

142A

RESOLUTION:

BE IT RESOLVED that the FY 2022 City/Federal/State Aid Fund budget is amended and \$60,000 is appropriated with resources of \$30,000 from the Bulletproof Vest Partnership 2021 Grant Program and \$30,000 transferred from the FY 2022 General Fund Police Department (\$26,000) and Sheriff's Office (\$4,000) budgets to purchase 75 replacement bulletproof vests for law enforcement officers.

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **12**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Virginia Housing Fiscal Year 2022 Community Impact Grant Appropriation

RECOMMENDATION: Adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget to appropriate \$50,000 with resources from the Virginia Housing Fiscal Year 2022 Community Impact Grant, which will be used to study potential housing opportunities in the Dearington neighborhood.

SUMMARY: For the last two years, Dearington community stakeholders have worked jointly with City staff to master plan their neighborhood. As a result of the COVID-19 pandemic and limited funding for the planning effort, the scope primarily focused on improvements to City facilities and infrastructure such as Jefferson Park. However, the plan also recommends study of other neighborhood priorities, including housing opportunities.

The City has been selected to receive a Virginia Housing Fiscal Year 2022 Community Impact Grant for community engaged planning. The effort would continue work with neighborhood stakeholders to identify opportunities for infill housing focused on the City's "missing middle" housing types. The City's "missing middle" includes single, two and three-household housing types typically priced between \$100,000 and \$150,000. The grant deliverable would be a plan book with site concepts, schematic designs and recommendations, including funding options, zoning/regulatory changes and a market strategy aspect focused on how the neighborhood and City can work together to repurpose vacant neglected properties and/or get them onto the market.

PRIOR ACTION(S): December 14, 2021: Finance Committee (consider request to appropriate funds)

FISCAL IMPACT: No local match is required.

CONTACT(S): Kent White, Community Development Director – 455-3900

ATTACHMENT(S):
• Resolution

REVIEWED BY: MMB raw

141A

RESOLUTION:

BE IT RESOLVED that the FY 2022 City/Federal/State Aid Fund budget is amended and \$50,000 is appropriated with resources from the Virginia Housing Fiscal Year 2022 Community Impact Grant Program that will be used to identify housing opportunities in the Dearington neighborhood.

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **13**

REGULAR: **X**
ACTION: **X**

WORK SESSION:
INFORMATION:

CLOSED SESSION (Confidential):

ITEM TITLE: Lynchburg Public Library American Rescue Plan Act (ARPA) Institute of Museum and Library Services (IMLS) Sub-grant from the Library of Virginia

RECOMMENDATION: Adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund Budget and appropriate \$22,717 with resources from the American Rescue Plan Act (ARPA) Institute of Museum and Library Services (IMLS) Sub-grant from the Library of Virginia to the Lynchburg Public Library to provide rapid emergency relief to safely reopen libraries, promote digital inclusion, and support library services that meet the needs of the community.

SUMMARY: The Lynchburg Public Library has received an American Rescue Plan Act IMLS Sub-grant from the Library of Virginia in the amount of \$22,717. The funding is intended to provide rapid emergency relief to safely reopen libraries, promote digital inclusion, and support library services that meet the needs of the community. The award amount is based on the Lynchburg Public Library's FY 2022 state aid allocation of \$180,175.

The Lynchburg Public Library plans to use the award money as follows:

- To improve virtual programming capabilities with the purchase of new technology and equipment, which will allow library programs to continue to reach the community despite pandemic and public health challenges.
- To purchase a collection analysis tool to assess the diversity of our materials. This project will provide us with detailed reporting that shows us where we are currently and to help guide us as we work to develop a more diverse and inclusive collection that mirrors the Lynchburg community and the nation.
- To provide library patrons with safe seating options that can be wiped clean and sanitized regularly throughout the day with the purchase of un-upholstered furniture. This furniture will help create a welcoming and safe environment for patrons during current and future public health challenges.

PRIOR ACTION(S):

December 14, 2021: Reviewed by Finance Committee

FISCAL IMPACT:

As noted; there is no local match for this grant

CONTACT(S):

Beverly Blair, Library Director, 434-455-6301
John H. Hughes, IV, Assistant City Manager, 434-455-3990

ATTACHMENT(S):

- Resolution

REVIEWED BY: JHH

RESOLUTION:

BE IT RESOLVED that the FY 2022 City/Federal/State Aid Fund Budget is amended and \$22,717 is appropriated with resources from the American Rescue Plan Act (ARPS) Institute of Museum and Library Services (IMLS) Sub-grant from the Library of Virginia to the Lynchburg Public Library to provide rapid emergency relief to safely reopen libraries, promote digital inclusion, and support library services that meet the needs of the community.

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **14**

REGULAR: **X**
ACTION: **X**

WORK SESSION:
INFORMATION:

CLOSED SESSION (Confidential):

ITEM TITLE: United States Tennis Association (USTA) Grow the Game Grant

RECOMMENDATION: Adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund Budget and appropriate \$636 with resources from the United States Tennis Association for the Lynchburg Parks and Recreation Department (LPRD) to purchase tennis equipment for the youth tennis programs.

SUMMARY: The USTA Grow the Game Grant is designed to help grow the sport of tennis in communities. The grant will be used to purchase tennis equipment including tennis balls, ball carriers, and targets for the youth tennis program. The grant is awarded based on the number of participants in the tennis program and does not require a local match.

PRIOR ACTION(S): December 14, 2021: Reviewed by Finance Committee

FISCAL IMPACT: No additional appropriation is required. Future funds will be included in LPRD budget.

CONTACT(S): Maggie Mace, Recreation Services Manager, 455-5877
Jenny Jones, Director, 455-5868
Avery Watkins, Athletics & Aquatics Supervisor, 455-5882

ATTACHMENT(S):
• Resolution

REVIEWED BY: raw

144A

RESOLUTION:

BE IT RESOLVED that the FY 2022 City/Federal/State Aid Fund Budget is amended and \$636 is appropriated with resources from the United States Tennis Association for the Lynchburg Parks and Recreation Department to purchase tennis equipment for the youth tennis programs.

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY COMMITTEE

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **15**

REGULAR: **X**
ACTION: **X**

WORK SESSION:
INFORMATION:

CLOSED SESSION (Confidential):

ITEM TITLE: 2021 State Homeland Security Program (SHSP) grant: \$84,000 for the Fire Department Technical Rescue Team.

RECOMMENDATION: Adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$84,000 with resources of \$84,000 from the 2021 State Homeland Security Program (SHSP) from U.S. Department of Homeland Security (DHS) to fund equipment for the Fire Department Technical Rescue Team.

SUMMARY: The Fire Department seeks authorization to apply for a non-matching grant for technical rescue equipment. The Virginia Department of Emergency Management administers this grant from the United States Department of Homeland Security (DHS) through the State Homeland Security Program (SHSP). The grant program provides funding to improve the nation's readiness in preventing, protecting against, responding to, recovering from, and mitigating terrorist attacks, major disasters and other emergencies. The grant reflects DHS's focus on implementation of an all-of-nation, whole-community approach to building, sustaining, and delivering core capabilities essential to achieving a secure and resilient nation.

The funds will be used for the purchase of equipment to effectively respond to and mitigate hazards that include water rescues, structural collapse, USAR incidents and confined space rescues. Additionally, the equipment will provide for more effective team communications, search capabilities and team sustainability.

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

PRIOR ACTION(S): Finance Committee, December 14, 2021 (request to appropriate funds)

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

CONTACT(S): Greg Wormser, Fire Chief 455-6340
Sean Regan, Battalion Chief 546-1648
Annette Pettyjohn, Fire Administrative Manager 455-6368

ATTACHMENT(S):
• Resolution

REVIEWED BY: MMB raw

RESOLUTION:

BE IT RESOLVED that the FY 2022 City/Federal/State Aid Fund budget is amended and \$84,000 is appropriated with resources of \$84,000 from the 2021 State Homeland Security Program (SHSP) grant from U.S. Department of Homeland Security (DHS) to fund equipment for the Fire Department Technical Rescue Team.

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **16(a)**

REGULAR: X

WORK SESSION:

CLOSED SESSION (Confidential):

ACTION: X

INFORMATION:

ITEM TITLE: NATIONAL OPIOID SETTLEMENT (MOU APPROVAL)

RECOMMENDATION: Adopt the attached Resolution if City Council wants the City to participate in the Virginia Opioid Abatement Fund and Settlement Allocation MOU.

SUMMARY: In order to advance their common interests, Virginia local governments and the Commonwealth of Virginia, through counsel, have extensively negotiated the terms of a memorandum of understanding relating to the allocation and use of litigation recoveries relating to the opioid epidemic. The Virginia Opioid Abatement Fund and Settlement Allocation Memorandum of Understanding ("MOU"), accompanying the attached Resolution as Exhibit "A", illustrates the results of such negotiations. Given the January 2, 2022 deadline, City Council should now decide if the City of Lynchburg will participate in such litigation recoveries and such MOU.

PRIOR ACTION(S): December 14, 2021: Closed meeting held

FISCAL IMPACT: TBD

CONTACT(S): Matthew C. Freedman, City Attorney – (434) 455-3980

ATTACHMENT(S):

- Resolution

REVIEWED BY: raw

139A

A RESOLUTION OF THE LYNCHBURG CITY COUNCIL APPROVING OF THE CITY'S PARTICIPATION IN THE VIRGINIA OPIOID ABATEMENT FUND AND SETTLEMENT ALLOCATION MEMORANDUM OF UNDERSTANDING ("MOU") AND DIRECTING THE CITY ATTORNEY TO EXECUTE THE DOCUMENTS NECESSARY TO EFFECTUATE THE CITY'S PARTICIPATION IN THE MOU

WHEREAS, the opioid epidemic that has cost thousands of human lives across the country also impacts the Commonwealth of Virginia and its cities and counties by adversely impacting, amongst other things, the delivery of emergency medical, law enforcement, criminal justice, mental health and substance abuse services, and other services; and

WHEREAS, the Commonwealth of Virginia and its cities and counties have been required and will continue to be required to allocate substantial taxpayer dollars, resources, staff energy and time to address the damage the opioid epidemic has caused and continues to cause the citizens of Virginia; and

WHEREAS, in order to advance their common interests, Virginia local governments and the Commonwealth of Virginia, through counsel, have extensively negotiated the terms of a memorandum of understanding relating to the allocation and use of litigation recoveries relating to the opioid epidemic;

NOW THEREFORE BE IT RESOLVED that the Council of the City of Lynchburg, Virginia, this 14th day of December, 2021, hereby authorizes and approves of the Virginia Opioid Abatement Fund and Settlement Allocation Memorandum of Understanding ("MOU") attached hereto and incorporated by reference as Exhibit "A", and directs the City Attorney to execute the MOU on behalf of the City.

Adopted: _____

Certified: _____
Clerk of Council

**VIRGINIA OPIOID ABATEMENT FUND AND
SETTLEMENT ALLOCATION MEMORANDUM OF UNDERSTANDING**

WHEREAS, the people of the Commonwealth of Virginia and its communities have been harmed through the national and statewide epidemic caused by licit and illicit opioid use and distribution within the Commonwealth of Virginia;

WHEREAS, the Commonwealth of Virginia, through the Office of Attorney General Mark R. Herring, and certain Political Subdivisions, through their elected representatives and counsel, are separately engaged in litigation seeking to hold those entities in the Pharmaceutical Supply Chain accountable for the damage caused;

WHEREAS, the Commonwealth of Virginia and its Political Subdivisions share a common desire to abate and alleviate the impacts of the opioid epidemic throughout Virginia; and now

THEREFORE, the Commonwealth of Virginia and certain of its Political Subdivisions, subject to completing formal documents effectuating the Parties' agreements, enter into this Virginia Opioid Abatement Fund and Settlement Allocation Memorandum of Understanding ("MOU") relating to the allocation and use of the proceeds of any Settlements as described herein.

A. Definitions

As used in this Virginia Term Sheet:

1. "The Commonwealth" shall mean the Commonwealth of Virginia acting through its Attorney General.
2. "Political Subdivision(s)" shall mean the Virginia counties and independent cities represented by Counsel.
3. "Participating Political Subdivisions" shall mean the Political Subdivisions, along with all Virginia counties and independent cities who agree to become signatories to this MOU and to be bound by the terms of future Settlements.

4. "Counsel" shall mean the undersigned private attorneys representing the Political Subdivisions.
5. "The Parties" shall mean the Commonwealth of Virginia, the Political Subdivisions, and Counsel.
6. "Negotiating Committee" shall mean a three-member representative group of the Parties. The Commonwealth shall be represented by the Virginia Attorney General or his designees. The Political Subdivisions and Counsel shall be represented by W. Edgar Spivey of Kaufman & Canoles, P.C. or his designee, and J. Burton LeBlanc of Baron & Budd, P.C. or his designee.
7. "Settlement" shall mean the negotiated resolution of legal or equitable claims against a Pharmaceutical Supply Chain Participant named in Complaints filed by all the Political Subdivisions in court on or before April 30, 2020 when that resolution has been jointly entered into by the Commonwealth, the Political Subdivisions, and Counsel. "Settlement" also shall include the approval by a United States Bankruptcy Court of a plan of reorganization or liquidation of a Pharmaceutical Supply Chain Participant, or any other determination, ruling, or decision by a United States Bankruptcy Court, in which legal or equitable claims against the Pharmaceutical Supply Chain Participant by the Commonwealth and the Political Subdivisions are settled, adjudicated, released, or otherwise resolved.
8. "Opioid Funds" shall mean monetary amounts obtained through a Settlement as defined in this MOU.
9. "Approved Abatement Purposes" shall mean efforts to treat, prevent, or reduce opioid use disorder or the misuse of opioids or to otherwise abate or remediate the

opioid epidemic, including but not limited to those efforts described in Section C(4)(a) through (j) of this MOU. In addition, "Approved Abatement Purposes" shall include the types of efforts approved for funding by the Authority that is defined in Section C(1). "Approved Abatement Purposes" also shall include any other abatement or remediation purposes to the extent such purposes are described in a Settlement.

10. "Pharmaceutical Supply Chain" shall mean the process and channels through which opioids or opioid products are manufactured, marketed, promoted, distributed or dispensed.
11. "Pharmaceutical Supply Chain Participant" shall mean any entity that engages in or has engaged in the manufacture, marketing, promotion, distribution, or dispensing of an opioid analgesic.

B. Allocation of Settlement Proceeds

1. All Opioid Funds shall be initially divided with fifteen percent (15%) going to the Participating Political Subdivisions ("Subdivision Share"), seventy percent (70%) going to the Virginia Opioid Abatement Fund and to other Approved Abatement Purposes as further described herein ("Opioid Abatement Share"), and fifteen percent (15%) going to the Commonwealth of Virginia ("Commonwealth Share").
2. The Subdivision Share shall be allocated and paid to the Participating Political Subdivisions in accordance with the division of proceeds referenced in the schedule attached hereto as Exhibit A. The shares of Virginia counties and independent cities who elect not to become Participating Political Subdivisions, if any, shall be reallocated ratably to the Participating Political Subdivisions.

3. In the event a Participating Political Subdivision merges, dissolves, or ceases to exist, the allocation percentage for that Participating Political Subdivision shall be redistributed equitably based on the composition of the successor subdivision.
4. The Commonwealth Share shall be deposited to the Attorney General's Regulatory, Consumer Advocacy, Litigation, and Enforcement Revolving Trust Fund with moneys transferred to the Commonwealth's General Fund as provided by law. To the extent a Settlement requires that all Opioid Funds be used only for abatement or similar purposes, then the Commonwealth Share shall be deposited and distributed accordingly.
5. The Opioid Abatement Share of 70% of the Opioid Funds shall be allocated and paid as follows:
 - a. Fifty-five percent (55%) of the Opioid Funds shall be allocated and paid to the Virginia Opioid Abatement Fund ("Fund").
 - b. Fifteen percent (15%) of the Opioid Funds shall be allocated and paid to the Participating Political Subdivisions and shall be used for Approved Abatement Purposes ("Direct Subdivision Abatement Share"). Upon request, a Participating Political Subdivision shall make publicly available information showing the purposes for which the Participating Political Subdivision used Direct Subdivision Abatement Share funds. The Direct Subdivision Abatement Share shall be allocated and paid to the Participating Political Subdivisions in accordance with the division of proceeds referenced in the schedule attached hereto as Exhibit A. The shares of Virginia counties and independent cities who

elect not to become Participating Political Subdivisions, if any, shall be reallocated ratably to the Participating Political Subdivisions.

6. To the extent a Settlement requires that all Opioid Funds be used only for abatement or similar purposes, then the Subdivision Share and the Commonwealth Share shall be used for Approved Abatement Purposes.
7. To receive funds allocated under this MOU from any Settlement, the Commonwealth and the Participating Political Subdivisions will comply with the terms of any such Settlement, including, among other things, any reporting requirements or restrictions on the use of funds for administrative purposes.

C. Virginia Opioid Abatement Fund and Virginia Opioid Abatement Authority

1. The Parties have sought creation of a Virginia Opioid Abatement Authority ("Authority") through legislation submitted to the Virginia General Assembly, which passed in the form attached hereto as Exhibit B. The Authority shall administer the Fund, which also shall be created through the legislation. The Authority shall seek to abate and remediate the opioid epidemic in Virginia through financial support from the Fund in the form of grants, donations, or other assistance, for efforts to treat, prevent, and reduce opioid use disorder and the misuse of opioids in Virginia.
2. The Authority shall be governed by a Board of Directors consisting of 11 members as follows: (i) the Secretary of Health and Human Resources, or his designee; (ii) the Chair of the Senate Committee on Finance and Appropriations or his designee and the Chair of the House Committee on Appropriations or his designee; (iii) an elected member of the governing body of a Participating Political Subdivision, to

be selected from a list of three submitted jointly by the Virginia Association of Counties and the Virginia Municipal League; (iv) one representative of a community services board or behavioral health authority of an urban or suburban region containing Participating Political Subdivisions and one representative of a community services board or behavioral health authority of a rural region containing Participating Political Subdivisions, each to be selected from lists of three submitted by the Virginia Association of Community Services Boards; (v) one sheriff of a Participating Political Subdivision, to be selected from a list of three submitted by the Virginia Sheriffs' Association; (vi) one licensed, practicing City or County Attorney of a Participating Political Subdivision, to be selected from a list of three submitted by the Local Government Attorneys of Virginia; (vii) two medical professionals with expertise in public and behavioral health administration or opioid use disorders and their treatment; and (viii) one representative of the addiction and recovery community.

- a. The members appointed pursuant to clause (i) shall serve ex officio, and the members appointed pursuant to clauses (iii) through (viii) shall be appointed by the Governor.
- b. After an initial staggering of terms, members of the Board shall serve terms of four years. No member shall be eligible to serve more than two terms. Any appointment to fill a vacancy shall be for the unexpired term. A person appointed to fill a vacancy may be appointed to serve two additional terms. Ex officio members shall serve terms coincident with their terms of office.

- c. The Board shall elect annually a chairman and vice-chairman from among its membership. The chairman, or in his absence the vice-chairman, shall preside at all meetings of the Board. A majority of the members of the Board serving at any one time shall constitute a quorum for the transaction of business. The Board shall meet annually or more frequently at the call of the chairman.
- 3. The Authority shall establish specific criteria and procedures for awards from the Fund; establish requirements for the submission of funding requests; evaluate funding requests in accordance with the criteria established by the Authority; make awards from the Fund in a manner that distributes funds equitably among all community services board regions of the Commonwealth, including the establishment of minimum percentages of funds that must be awarded to each Participating Political Subdivision; and evaluate the implementation and results of all efforts receiving support from the Authority.
- 4. The Authority may make grants and disbursements from the Fund that support efforts to treat, prevent, or reduce opioid use disorder or the misuse of opioids or otherwise abate or remediate the opioid epidemic. Such efforts may include but shall not be limited to the following:
 - a. Support treatment of opioid use disorder and any co-occurring substance use disorder or mental health conditions through evidence-based or evidence-informed methods, programs, or strategies.
 - b. Support people in recovery from opioid use disorder and any co-occurring substance use disorder or mental health conditions through evidence-based or evidence-informed methods, programs, or strategies;

- c. Provide connections to care for people who have, or are at risk of developing, opioid use disorder and any co-occurring substance use disorder or mental health conditions through evidence-based or evidence-informed methods, programs, or strategies;
- d. Support efforts, including law-enforcement programs, to address the needs of persons with opioid use disorder and any co-occurring substance use disorder or mental health conditions who are involved, or are at risk of becoming involved, in the criminal justice system through evidence-based or evidence-informed methods, programs, or strategies;
- e. Support drug treatment and recovery courts that provide evidence-based or evidence-informed options for people with opioid use disorder and any co-occurring substance use disorder or mental health conditions;
- f. Support efforts to address the needs of pregnant or parenting women with opioid use disorder and any co-occurring substance use disorder or mental health conditions, and the needs of their families, including babies with neonatal abstinence syndrome, through evidence-based or evidence-informed methods, programs, or strategies;
- g. Support efforts to prevent over-prescribing and ensure appropriate prescribing and dispensing of opioids through evidence-based or evidence-informed methods, programs, or strategies;
- h. Support efforts to discourage or prevent misuse of opioids through evidence-based or evidence-informed methods, programs, or strategies;

- i. Support efforts to prevent or reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed methods, programs, or strategies; and
 - j. Support efforts to provide comprehensive resources for patients seeking opioid detoxification, including detoxification services.
- 5. The Authority shall provide financial support only for efforts that satisfy the following conditions:
 - a. The efforts shall be conducted or managed by a Virginia state agency or Participating Political Subdivision;
 - b. No support provided by the Authority shall be used by the recipient to supplant funding for an existing program or continue funding an existing program at its current amount of funding;
 - c. No support provided by the Authority shall be used by the recipient for indirect costs incurred in the administration of the financial support or for any other purpose proscribed by the Authority; and
 - d. Recipients of support provided by the Authority shall agree to provide the Authority with such information regarding the implementation of the effort and allow such monitoring and review of the effort as may be required by the Authority to ensure compliance with the terms under which the support is provided.
- 6. The Authority shall give priority to applications for financial support for efforts that:

- a. Collaborate with an existing program or organization that has an established record of success treating, preventing or reducing opioid use disorder or the misuse of opioids;
 - b. Treat, prevent, or reduce opioid use disorder or the misuse of opioids in a community with a high incidence of opioid use disorder or opioid death rate relative to population;
 - c. Treat, prevent or reduce opioid use disorder or the misuse of opioids in a historically economically disadvantaged community, as that term is defined in Va. Code § 56-576; or
 - d. Include a monetary match from or on behalf of the applicant, with higher priority given to an effort with a larger matching amount.
7. For every deposit to the Fund, the Authority shall allocate a portion to the following purposes:
- a. Fifteen percent (15%) shall be restricted for use by state agencies;
 - b. Fifteen percent (15%) shall be restricted for use by Participating Political Subdivisions with these funds distributed in accordance with the division of proceeds referenced in the schedule attached hereto as Exhibit A. The shares of Virginia counties and independent cities who elect not to become Participating Political Subdivisions, if any, shall be reallocated ratably to the Participating Political Subdivisions.
 - c. Thirty-five percent (35%) shall be restricted for use for regional efforts (a partnership of at least two Participating Political Subdivisions within a community services board region); and

- d. Thirty-five percent (35%) shall be unrestricted and may be used to fund the Authority's staffing and administrative costs and may be distributed for use by state agencies, by the Participating Political Subdivisions, or for regional efforts in addition to the amounts set forth in subparagraphs 7(a)-(c), provided that the Authority shall ensure that such funds are used to accomplish the purposes described above or invested as described immediately below.
8. In distributing money from the Fund, the Authority shall balance immediate and anticipated needs with projected receipts of funds in order to best accomplish the purposes for which the Authority is established.
9. The Board may designate any amount from the Fund to be invested, reinvested, and managed by the Board of the Virginia Retirement System.

D. Payment of Counsel and Litigation Expenses

1. The Parties anticipate that any national Settlement will provide for payment of all or a portion of the attorneys' fees and litigation expenses of named plaintiff Participating Political Subdivisions. Counsel for any named plaintiff Participating Political Subdivision that seeks to recover attorneys' fees and litigation expenses from Settlement funds shall first seek to recover such fees and expenses from any national Settlement fund established to pay such fees and expenses. For such purposes, the Parties agree that the monetary recoveries obtained via Settlement are attributable to the Commonwealth and the Political Subdivisions 50% each.
2. In addition, the Parties agree that a supplemental attorneys' fees and costs fund (the "Deficiency Fund") will be created; provided, however, that such Deficiency Fund may not violate the terms of any national Settlement. In such event, the Parties

agree to exert diligent efforts to accomplish an alternate arrangement that preserves the payment of counsel and litigation expenses outlined hereunder. Administration of the Deficiency Fund shall be the responsibility of the Political Subdivisions, and the costs of administration may be paid out of the Deficiency Fund.

3. The Deficiency Fund is to be used to compensate counsel for the Participating Political Subdivisions that filed suit on or prior to April 30, 2020. Eligible contingent fee contracts shall have been executed on or before April 30, 2020.
4. The Deficiency Fund shall be funded as follows: from any national Settlement, the funds deposited in the Deficiency Fund shall be 25% of the Subdivision Share and 25% of the Direct Subdivision Abatement Share of each payment (annual or otherwise) that is allocated to the Commonwealth of Virginia (including its political subdivisions) for that Settlement. These funds shall be deposited to the Deficiency Fund prior to distribution to the Participating Political Subdivisions. No portion of the Deficiency Fund shall be drawn from the Commonwealth Share or the Fund.
5. The maximum percentage of any contingency fee agreement permitted for compensation shall be 25% of the portion of the Subdivision Share and the Direct Subdivision Abatement Share attributable to the named plaintiff Participating Political Subdivision that is a party to the contingency fee agreement, plus expenses attributable to that named plaintiff Participating Political Subdivision. Under no circumstances may counsel collect more for its work on behalf of a named plaintiff Participating Political Subdivision than it would under its contingency agreement with that named plaintiff Participating Political Subdivision.

6. To the extent that funds available in the designated amounts or percentages set forth in this Section D are inadequate to fully pay amounts due under contingent fee contracts, funds shall be distributed to private counsel for named plaintiff Participating Political Subdivisions who filed suit and entered into contingent fee contracts prior to April 30, 2020 on a pro rata basis based on the percentage of the total population of named plaintiff Participating Political Subdivisions contained in the named plaintiff Participating Political Subdivision that private counsel represents.
7. Any funds remaining in the Deficiency Fund in excess of the amounts needed to cover private counsel's representation agreements shall revert to the Participating Political Subdivisions and be allocated to the sources from which they derived.
8. Any attorneys' fees related to representation of the Commonwealth of Virginia shall not be paid from the Subdivision Share, the Direct Subdivision Abatement Share, or the Fund but shall be drawn directly from the Commonwealth Share or through other sources. Any payments of attorneys' fees related to representation of the Commonwealth of Virginia from such other sources shall not be deemed Opioid Funds subject to allocation under this MOU.

E. Settlement Negotiations

1. The Negotiating Committee members agree to inform each other in advance of any negotiations relating to any Virginia-only Settlement with a Pharmaceutical Supply Chain Participant that includes both the Commonwealth and its Political Subdivisions and shall provide each other the opportunity to participate in such negotiations.

2. The Parties further agree to keep each other reasonably informed of all other global settlement negotiations with Pharmaceutical Supply Chain Participants. Neither this provision, nor any other, shall be construed to state or imply that the Commonwealth or the Political Subdivisions are unauthorized to engage in settlement negotiations with Pharmaceutical Supply Chain Participants without prior consent or contemporaneous participation of the other, or that either party is entitled to participate as an active or direct participant in settlement negotiations with the other. Rather, while the Commonwealth's and the Political Subdivisions' efforts to achieve worthwhile settlements are to be collaborative, incremental stages need not be so.
3. As this is a Virginia-specific effort, the Negotiating Committee shall be chaired by the Attorney General or his designee.
4. The Commonwealth of Virginia, the Political Subdivisions, or Counsel may withdraw from coordinated Settlement discussions detailed in this Section upon 5 days' written notice to the remaining Committee Members and counsel for any affected Pharmaceutical Supply Chain Participant. The withdrawal of any Member releases the remaining Committee Members from the restrictions and obligations in this Section E.
5. The obligations in this Section E shall not affect any Party's right to proceed with trial or, within 30 days of the date upon which a trial involving that Party's claims against a specific Pharmaceutical Supply Chain Participant is scheduled to begin, reach a case-specific resolution with that particular Pharmaceutical Supply Chain Participant.

6. Nothing in this MOU alters or changes the right of the Commonwealth or any Political Subdivision to pursue its own claim. The intent of this MOU is to join the Parties to reach a Settlement or Settlements.

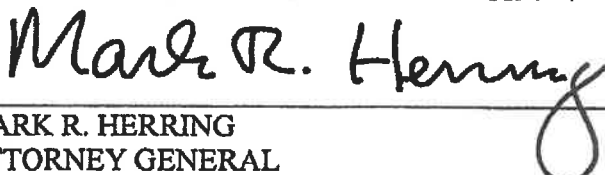
Acknowledgment of Agreement

We, the undersigned, have participated in the drafting of the above MOU, including comments solicited from client Political Subdivisions. This document has been collaboratively drafted to maintain all individual claims while allowing the Commonwealth and its Political Subdivisions to cooperate in exploring all possible means of resolution. Nothing in this agreement binds any party to any specific outcome. Any resolution under this document will require acceptance by the Commonwealth of Virginia and the Participating Political Subdivisions.

We, the undersigned, hereby accept the VIRGINIA OPIOID ABATEMENT FUND AND SETTLEMENT ALLOCATION MEMORANDUM OF UNDERSTANDING. We understand that the purpose of this MOU is to permit collaboration between the Commonwealth of Virginia and Political Subdivisions to explore and potentially effectuate earlier resolution of the Opioid Litigation against Pharmaceutical Supply Chain Participants. We also understand that an additional purpose is to create an effective means of distributing any potential Settlement funds obtained under this MOU between the Commonwealth of Virginia and the Participating Political Subdivisions in a manner that would promote an effective and meaningful use of the funds in abating the opioid epidemic throughout Virginia.

Executed this 20th day of August, 2021.

FOR THE COMMONWEALTH OF VIRGINIA:



MARK R. HERRING
ATTORNEY GENERAL

Executed this 20th day of August, 2021

Signature: _____

Printed Name: W. Edgar Spivey

KAUFMAN & CANOLES, P.C.
W. Edgar Spivey (VSB No. 29125)
Patrick H. O'Donnell (VSB No. 29637)
150 W. Main Street, Suite 2100
Norfolk, VA 23510
wespivey@kaufcan.com
phodonnell@kaufcan.com
(757) 624-3000 - phone
(888) 360-9092 - fax

SANFORD HEISLER SHARP, LLP
Grant Morris (VSB No. 16290)
Andrew H. Miller (pro hac vice)
700 Pennsylvania SE, Suite 300
Washington, DC 20003
gmorris@sanfordheisler.com
amiller@sanfordheisler.com
(202) 499-5200 - phone
(202) 499-5199 - fax

SANFORD HEISLER SHARP, LLP
Kevin Sharp (pro hac vice)
R. Johan Conrod, Jr. (VSB No. 46765)
Jonathan Tepe (pro hac vice)
611 Commerce Street, Suite 3100
Nashville, TN 37203
ksharp@sanfordheisler.com
JConrod@sanfordheisler.com
jtepe@sanfordheisler.com
(615) 434-7000 - phone
(615) 434-7020 - fax

THE CICALA LAW FIRM PLLC
Joanne Cicala (pro hac vice)
R. Johan Conrod, Jr. (VSB No. 46765)
101 College Street
Dripping Springs, TX 78620
joanne@cicalapllc.com
johan@cicalapllc.com
(512) 275-6550 - phone
(512) 858-1801 - fax

Executed this 20th day of August, 2021

Signature: 

Printed Name: Aaron L. Harrah

BARON & BUDD, P.C.
J. Burton LeBlanc, IV
3102 Oak Lawn Avenue, Suite 1100
Dallas, TX 75219
(214) 521-3605 - phone
(214) 520-1181 - fax
bleblanc@baronbudd.com

KALFUS & NACHMAN, P.C.
Christopher I. Jacobs
P.O. Box 12889
Norfolk, VA 23541
(757) 461-4900 – phone
(757) 461-1518 – fax
cij@knlegal.com

GREENE, KETCHUM, FARRELL,
BAILEY & TWEEL LLP
Bert Ketchum
419 - 11th Street (25701)
P.O. Box 2389
Huntington, West Virginia 25724-2389
(800) 479-0053 – phone
(304) 525-9115 - phone
(304) 529-3284 fax
bert@greeneketchum.com

WILLIAMS & LIGHT
Mark T. Williams
317 Patton Street
Danville, VA 24541
(434) 483-5196 – phone

DANIEL THOMAS LAW
Jacob Berkley Daniel
P.O. Box 999
Yanceyville, NC 27379
(336) 694-4363
jdaniel@danielthomaslaw.com

HILL, PETERSON, CARPER, BEE &
DEITZLER, PLLC
James C. Peterson
Aaron L. Harrah
NorthGate Business Park
500 Tracy Way
Charleston, WV 25311
(304) 345-5667 – phone
jcpeterson@hpcbd.com

LEVIN, PAPANTONIO, THOMAS,
MITCHELL, RAFFERTY & PROCTOR,
P.A.
Peter J. Mougey
316 S. Baylen Street, Suite 600
Pensacola, FL 32502-5996
(850) 435-7068 – phone
(850) 436-6068 – fax
pmougey@levinlaw.com

POWELL & MAJESTRO, PLLC
Anthony J. Majestro
405 Capitol Street, Suite P-1200
Charleston, WV 25301
(304) 346-2889 – phone
(304) 346-2895 – fax
amajestro@powellmajestro.com

KILGORE LAW FIRM
Terry Kilgore
197 W. Jackson St.
P.O. Box 669
Gate City, VA 24251
(276) 386-7701 – phone
(276) 386-2377 – fax
tkilgore@kilgorelawoffice.com

Executed this 20th day of August, 2021

Signature: 

Printed Name: Eric Barton

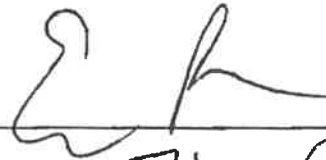
WAGSTAFF & CARTMELL LLP
4740 Grand Avenue, Suite 300
Kansas City, MO 64112
(816) 701-1100 - phone
(816) 531-2372 - fax
tcartmell@wcllp.com
bmadden@wcllp.com
ebarton@wcllp.com
sruane@wcllp.com

CAMPBELL LAW FIRM
Jeffrey L. Campbell
117 N. Park Street
Marion, VA 24354
(276) 783-8197
jeff@campbelllawfirmva.com

Kimberly C. Haugh, PC
Kimberly C. Haugh
324 Cummings Street
Abingdon, VA 24210
(276) 676-2400 - phone
(276) 525-4359 - fax
kchlawgroup@gmail.com

DUMAS LAW FIRM, LLC
Joey D. Dumas
P.O. Box 3046
Mobile, AL 36652
(251) 222-6669 - phone
(251) 217-7753 - fax
joey@joeydumaslaw.com

Executed this 18th day of August, 2021

Signature: 
Printed Name: Ellen Relkin

WEITZ & LUXENBERG, P.C.

Paul J. Pennock

Ellen Relkin

700 Broadway

New York, NY 10003

(212) 558-5549 – phone

ppennock@weitzlux.com

erelkin@weitzlux.com

MARKS & HARRISON

Lee J. Bujakowski

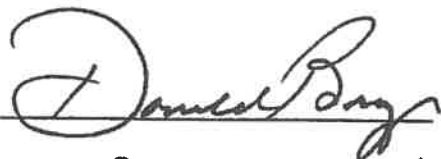
2141 E. Hundred Road

Chester, VA 23836

(804) 458-2766 – phone

lbujakowski@marksandharrison.com

Executed this 20th day of August, 2021.

Signature: 

Printed Name: DONALD BROGGI

SCOTT & SCOTT, ATTORNEYS AT LAW, LLP

Donald A. Broggi

The Helmsley Building

230 Park Avenue, 17th Floor

New York, NY 10169

(212) 223-6444 – phone

(212) 223-6334 – fax

dbroggi@scott-scott.com

FURNISS, DAVIS, RASHKIND AND SAUNDERS, P.C.

James A. Cales, III (VSB No. 41371)

6160 Kempsville Circle, Suite 341B

Norfolk, Virginia 23502

jcales@furnissdavis.com

Executed this 16 day of August, 2021

Signature: 
Printed Name: J. C. Petersen

CHAP PETERSEN & ASSOCIATES, P.C.
J. Chapman Petersen
David L. Amos
3970 Chain Bridge Road Fairfax, VA 22030
(571) 459.2512 – phone
(571) 459.2307 – fax
jcp@petersenfirm.com
dla@petersenfirm.com

PINTO COATES KYRE & BOWERS,
PLLC
Jon Ward
Paul D. Coates
3203 Brassfield Road
Greensboro, NC 27410
(336) 282.8848 – phone
(336) 282.8409 – fax
jward@pckb-law.com
pcoates@pckb-law.com

DANIEL THOMAS
Jacob Berkley Daniel
139 E. Main Street
P.O. Box 999
Yanceyville, NC 27379
(336) 694-4363
Fax: (336) 694-6601
jdaniel@danielthomaslaw.com

EDWARDS LAW FIRM
John S. Edwards
Seven-0-Seven Building
707 S. Jefferson Street Suite 310
Roanoke, VA 24016
(540) 985.8625 – phone
(540) 345.9950 – fax
jselaw@edwardsva.com

DONALD R. VAUGHAN & ASSOCIATES
Donald R. Vaughan
612 W. Friendly Avenue
Greensboro, NC 27401
(336) 273-1415 – phone
(866) 903-1301 – fax
don.vaughan@vaughanlaw.com

BRINSON, ASKEW, BERRY, SEIGLER,
RICHARDSON & DAVIS, LLP
J. Anderson Davis
Samuel L. Lucas
Lee B. Carter
P.O. Box 5007
Rome, GA 30162-5007
(706) 291-8853 – phone
(706) 234-3574 – fax
adavis@brinson-askew.com
slucas@brinson-askew.com
lcarter@brinson-askew.com

McCAMY, PHILLIPS, TUGGLE &
FORDHAM, LLP
Robert H. Smalley
P.O. Box 1105
Dalton, GA 30720-1105
(706) 508-4292 – phone
(706) 278-5002 – fax
rsmalley@mccamylaw.com

THE FINNELL FIRM
Robert K. Finnell
1 West Fourth Avenue, Suite 200
Rome, GA 30162-0063
(706) 235-7272 – phone
(706) 235-9461 – fax
bob@finnellfirm.com

Executed this 20th day of August, 2021

Signature: 
Printed Name: J. Gregory Webb

STREET LAW FIRM, LLP
Benjamin A. Street
Jason D. Gallagher
1142 Riverview Street
P.O. Box 2100
Grundy, VA 24614
(276) 935-2128 – phone
(276) 935-4162 – fax
bas@streetlawfirm.com
jdg@streetlawfirm.com

MICHIEHAMLETT ATTORNEYS AT LAW
David W. Thomas
J. Gregory Webb
Bryan Slaughter
310 4th Street NE
P.O. Box 298
Charlottesville, VA 22902
(434) 951-7224 - phone
(434) 951-7244 – fax
dthomas@michiehamlett.com
gwebb@michiehamlett.com
bslaughter@michiehamlett.com

EXHIBIT A

Table 1: Opioid Settlement Allocations to Counties and Independent Cities

Location	%	Location	%	Location	%
Accomack	0.348%	Franklin City	0.079%	Norton City	0.110%
Albemarle	0.863%	Frederick	1.277%	Nottoway	0.133%
Alexandria City	1.162%	Fredericksburg City	0.524%	Orange	0.638%
Alleghany	0.213%	Galax City	0.139%	Page	0.410%
Amelia	0.100%	Giles	0.409%	Patrick	0.329%
Amherst	0.299%	Gloucester	0.424%	Petersburg City	0.395%
Appomattox	0.133%	Goochland	0.225%	Pittsylvania	0.750%
Arlington	1.378%	Grayson	0.224%	Poquoson City	0.186%
Augusta	0.835%	Greene	0.178%	Portsmouth City	1.937%
Bath	0.037%	Greensville	0.124%	Powhatan	0.262%
Bedford	0.777%	Halifax	0.353%	Prince Edward	0.190%
Bland	0.147%	Hampton City	1.538%	Prince George	0.351%
Botetourt	0.362%	Hanover	1.079%	Prince William	3.556%
Bristol City	0.434%	Harrisonburg City	0.523%	Pulaski	1.061%
Brunswick	0.107%	Henrico	4.473%	Radford City	0.247%
Buchanan	0.929%	Henry	1.220%	Rappahannock	0.091%
Buckingham	0.127%	Highland	0.023%	Richmond	0.084%
Buena Vista City	0.078%	Hopewell City	0.344%	Richmond City	4.225%
Campbell	0.456%	Isle of Wight	0.356%	Roanoke	1.498%
Caroline	0.318%	James City	0.612%	Roanoke City	1.859%
Carroll	0.440%	King George	0.306%	Rockbridge	0.235%
Charles City	0.073%	King William	0.178%	Rockingham	0.614%
Charlotte	0.138%	King and Queen	0.072%	Russell	1.064%
Charlottesville City	0.463%	Lancaster	0.135%	Salem City	0.786%
Chesapeake City	2.912%	Lee	0.556%	Scott	0.421%
Chesterfield	4.088%	Lexington City	0.093%	Shenandoah	0.660%
Clarke	0.125%	Loudoun	2.567%	Smyth	0.592%
Colonial Heights City	0.283%	Louisa	0.449%	Southampton	0.137%
Covington City	0.100%	Lunenburg	0.088%	Spotsylvania	1.417%
Craig	0.070%	Lynchburg City	0.816%	Stafford	1.443%
Culpeper	0.790%	Madison	0.163%	Staunton City	0.440%
Cumberland	0.100%	Manassas City	0.452%	Suffolk City	0.710%
Danville City	0.637%	Manassas Park City	0.095%	Surry	0.058%
Dickenson	0.948%	Martinsville City	0.494%	Sussex	0.081%
Dinwiddie	0.196%	Mathews	0.088%	Tazewell	1.606%
Emporia City	0.050%	Mecklenburg	0.344%	Virginia Beach City	4.859%
Essex	0.101%	Middlesex	0.108%	Warren	0.766%
Fairfax	8.672%	Montgomery	1.205%	Washington	0.996%

Fairfax City	0.269%	Nelson	0.147%	Waynesboro City	0.363%
Falls Church City	0.102%	New Kent	0.156%	Westmoreland	0.223%
Fauquier	1.210%	Newport News City	2.047%	Williamsburg City	0.086%
Floyd	0.182%	Norfolk City	3.388%	Winchester City	0.649%
Fluvanna	0.194%	Northampton	0.122%	Wise	1.756%
Franklin	0.954%	Northumberland	0.129%	Wythe	0.642%
				York	0.561%

EXHIBIT B

Va. Code Ann. § 2.2-2365

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2365. Definitions

As used in this article, unless the context requires a different meaning:

"Authority" means the Opioid Abatement Authority.

"Board" means the board of directors of the Authority.

"Community services board region" means a region as determined by the Department of Behavioral Health and Developmental Services for purposes of administering Chapter 5 (§ 37.2-500 et seq.) of Title 37.2.

"Fund" means the Opioid Abatement Fund.

"Historically economically disadvantaged community" means the same as such term is defined in § 56-576.

"Local apportionment formula" means any formula submitted to the Attorney General by participating localities pursuant to the provisions of subsection B of § 2.2-507.3.

"Participating locality" means any county or independent city that agrees to be bound by the terms of a settlement agreement entered into by the Attorney General relating to claims regarding the manufacturing, marketing, distribution, or sale of opioids, and that releases its own such claims.

"Regional effort" means any effort involving a partnership of at least two participating localities within a community services board region.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

End of Document

Va. Code Ann. § 2.2-2366

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE 1. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2366. Opioid Abatement Authority established

The Opioid Abatement Authority is established as an independent body. The purpose of the Authority is to abate and remediate the opioid epidemic in the Commonwealth through financial support from the Fund, in the form of grants, donations, or other assistance, for efforts to treat, prevent, and reduce opioid use disorder and the misuse of opioids in the Commonwealth. The Authority's exercise of powers conferred by this article shall be deemed to be the performance of an essential governmental function and matters of public necessity for which public moneys may be spent and private property acquired.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2367

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2367. Board of directors; members

A. The Authority shall be governed by a board of directors consisting of 11 members as follows: (i) the Secretary of Health and Human Resources or his designee; (ii) the Chair of the Senate Committee on Finance and Appropriations or his designee and the Chair of the House Committee on Appropriations or his designee; (iii) an elected member of the governing body of a participating locality, to be selected from a list of three submitted jointly by the Virginia Association of Counties and the Virginia Municipal League; (iv) one representative of a community services board or behavioral health authority serving an urban or suburban region containing participating localities and one representative of a community services board or behavioral health authority serving a rural region containing participating localities, each to be selected from lists of three submitted by the Virginia Association of Community Services Boards; (v) one sheriff of a participating locality, to be selected from a list of three submitted by the Virginia Sheriffs' Association; (vi) one licensed, practicing county or city attorney of a participating locality, to be selected from a list of three submitted by the Local Government Attorneys of Virginia; (vii) two medical professionals with expertise in public and behavioral health administration or opioid use disorders and their treatment; and (viii) one representative of the addiction and recovery community.

The member appointed pursuant to clause (i) shall serve ex officio, and the members appointed pursuant to clauses (iii) through (viii) shall be appointed by the Governor. If the term of the office to which a member appointed pursuant to clause (iii) or (v) was elected expires prior to the expiration of his term as a member of the board, the Governor may authorize such member to complete the remainder of his term as a member or may appoint a new member who satisfies the criteria of clause (iii) or (v), as applicable, to complete the remainder of the term.

B.1. After an initial staggering of terms, members of the Board shall serve terms of four years. No member shall be eligible to serve more than two terms. Any appointment to fill a vacancy shall be for the unexpired term. A person appointed to fill a vacancy may be appointed to serve two additional terms.

2. Ex officio members shall serve terms coincident with their terms of office.

C. The Board shall elect annually a chairman and vice-chairman from among its membership. The chairman, or in his absence the vice-chairman, shall preside at all meetings of the Board.

D. A majority of the members of the Board serving at any one time shall constitute a quorum for the transaction of business.

E. The Board shall meet annually or more frequently at the call of the chairman.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EDITOR'S NOTE. --

Acts 2021, Sp. Sess. I, cc. 306 and 307, cl. 2 provides: "That the initial appointments of nonlegislative citizen members to the board of directors of the Opioid Abatement Authority shall be staggered as follows: (i) two nonlegislative citizen members appointed by the Governor shall be appointed for a term of one year, (ii) two nonlegislative citizen members appointed by the Governor shall be appointed for a term of two years, (iii) two nonlegislative citizen members appointed by the Governor shall be appointed for a term of three years, and (iv) two nonlegislative citizen members appointed by the Governor shall be appointed for a term of four years. For purposes of this enactment, "nonlegislative citizen member" means any member identified in clauses (iii) through (viii) of § 2.2-2367 of the Code of Virginia, as created by this act. Any nonlegislative citizen member appointed to an initial term of less than four years shall be eligible to serve two additional full four-year terms."

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2368

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2368. Duties of the Authority

The Authority shall:

1. Establish specific criteria and procedures for awards from the Fund;
2. Establish requirements for the submission of funding requests;
3. Evaluate funding requests in accordance with the criteria established by the Authority and the provisions of this article;
4. Make awards from the Fund in a manner that distributes funds equitably among all community services board regions of the Commonwealth, including the establishment of mandatory minimum percentages of funds to be awarded from the Commonwealth to each participating locality;
5. Evaluate the implementation and results of all efforts receiving support from the Authority; and
6. Administer the Fund in accordance with the provisions of this article.

History

2021, Sp. Sess. I, cc. 306 , 307 .

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2369

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2369. Powers of the Authority

In order to carry out its purposes, the Authority may:

1. Make grants and disbursements from the Fund that support efforts to treat, prevent, and reduce opioid use disorder and the misuse of opioids or otherwise abate or remediate the opioid epidemic;
2. Pay expenditures from the Fund that are necessary to carry out the purposes of this article;
3. Contract for the services of consultants to assist in the evaluation of the efforts funded by the Authority;
4. Contract for other professional services to assist the Authority in the performance of its duties and responsibilities;
5. Accept, hold, administer, and solicit gifts, grants, bequests, contributions, or other assistance from federal agencies, the Commonwealth, or any other public or private source to carry out the purposes of this article;
6. Enter into any agreement or contract relating to the acceptance or use of any grant, assistance, or support provided by or to the Authority or otherwise in furtherance of the purposes of this article;
7. Perform any lawful acts necessary or appropriate to carry out the purposes of the Authority; and
8. Employ such staff as is necessary to perform the Authority's duties. The Authority may determine the duties of such staff and fix the salaries and compensation of such staff, which shall be paid from the Fund. Staff of the Authority shall be treated as state employees for purposes of participation in the Virginia Retirement System, health insurance, and all other employee benefits offered by the Commonwealth to its classified employees. Staff of the Authority shall not be subject to the provisions of Chapter 29 (§ 2.2-2900 et seq.) of Title 2.2.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2370

Current through the 2021 Regular Session and Special Session I of the General Assembly

**VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT >
SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES,
BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES >
CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY**

§ 2.2-2370. Conditions and restrictions on financial assistance

A. The Authority shall provide financial support only for efforts that satisfy the following conditions:

1. The efforts shall be designed to treat, prevent, or reduce opioid use disorder or the misuse of opioids or otherwise abate or remediate the opioid epidemic, which may include efforts to:

a. Support treatment of opioid use disorder and any co-occurring substance use disorder or mental health conditions through evidence-based or evidence-informed methods, programs, or strategies;

b. Support people in recovery from opioid use disorder and any co-occurring substance use disorder or mental health conditions through evidence-based or evidence-informed methods, programs, or strategies;

c. Provide connections to care for people who have, or are at risk of developing, opioid use disorder and any co-occurring substance use disorder or mental health conditions through evidence-based or evidence-informed methods, programs, or strategies;

d. Support efforts, including law-enforcement programs, to address the needs of persons with opioid use disorder and any co-occurring substance use disorder or mental health conditions who are involved in, or are at risk of becoming involved in, the criminal justice system through evidence-based or evidence-informed methods, programs, or strategies;

e. Support drug treatment and recovery courts that provide evidence-based or evidence-informed options for people with opioid use disorder and any co-occurring substance use disorder or mental health conditions;

f. Support efforts to address the needs of pregnant or parenting women with opioid use disorder and any co-occurring substance use disorder or mental health conditions and the needs of their families, including infants with neonatal abstinence syndrome, through evidence-based or evidence-informed methods, programs, or strategies;

g. Support efforts to prevent overprescribing and ensure appropriate prescribing and dispensing of opioids through evidence-based or evidence-informed methods, programs, or strategies;

h. Support efforts to discourage or prevent misuse of opioids through evidence-based or evidence-informed methods, programs, or strategies;

i. Support efforts to prevent or reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed methods, programs, or strategies; and

j. Support efforts to provide comprehensive resources for patients seeking opioid detoxification, including detoxification services;

2. The efforts shall be conducted or managed by any agency of the Commonwealth or participating locality;

3. No support provided by the Authority shall be used by the recipient to supplant funding for an existing program or continue funding an existing program at its current amount of funding;

4. No support provided by the Authority shall be used by the recipient for indirect costs incurred in the administration of the financial support or for any other purpose proscribed by the Authority; and

5. Recipients of support provided by the Authority shall agree to provide the Authority with such information regarding the implementation of the effort and allow such monitoring and review of the effort as may be required by the Authority to ensure compliance with the terms under which the support is provided.

B. The Authority shall give priority to applications for financial support for efforts that:

1. Collaborate with an existing program or organization that has an established record of success treating, preventing, or reducing opioid use disorder or the misuse of opioids;
2. Treat, prevent, or reduce opioid use disorder or the misuse of opioids in a community with a high incidence of opioid use disorder or opioid death rate, relative to population;
3. Treat, prevent, or reduce opioid use disorder or the misuse of opioids in a historically economically disadvantaged community; or
4. Include a monetary match from or on behalf of the applicant, with higher priority given to an effort with a larger matching amount.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2371

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2371. Cooperation with other agencies

All agencies of the Commonwealth shall cooperate with the Authority and, upon request, assist the Authority in the performance of its duties and responsibilities.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2372

Current through the 2021 Regular Session and Special Session I of the General Assembly

**VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT >
SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES,
BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES >
CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY**

§ 2.2-2372. Form and audit of accounts and records

A.The accounts and records of the Authority showing the receipt and disbursement of funds from whatever source derived shall be in such form as the Auditor of Public Accounts prescribes.

B.The accounts and records of the Authority are subject to an annual audit by the Auditor of Public Accounts or his legal representative.

History

2021, Sp. Sess. I, cc. 306 , 307 .

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2373

Current through the 2021 Regular Session and Special Session I of the General Assembly

**VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT >
SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES,
BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES >
CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY**

§ 2.2-2373. Annual report

The Authority shall submit to the Governor and the General Assembly an annual executive summary of the interim activity and work of the Authority no later than the first day of each regular session of the General Assembly. The executive summary shall be submitted as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website. The executive summary shall include information regarding efforts supported by the Authority and expenditures from the Fund.

History

2021, Sp. Sess. I, cc. 306 , 307 .

Annotations

Notes

EFFECTIVE DATE. –

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2374

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE 1. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2374. Opioid Abatement Fund

A. There is hereby created in the state treasury a special, nonreverting fund to be known as the Opioid Abatement Fund, referred to in this section as "the Fund," to be administered by the Authority. All funds appropriated to the Fund, all funds designated by the Attorney General under § 2.2-507.3 from settlements, judgments, verdicts, and other court orders relating to claims regarding the manufacturing, marketing, distribution, or sale of opioids, and any gifts, donations, grants, bequests, and other funds received on the Fund's behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund at the end of each fiscal year, including interest thereon, shall not revert to the general fund but shall remain in the Fund. Expenditures and disbursements from the Fund, which may consist of grants or loans, shall be authorized by majority vote of the Board.

B. Moneys in the Fund shall be used to provide grants and loans to any agency of the Commonwealth or participating locality for the purposes determined by the Authority in accordance with this article and in consultation with the Office of the Attorney General. The Authority shall develop guidelines, procedures, and criteria for the application for and award of grants or loans in consultation with the Office of the Attorney General. Such guidelines, procedures, and criteria shall comply with the terms of any applicable settlement, judgment, verdict, or other court order, or any agreement related thereto between the Attorney General and participating localities.

C. The Authority shall fund all staffing and administrative costs from the Fund. Its expenditures for staffing and administration shall be limited to those that are reasonable for carrying out the purposes of this article.

D. For every deposit to the Fund, the Authority shall allocate a portion to the following purposes:

1. Fifteen percent shall be restricted for use by state agencies;
2. Fifteen percent shall be restricted for use by participating localities, provided that if the terms of a settlement, judgment, verdict, or other court order, or any agreement related thereto between the Attorney General and participating localities, require this portion to be distributed according to a local apportionment formula, this portion shall be distributed in accordance with such formula;
3. Thirty-five percent shall be restricted for use for regional efforts; and
4. Thirty-five percent shall be unrestricted. Unrestricted funds may be used to fund the Authority's staffing and administrative costs and may be distributed for use by state agencies, by participating localities, or for regional efforts in addition to the amounts set forth in subdivisions 1, 2, and 3, provided that the Authority shall ensure that such funds are used to accomplish the purposes of this article or invested under subsection F.

E. In distributing money from the Fund under subsection D, the Authority shall balance immediate and anticipated needs with projected receipts of funds to best accomplish the purposes for which the Authority is established.

F. The Board may designate any amount from the Fund to be invested, reinvested, and managed by the Board of the Virginia Retirement System as provided in § 51.1-124.40. The State Treasurer is not liable for losses suffered by the Virginia Retirement System on investments made under the authority of this section.

History

2021, Sp. Sess. I, cc. 306 , 307 .

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2375

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2375. Exemption from taxes or assessments

The exercise of the powers granted by this article shall be in all respects for the benefit of the people of the Commonwealth, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions, and as the operation and maintenance of projects by the Authority and the undertaking of activities in furtherance of the purpose of the Authority constitute the performance of essential governmental functions, the Authority shall not be required to pay any taxes or assessments upon any project or any property acquired or used by the Authority under the provisions of this article or upon the income therefrom, including sales and use taxes on tangible personal property used in the operations of the Authority, and shall at all times be free from state and local taxation. The exemption granted in this section shall not be construed to extend to persons conducting on the premises of a facility businesses for which local or state taxes would otherwise be required.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2376

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2376. Exemption of Authority from personnel and procurement procedures

The provisions of the Virginia Personnel Act (§ 2.2-2900 et seq.) and the Virginia Public Procurement Act (§ 2.2-4300 et seq.) shall not apply to the Authority in the exercise of any power conferred under this article.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

RESOLUTION:

#R-21-095

A RESOLUTION OF THE LYNCHBURG CITY COUNCIL APPROVING OF THE CITY'S PARTICIPATION IN THE VIRGINIA OPIOID ABATEMENT FUND AND SETTLEMENT ALLOCATION MEMORANDUM OF UNDERSTANDING ("MOU") AND DIRECTING THE CITY ATTORNEY TO EXECUTE THE DOCUMENTS NECESSARY TO EFFECTUATE THE CITY'S PARTICIPATION IN THE MOU

WHEREAS, the opioid epidemic that has cost thousands of human lives across the country also impacts the Commonwealth of Virginia and its cities and counties by adversely impacting, amongst other things, the delivery of emergency medical, law enforcement, criminal justice, mental health and substance abuse services, and other services; and

WHEREAS, the Commonwealth of Virginia and its cities and counties have been required and will continue to be required to allocate substantial taxpayer dollars, resources, staff energy and time to address the damage the opioid epidemic has caused and continues to cause the citizens of Virginia; and

WHEREAS, in order to advance their common interests, Virginia local governments and the Commonwealth of Virginia, through counsel, have extensively negotiated the terms of a memorandum of understanding relating to the allocation and use of litigation recoveries relating to the opioid epidemic;

NOW THEREFORE BE IT RESOLVED that the Council of the City of Lynchburg, Virginia, this 14th day of December, 2021, hereby authorizes and approves of the Virginia Opioid Abatement Fund and Settlement Allocation Memorandum of Understanding ("MOU") attached hereto and incorporated by reference as Exhibit "A", and directs the City Attorney to execute the MOU on behalf of the City.

Adopted: December 14, 2021

Certified: Alicia L. Finney
Clerk of Council

**VIRGINIA OPIOID ABATEMENT FUND AND
SETTLEMENT ALLOCATION MEMORANDUM OF UNDERSTANDING**

WHEREAS, the people of the Commonwealth of Virginia and its communities have been harmed through the national and statewide epidemic caused by licit and illicit opioid use and distribution within the Commonwealth of Virginia;

WHEREAS, the Commonwealth of Virginia, through the Office of Attorney General Mark R. Herring, and certain Political Subdivisions, through their elected representatives and counsel, are separately engaged in litigation seeking to hold those entities in the Pharmaceutical Supply Chain accountable for the damage caused;

WHEREAS, the Commonwealth of Virginia and its Political Subdivisions share a common desire to abate and alleviate the impacts of the opioid epidemic throughout Virginia; and now

THEREFORE, the Commonwealth of Virginia and certain of its Political Subdivisions, subject to completing formal documents effectuating the Parties' agreements, enter into this Virginia Opioid Abatement Fund and Settlement Allocation Memorandum of Understanding ("MOU") relating to the allocation and use of the proceeds of any Settlements as described herein.

A. Definitions

As used in this Virginia Term Sheet:

1. "The Commonwealth" shall mean the Commonwealth of Virginia acting through its Attorney General.
2. "Political Subdivision(s)" shall mean the Virginia counties and independent cities represented by Counsel.
3. "Participating Political Subdivisions" shall mean the Political Subdivisions, along with all Virginia counties and independent cities who agree to become signatories to this MOU and to be bound by the terms of future Settlements.

4. "Counsel" shall mean the undersigned private attorneys representing the Political Subdivisions.
5. "The Parties" shall mean the Commonwealth of Virginia, the Political Subdivisions, and Counsel.
6. "Negotiating Committee" shall mean a three-member representative group of the Parties. The Commonwealth shall be represented by the Virginia Attorney General or his designees. The Political Subdivisions and Counsel shall be represented by W. Edgar Spivey of Kaufman & Canoles, P.C. or his designee, and J. Burton LeBlanc of Baron & Budd, P.C. or his designee.
7. "Settlement" shall mean the negotiated resolution of legal or equitable claims against a Pharmaceutical Supply Chain Participant named in Complaints filed by all the Political Subdivisions in court on or before April 30, 2020 when that resolution has been jointly entered into by the Commonwealth, the Political Subdivisions, and Counsel. "Settlement" also shall include the approval by a United States Bankruptcy Court of a plan of reorganization or liquidation of a Pharmaceutical Supply Chain Participant, or any other determination, ruling, or decision by a United States Bankruptcy Court, in which legal or equitable claims against the Pharmaceutical Supply Chain Participant by the Commonwealth and the Political Subdivisions are settled, adjudicated, released, or otherwise resolved.
8. "Opioid Funds" shall mean monetary amounts obtained through a Settlement as defined in this MOU.
9. "Approved Abatement Purposes" shall mean efforts to treat, prevent, or reduce opioid use disorder or the misuse of opioids or to otherwise abate or remediate the

opioid epidemic, including but not limited to those efforts described in Section C(4)(a) through (j) of this MOU. In addition, "Approved Abatement Purposes" shall include the types of efforts approved for funding by the Authority that is defined in Section C(1). "Approved Abatement Purposes" also shall include any other abatement or remediation purposes to the extent such purposes are described in a Settlement.

10. "Pharmaceutical Supply Chain" shall mean the process and channels through which opioids or opioid products are manufactured, marketed, promoted, distributed or dispensed.
11. "Pharmaceutical Supply Chain Participant" shall mean any entity that engages in or has engaged in the manufacture, marketing, promotion, distribution, or dispensing of an opioid analgesic.

B. Allocation of Settlement Proceeds

1. All Opioid Funds shall be initially divided with fifteen percent (15%) going to the Participating Political Subdivisions ("Subdivision Share"), seventy percent (70%) going to the Virginia Opioid Abatement Fund and to other Approved Abatement Purposes as further described herein ("Opioid Abatement Share"), and fifteen percent (15%) going to the Commonwealth of Virginia ("Commonwealth Share").
2. The Subdivision Share shall be allocated and paid to the Participating Political Subdivisions in accordance with the division of proceeds referenced in the schedule attached hereto as Exhibit A. The shares of Virginia counties and independent cities who elect not to become Participating Political Subdivisions, if any, shall be reallocated ratably to the Participating Political Subdivisions.

3. In the event a Participating Political Subdivision merges, dissolves, or ceases to exist, the allocation percentage for that Participating Political Subdivision shall be redistributed equitably based on the composition of the successor subdivision.
4. The Commonwealth Share shall be deposited to the Attorney General's Regulatory, Consumer Advocacy, Litigation, and Enforcement Revolving Trust Fund with moneys transferred to the Commonwealth's General Fund as provided by law. To the extent a Settlement requires that all Opioid Funds be used only for abatement or similar purposes, then the Commonwealth Share shall be deposited and distributed accordingly.
5. The Opioid Abatement Share of 70% of the Opioid Funds shall be allocated and paid as follows:
 - a. Fifty-five percent (55%) of the Opioid Funds shall be allocated and paid to the Virginia Opioid Abatement Fund ("Fund").
 - b. Fifteen percent (15%) of the Opioid Funds shall be allocated and paid to the Participating Political Subdivisions and shall be used for Approved Abatement Purposes ("Direct Subdivision Abatement Share"). Upon request, a Participating Political Subdivision shall make publicly available information showing the purposes for which the Participating Political Subdivision used Direct Subdivision Abatement Share funds. The Direct Subdivision Abatement Share shall be allocated and paid to the Participating Political Subdivisions in accordance with the division of proceeds referenced in the schedule attached hereto as Exhibit A. The shares of Virginia counties and independent cities who

elect not to become Participating Political Subdivisions, if any, shall be reallocated ratably to the Participating Political Subdivisions.

6. To the extent a Settlement requires that all Opioid Funds be used only for abatement or similar purposes, then the Subdivision Share and the Commonwealth Share shall be used for Approved Abatement Purposes.
7. To receive funds allocated under this MOU from any Settlement, the Commonwealth and the Participating Political Subdivisions will comply with the terms of any such Settlement, including, among other things, any reporting requirements or restrictions on the use of funds for administrative purposes.

C. Virginia Opioid Abatement Fund and Virginia Opioid Abatement Authority

1. The Parties have sought creation of a Virginia Opioid Abatement Authority ("Authority") through legislation submitted to the Virginia General Assembly, which passed in the form attached hereto as Exhibit B. The Authority shall administer the Fund, which also shall be created through the legislation. The Authority shall seek to abate and remediate the opioid epidemic in Virginia through financial support from the Fund in the form of grants, donations, or other assistance, for efforts to treat, prevent, and reduce opioid use disorder and the misuse of opioids in Virginia.
2. The Authority shall be governed by a Board of Directors consisting of 11 members as follows: (i) the Secretary of Health and Human Resources, or his designee; (ii) the Chair of the Senate Committee on Finance and Appropriations or his designee and the Chair of the House Committee on Appropriations or his designee; (iii) an elected member of the governing body of a Participating Political Subdivision, to

be selected from a list of three submitted jointly by the Virginia Association of Counties and the Virginia Municipal League; (iv) one representative of a community services board or behavioral health authority of an urban or suburban region containing Participating Political Subdivisions and one representative of a community services board or behavioral health authority of a rural region containing Participating Political Subdivisions, each to be selected from lists of three submitted by the Virginia Association of Community Services Boards; (v) one sheriff of a Participating Political Subdivision, to be selected from a list of three submitted by the Virginia Sheriffs' Association; (vi) one licensed, practicing City or County Attorney of a Participating Political Subdivision, to be selected from a list of three submitted by the Local Government Attorneys of Virginia; (vii) two medical professionals with expertise in public and behavioral health administration or opioid use disorders and their treatment; and (viii) one representative of the addiction and recovery community.

- a. The members appointed pursuant to clause (i) shall serve ex officio, and the members appointed pursuant to clauses (iii) through (viii) shall be appointed by the Governor.
- b. After an initial staggering of terms, members of the Board shall serve terms of four years. No member shall be eligible to serve more than two terms. Any appointment to fill a vacancy shall be for the unexpired term. A person appointed to fill a vacancy may be appointed to serve two additional terms. Ex officio members shall serve terms coincident with their terms of office.

- c. The Board shall elect annually a chairman and vice-chairman from among its membership. The chairman, or in his absence the vice-chairman, shall preside at all meetings of the Board. A majority of the members of the Board serving at any one time shall constitute a quorum for the transaction of business. The Board shall meet annually or more frequently at the call of the chairman.
- 3. The Authority shall establish specific criteria and procedures for awards from the Fund; establish requirements for the submission of funding requests; evaluate funding requests in accordance with the criteria established by the Authority; make awards from the Fund in a manner that distributes funds equitably among all community services board regions of the Commonwealth, including the establishment of minimum percentages of funds that must be awarded to each Participating Political Subdivision; and evaluate the implementation and results of all efforts receiving support from the Authority.
- 4. The Authority may make grants and disbursements from the Fund that support efforts to treat, prevent, or reduce opioid use disorder or the misuse of opioids or otherwise abate or remediate the opioid epidemic. Such efforts may include but shall not be limited to the following:
 - a. Support treatment of opioid use disorder and any co-occurring substance use disorder or mental health conditions through evidence-based or evidence-informed methods, programs, or strategies.
 - b. Support people in recovery from opioid use disorder and any co-occurring substance use disorder or mental health conditions through evidence-based or evidence-informed methods, programs, or strategies;

- c. Provide connections to care for people who have, or are at risk of developing, opioid use disorder and any co-occurring substance use disorder or mental health conditions through evidence-based or evidence-informed methods, programs, or strategies;
- d. Support efforts, including law-enforcement programs, to address the needs of persons with opioid use disorder and any co-occurring substance use disorder or mental health conditions who are involved, or are at risk of becoming involved, in the criminal justice system through evidence-based or evidence-informed methods, programs, or strategies;
- e. Support drug treatment and recovery courts that provide evidence-based or evidence-informed options for people with opioid use disorder and any co-occurring substance use disorder or mental health conditions;
- f. Support efforts to address the needs of pregnant or parenting women with opioid use disorder and any co-occurring substance use disorder or mental health conditions, and the needs of their families, including babies with neonatal abstinence syndrome, through evidence-based or evidence-informed methods, programs, or strategies;
- g. Support efforts to prevent over-prescribing and ensure appropriate prescribing and dispensing of opioids through evidence-based or evidence-informed methods, programs, or strategies;
- h. Support efforts to discourage or prevent misuse of opioids through evidence-based or evidence-informed methods, programs, or strategies;

- i. Support efforts to prevent or reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed methods, programs, or strategies; and
 - j. Support efforts to provide comprehensive resources for patients seeking opioid detoxification, including detoxification services.
- 5. The Authority shall provide financial support only for efforts that satisfy the following conditions:
 - a. The efforts shall be conducted or managed by a Virginia state agency or Participating Political Subdivision;
 - b. No support provided by the Authority shall be used by the recipient to supplant funding for an existing program or continue funding an existing program at its current amount of funding;
 - c. No support provided by the Authority shall be used by the recipient for indirect costs incurred in the administration of the financial support or for any other purpose proscribed by the Authority; and
 - d. Recipients of support provided by the Authority shall agree to provide the Authority with such information regarding the implementation of the effort and allow such monitoring and review of the effort as may be required by the Authority to ensure compliance with the terms under which the support is provided.
- 6. The Authority shall give priority to applications for financial support for efforts that:

- a. Collaborate with an existing program or organization that has an established record of success treating, preventing or reducing opioid use disorder or the misuse of opioids;
 - b. Treat, prevent, or reduce opioid use disorder or the misuse of opioids in a community with a high incidence of opioid use disorder or opioid death rate relative to population;
 - c. Treat, prevent or reduce opioid use disorder or the misuse of opioids in a historically economically disadvantaged community, as that term is defined in Va. Code § 56-576; or
 - d. Include a monetary match from or on behalf of the applicant, with higher priority given to an effort with a larger matching amount.
7. For every deposit to the Fund, the Authority shall allocate a portion to the following purposes:
- a. Fifteen percent (15%) shall be restricted for use by state agencies;
 - b. Fifteen percent (15%) shall be restricted for use by Participating Political Subdivisions with these funds distributed in accordance with the division of proceeds referenced in the schedule attached hereto as Exhibit A. The shares of Virginia counties and independent cities who elect not to become Participating Political Subdivisions, if any, shall be reallocated ratably to the Participating Political Subdivisions.
 - c. Thirty-five percent (35%) shall be restricted for use for regional efforts (a partnership of at least two Participating Political Subdivisions within a community services board region); and

- d. Thirty-five percent (35%) shall be unrestricted and may be used to fund the Authority's staffing and administrative costs and may be distributed for use by state agencies, by the Participating Political Subdivisions, or for regional efforts in addition to the amounts set forth in subparagraphs 7(a)-(c), provided that the Authority shall ensure that such funds are used to accomplish the purposes described above or invested as described immediately below.
8. In distributing money from the Fund, the Authority shall balance immediate and anticipated needs with projected receipts of funds in order to best accomplish the purposes for which the Authority is established.
9. The Board may designate any amount from the Fund to be invested, reinvested, and managed by the Board of the Virginia Retirement System.

D. Payment of Counsel and Litigation Expenses

1. The Parties anticipate that any national Settlement will provide for payment of all or a portion of the attorneys' fees and litigation expenses of named plaintiff Participating Political Subdivisions. Counsel for any named plaintiff Participating Political Subdivision that seeks to recover attorneys' fees and litigation expenses from Settlement funds shall first seek to recover such fees and expenses from any national Settlement fund established to pay such fees and expenses. For such purposes, the Parties agree that the monetary recoveries obtained via Settlement are attributable to the Commonwealth and the Political Subdivisions 50% each.
2. In addition, the Parties agree that a supplemental attorneys' fees and costs fund (the "Deficiency Fund") will be created; provided, however, that such Deficiency Fund may not violate the terms of any national Settlement. In such event, the Parties

agree to exert diligent efforts to accomplish an alternate arrangement that preserves the payment of counsel and litigation expenses outlined hereunder. Administration of the Deficiency Fund shall be the responsibility of the Political Subdivisions, and the costs of administration may be paid out of the Deficiency Fund.

3. The Deficiency Fund is to be used to compensate counsel for the Participating Political Subdivisions that filed suit on or prior to April 30, 2020. Eligible contingent fee contracts shall have been executed on or before April 30, 2020.
4. The Deficiency Fund shall be funded as follows: from any national Settlement, the funds deposited in the Deficiency Fund shall be 25% of the Subdivision Share and 25% of the Direct Subdivision Abatement Share of each payment (annual or otherwise) that is allocated to the Commonwealth of Virginia (including its political subdivisions) for that Settlement. These funds shall be deposited to the Deficiency Fund prior to distribution to the Participating Political Subdivisions. No portion of the Deficiency Fund shall be drawn from the Commonwealth Share or the Fund.
5. The maximum percentage of any contingency fee agreement permitted for compensation shall be 25% of the portion of the Subdivision Share and the Direct Subdivision Abatement Share attributable to the named plaintiff Participating Political Subdivision that is a party to the contingency fee agreement, plus expenses attributable to that named plaintiff Participating Political Subdivision. Under no circumstances may counsel collect more for its work on behalf of a named plaintiff Participating Political Subdivision than it would under its contingency agreement with that named plaintiff Participating Political Subdivision.

6. To the extent that funds available in the designated amounts or percentages set forth in this Section D are inadequate to fully pay amounts due under contingent fee contracts, funds shall be distributed to private counsel for named plaintiff Participating Political Subdivisions who filed suit and entered into contingent fee contracts prior to April 30, 2020 on a pro rata basis based on the percentage of the total population of named plaintiff Participating Political Subdivisions contained in the named plaintiff Participating Political Subdivision that private counsel represents.
7. Any funds remaining in the Deficiency Fund in excess of the amounts needed to cover private counsel's representation agreements shall revert to the Participating Political Subdivisions and be allocated to the sources from which they derived.
8. Any attorneys' fees related to representation of the Commonwealth of Virginia shall not be paid from the Subdivision Share, the Direct Subdivision Abatement Share, or the Fund but shall be drawn directly from the Commonwealth Share or through other sources. Any payments of attorneys' fees related to representation of the Commonwealth of Virginia from such other sources shall not be deemed Opioid Funds subject to allocation under this MOU.

E. Settlement Negotiations

1. The Negotiating Committee members agree to inform each other in advance of any negotiations relating to any Virginia-only Settlement with a Pharmaceutical Supply Chain Participant that includes both the Commonwealth and its Political Subdivisions and shall provide each other the opportunity to participate in such negotiations.

2. The Parties further agree to keep each other reasonably informed of all other global settlement negotiations with Pharmaceutical Supply Chain Participants. Neither this provision, nor any other, shall be construed to state or imply that the Commonwealth or the Political Subdivisions are unauthorized to engage in settlement negotiations with Pharmaceutical Supply Chain Participants without prior consent or contemporaneous participation of the other, or that either party is entitled to participate as an active or direct participant in settlement negotiations with the other. Rather, while the Commonwealth's and the Political Subdivisions' efforts to achieve worthwhile settlements are to be collaborative, incremental stages need not be so.
3. As this is a Virginia-specific effort, the Negotiating Committee shall be chaired by the Attorney General or his designee.
4. The Commonwealth of Virginia, the Political Subdivisions, or Counsel may withdraw from coordinated Settlement discussions detailed in this Section upon 5 days' written notice to the remaining Committee Members and counsel for any affected Pharmaceutical Supply Chain Participant. The withdrawal of any Member releases the remaining Committee Members from the restrictions and obligations in this Section E.
5. The obligations in this Section E shall not affect any Party's right to proceed with trial or, within 30 days of the date upon which a trial involving that Party's claims against a specific Pharmaceutical Supply Chain Participant is scheduled to begin, reach a case-specific resolution with that particular Pharmaceutical Supply Chain Participant.

6. Nothing in this MOU alters or changes the right of the Commonwealth or any Political Subdivision to pursue its own claim. The intent of this MOU is to join the Parties to reach a Settlement or Settlements.

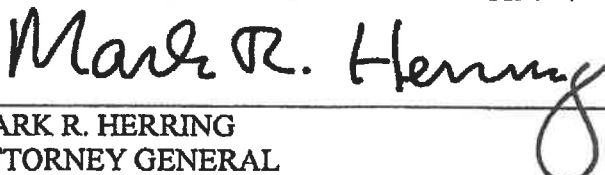
Acknowledgment of Agreement

We, the undersigned, have participated in the drafting of the above MOU, including comments solicited from client Political Subdivisions. This document has been collaboratively drafted to maintain all individual claims while allowing the Commonwealth and its Political Subdivisions to cooperate in exploring all possible means of resolution. Nothing in this agreement binds any party to any specific outcome. Any resolution under this document will require acceptance by the Commonwealth of Virginia and the Participating Political Subdivisions.

We, the undersigned, hereby accept the VIRGINIA OPIOID ABATEMENT FUND AND SETTLEMENT ALLOCATION MEMORANDUM OF UNDERSTANDING. We understand that the purpose of this MOU is to permit collaboration between the Commonwealth of Virginia and Political Subdivisions to explore and potentially effectuate earlier resolution of the Opioid Litigation against Pharmaceutical Supply Chain Participants. We also understand that an additional purpose is to create an effective means of distributing any potential Settlement funds obtained under this MOU between the Commonwealth of Virginia and the Participating Political Subdivisions in a manner that would promote an effective and meaningful use of the funds in abating the opioid epidemic throughout Virginia.

Executed this 20th day of August, 2021.

FOR THE COMMONWEALTH OF VIRGINIA:



MARK R. HERRING
ATTORNEY GENERAL

Executed this 20th day of August, 2021

Signature: _____

Printed Name: W. Edgar Spivey

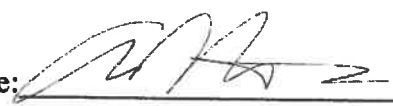
KAUFMAN & CANOLES, P.C.
W. Edgar Spivey (VSB No. 29125)
Patrick H. O'Donnell (VSB No. 29637)
150 W. Main Street, Suite 2100
Norfolk, VA 23510
wespivey@kaufcan.com
phodonnell@kaufcan.com
(757) 624-3000 - phone
(888) 360-9092 - fax

SANFORD HEISLER SHARP, LLP
Grant Morris (VSB No. 16290)
Andrew H. Miller (pro hac vice)
700 Pennsylvania SE, Suite 300
Washington, DC 20003
gmorris@sanfordheisler.com
amiller@sanfordheisler.com
(202) 499-5200 - phone
(202) 499-5199 - fax

SANFORD HEISLER SHARP, LLP
Kevin Sharp (pro hac vice)
R. Johan Conrod, Jr. (VSB No. 46765)
Jonathan Tepe (pro hac vice)
611 Commerce Street, Suite 3100
Nashville, TN 37203
ksharp@sanfordheisler.com
JConrod@sanfordheisler.com
jtepe@sanfordheisler.com
(615) 434-7000 - phone
(615) 434-7020 - fax

THE CICALA LAW FIRM PLLC
Joanne Cicala (pro hac vice)
R. Johan Conrod, Jr. (VSB No. 46765)
101 College Street
Dripping Springs, TX 78620
joanne@cicalapllc.com
johan@cicalapllc.com
(512) 275-6550 - phone
(512) 858-1801 - fax

Executed this 20th day of August, 2021

Signature: 

Printed Name: Aaron L. Harrah

BARON & BUDD, P.C.
J. Burton LeBlanc, IV
3102 Oak Lawn Avenue, Suite 1100
Dallas, TX 75219
(214) 521-3605 - phone
(214) 520-1181 - fax
bleblanc@baronbudd.com

KALFUS & NACHMAN, P.C.
Christopher I. Jacobs
P.O. Box 12889
Norfolk, VA 23541
(757) 461-4900 – phone
(757) 461-1518 – fax
cij@knlegal.com

GREENE, KETCHUM, FARRELL,
BAILEY & TWEEL LLP
Bert Ketchum
419 - 11th Street (25701)
P.O. Box 2389
Huntington, West Virginia 25724-2389
(800) 479-0053 – phone
(304) 525-9115 - phone
(304) 529-3284 fax
bert@greeneketchum.com

WILLIAMS & LIGHT
Mark T. Williams
317 Patton Street
Danville, VA 24541
(434) 483-5196 – phone

DANIEL THOMAS LAW
Jacob Berkley Daniel
P.O. Box 999
Yanceyville, NC 27379
(336) 694-4363
jdaniel@danielthomaslaw.com

HILL, PETERSON, CARPER, BEE &
DEITZLER, PLLC
James C. Peterson
Aaron L. Harrah
NorthGate Business Park
500 Tracy Way
Charleston, WV 25311
(304) 345-5667 – phone
jcpeterson@hpcbd.com

LEVIN, PAPANTONIO, THOMAS,
MITCHELL, RAFFERTY & PROCTOR,
P.A.
Peter J. Mougey
316 S. Baylen Street, Suite 600
Pensacola, FL 32502-5996
(850) 435-7068 – phone
(850) 436-6068 – fax
pmougey@levinlaw.com

POWELL & MAJESTRO, PLLC
Anthony J. Majestro
405 Capitol Street, Suite P-1200
Charleston, WV 25301
(304) 346-2889 – phone
(304) 346-2895 – fax
amajestro@powellmajestro.com

KILGORE LAW FIRM
Terry Kilgore
197 W. Jackson St.
P.O. Box 669
Gate City, VA 24251
(276) 386-7701 – phone
(276) 386-2377 – fax
tkilgore@kilgorelawoffice.com

Executed this 20th day of August, 2021

Signature: 

Printed Name: Eric Barton

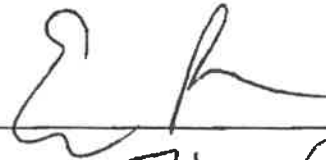
WAGSTAFF & CARTMELL LLP
4740 Grand Avenue, Suite 300
Kansas City, MO 64112
(816) 701-1100 - phone
(816) 531-2372 - fax
tcartmell@wcllp.com
bmadden@wcllp.com
ebarton@wcllp.com
sruane@wcllp.com

CAMPBELL LAW FIRM
Jeffrey L. Campbell
117 N. Park Street
Marion, VA 24354
(276) 783-8197
jeff@campbelllawfirmva.com

Kimberly C. Haugh, PC
Kimberly C. Haugh
324 Cummings Street
Abingdon, VA 24210
(276) 676-2400 - phone
(276) 525-4359 - fax
kchlawgroup@gmail.com

DUMAS LAW FIRM, LLC
Joey D. Dumas
P.O. Box 3046
Mobile, AL 36652
(251) 222-6669 - phone
(251) 217-7753 - fax
joey@joeydumaslaw.com

Executed this 18th day of August, 2021

Signature: 
Printed Name: Ellen Relkin

WEITZ & LUXENBERG, P.C.

Paul J. Pennock

Ellen Relkin

700 Broadway

New York, NY 10003

(212) 558-5549 – phone

ppennock@weitzlux.com

erelkin@weitzlux.com

MARKS & HARRISON

Lee J. Bujakowski

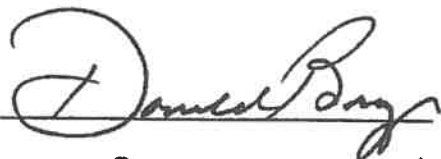
2141 E. Hundred Road

Chester, VA 23836

(804) 458-2766 – phone

lbujakowski@marksandharrison.com

Executed this 20th day of August, 2021.

Signature: 

Printed Name: DONALD BROGGI

SCOTT & SCOTT, ATTORNEYS AT LAW, LLP

Donald A. Broggi

The Helmsley Building

230 Park Avenue, 17th Floor

New York, NY 10169

(212) 223-6444 – phone

(212) 223-6334 – fax

dbroggi@scott-scott.com

FURNISS, DAVIS, RASHKIND AND SAUNDERS, P.C.

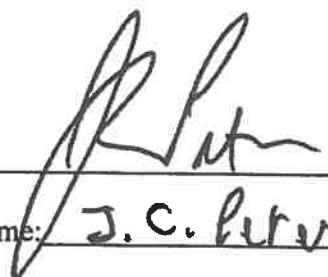
James A. Cales, III (VSB No. 41371)

6160 Kempsville Circle, Suite 341B

Norfolk, Virginia 23502

jcales@furnissdavis.com

Executed this 16 day of August, 2021

Signature: 
Printed Name: J. C. Petersen

CHAP PETERSEN & ASSOCIATES, P.C.
J. Chapman Petersen
David L. Amos
3970 Chain Bridge Road Fairfax, VA 22030
(571) 459.2512 – phone
(571) 459.2307 – fax
jcp@petersenfirm.com
dla@petersenfirm.com

PINTO COATES KYRE & BOWERS,
PLLC
Jon Ward
Paul D. Coates
3203 Brassfield Road
Greensboro, NC 27410
(336) 282.8848 – phone
(336) 282.8409 – fax
jward@pckb-law.com
pcoates@pckb-law.com

DANIEL THOMAS
Jacob Berkley Daniel
139 E. Main Street
P.O. Box 999
Yanceyville, NC 27379
(336) 694-4363
Fax: (336) 694-6601
jdaniel@danielthomaslaw.com

EDWARDS LAW FIRM
John S. Edwards
Seven-0-Seven Building
707 S. Jefferson Street Suite 310
Roanoke, VA 24016
(540) 985.8625 – phone
(540) 345.9950 – fax
jselaw@edwardsva.com

DONALD R. VAUGHAN & ASSOCIATES
Donald R. Vaughan
612 W. Friendly Avenue
Greensboro, NC 27401
(336) 273-1415 – phone
(866) 903-1301 – fax
don.vaughan@vaughanlaw.com

BRINSON, ASKEW, BERRY, SEIGLER,
RICHARDSON & DAVIS, LLP
J. Anderson Davis
Samuel L. Lucas
Lee B. Carter
P.O. Box 5007
Rome, GA 30162-5007
(706) 291-8853 – phone
(706) 234-3574 – fax
adavis@brinson-askew.com
slucas@brinson-askew.com
lcarter@brinson-askew.com

McCAMY, PHILLIPS, TUGGLE &
FORDHAM, LLP
Robert H. Smalley
P.O. Box 1105
Dalton, GA 30720-1105
(706) 508-4292 – phone
(706) 278-5002 – fax
rsmalley@mccamylaw.com

THE FINNELL FIRM
Robert K. Finnell
1 West Fourth Avenue, Suite 200
Rome, GA 30162-0063
(706) 235-7272 – phone
(706) 235-9461 – fax
bob@finnellfirm.com

Executed this 20th day of August, 2021

Signature: 
Printed Name: J. Gregory Webb

STREET LAW FIRM, LLP
Benjamin A. Street
Jason D. Gallagher
1142 Riverview Street
P.O. Box 2100
Grundy, VA 24614
(276) 935-2128 – phone
(276) 935-4162 – fax
bas@streetlawfirm.com
jdg@streetlawfirm.com

MICHIEHAMLETT ATTORNEYS AT LAW
David W. Thomas
J. Gregory Webb
Bryan Slaughter
310 4th Street NE
P.O. Box 298
Charlottesville, VA 22902
(434) 951-7224 - phone
(434) 951-7244 – fax
dthomas@michiehamlett.com
gwebb@michiehamlett.com
bslaughter@michiehamlett.com

EXHIBIT A

Table 1: Opioid Settlement Allocations to Counties and Independent Cities

Location	%	Location	%	Location	%
Accomack	0.348%	Franklin City	0.079%	Norton City	0.110%
Albemarle	0.863%	Frederick	1.277%	Nottoway	0.133%
Alexandria City	1.162%	Fredericksburg City	0.524%	Orange	0.638%
Alleghany	0.213%	Galax City	0.139%	Page	0.410%
Amelia	0.100%	Giles	0.409%	Patrick	0.329%
Amherst	0.299%	Gloucester	0.424%	Petersburg City	0.395%
Appomattox	0.133%	Goochland	0.225%	Pittsylvania	0.750%
Arlington	1.378%	Grayson	0.224%	Poquoson City	0.186%
Augusta	0.835%	Greene	0.178%	Portsmouth City	1.937%
Bath	0.037%	Greensville	0.124%	Powhatan	0.262%
Bedford	0.777%	Halifax	0.353%	Prince Edward	0.190%
Bland	0.147%	Hampton City	1.538%	Prince George	0.351%
Botetourt	0.362%	Hanover	1.079%	Prince William	3.556%
Bristol City	0.434%	Harrisonburg City	0.523%	Pulaski	1.061%
Brunswick	0.107%	Henrico	4.473%	Radford City	0.247%
Buchanan	0.929%	Henry	1.220%	Rappahannock	0.091%
Buckingham	0.127%	Highland	0.023%	Richmond	0.084%
Buena Vista City	0.078%	Hopewell City	0.344%	Richmond City	4.225%
Campbell	0.456%	Isle of Wight	0.356%	Roanoke	1.498%
Caroline	0.318%	James City	0.612%	Roanoke City	1.859%
Carroll	0.440%	King George	0.306%	Rockbridge	0.235%
Charles City	0.073%	King William	0.178%	Rockingham	0.614%
Charlotte	0.138%	King and Queen	0.072%	Russell	1.064%
Charlottesville City	0.463%	Lancaster	0.135%	Salem City	0.786%
Chesapeake City	2.912%	Lee	0.556%	Scott	0.421%
Chesterfield	4.088%	Lexington City	0.093%	Shenandoah	0.660%
Clarke	0.125%	Loudoun	2.567%	Smyth	0.592%
Colonial Heights City	0.283%	Louisa	0.449%	Southampton	0.137%
Covington City	0.100%	Lunenburg	0.088%	Spotsylvania	1.417%
Craig	0.070%	Lynchburg City	0.816%	Stafford	1.443%
Culpeper	0.790%	Madison	0.163%	Staunton City	0.440%
Cumberland	0.100%	Manassas City	0.452%	Suffolk City	0.710%
Danville City	0.637%	Manassas Park City	0.095%	Surry	0.058%
Dickenson	0.948%	Martinsville City	0.494%	Sussex	0.081%
Dinwiddie	0.196%	Mathews	0.088%	Tazewell	1.606%
Emporia City	0.050%	Mecklenburg	0.344%	Virginia Beach City	4.859%
Essex	0.101%	Middlesex	0.108%	Warren	0.766%
Fairfax	8.672%	Montgomery	1.205%	Washington	0.996%

Fairfax City	0.269%	Nelson	0.147%	Waynesboro City	0.363%
Falls Church City	0.102%	New Kent	0.156%	Westmoreland	0.223%
Fauquier	1.210%	Newport News City	2.047%	Williamsburg City	0.086%
Floyd	0.182%	Norfolk City	3.388%	Winchester City	0.649%
Fluvanna	0.194%	Northampton	0.122%	Wise	1.756%
Franklin	0.954%	Northumberland	0.129%	Wythe	0.642%
				York	0.561%

EXHIBIT B

Va. Code Ann. § 2.2-2365

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2365. Definitions

As used in this article, unless the context requires a different meaning:

"Authority" means the Opioid Abatement Authority.

"Board" means the board of directors of the Authority.

"Community services board region" means a region as determined by the Department of Behavioral Health and Developmental Services for purposes of administering Chapter 5 (§ 37.2-500 et seq.) of Title 37.2.

"Fund" means the Opioid Abatement Fund.

"Historically economically disadvantaged community" means the same as such term is defined in § 56-576.

"Local apportionment formula" means any formula submitted to the Attorney General by participating localities pursuant to the provisions of subsection B of § 2.2-507.3.

"Participating locality" means any county or independent city that agrees to be bound by the terms of a settlement agreement entered into by the Attorney General relating to claims regarding the manufacturing, marketing, distribution, or sale of opioids, and that releases its own such claims.

"Regional effort" means any effort involving a partnership of at least two participating localities within a community services board region.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

End of Document

Va. Code Ann. § 2.2-2366

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE 1. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2366. Opioid Abatement Authority established

The Opioid Abatement Authority is established as an independent body. The purpose of the Authority is to abate and remediate the opioid epidemic in the Commonwealth through financial support from the Fund, in the form of grants, donations, or other assistance, for efforts to treat, prevent, and reduce opioid use disorder and the misuse of opioids in the Commonwealth. The Authority's exercise of powers conferred by this article shall be deemed to be the performance of an essential governmental function and matters of public necessity for which public moneys may be spent and private property acquired.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2367

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2367. Board of directors; members

A. The Authority shall be governed by a board of directors consisting of 11 members as follows: (i) the Secretary of Health and Human Resources or his designee; (ii) the Chair of the Senate Committee on Finance and Appropriations or his designee and the Chair of the House Committee on Appropriations or his designee; (iii) an elected member of the governing body of a participating locality, to be selected from a list of three submitted jointly by the Virginia Association of Counties and the Virginia Municipal League; (iv) one representative of a community services board or behavioral health authority serving an urban or suburban region containing participating localities and one representative of a community services board or behavioral health authority serving a rural region containing participating localities, each to be selected from lists of three submitted by the Virginia Association of Community Services Boards; (v) one sheriff of a participating locality, to be selected from a list of three submitted by the Virginia Sheriffs' Association; (vi) one licensed, practicing county or city attorney of a participating locality, to be selected from a list of three submitted by the Local Government Attorneys of Virginia; (vii) two medical professionals with expertise in public and behavioral health administration or opioid use disorders and their treatment; and (viii) one representative of the addiction and recovery community.

The member appointed pursuant to clause (i) shall serve ex officio, and the members appointed pursuant to clauses (iii) through (viii) shall be appointed by the Governor. If the term of the office to which a member appointed pursuant to clause (iii) or (v) was elected expires prior to the expiration of his term as a member of the board, the Governor may authorize such member to complete the remainder of his term as a member or may appoint a new member who satisfies the criteria of clause (iii) or (v), as applicable, to complete the remainder of the term.

B.1. After an initial staggering of terms, members of the Board shall serve terms of four years. No member shall be eligible to serve more than two terms. Any appointment to fill a vacancy shall be for the unexpired term. A person appointed to fill a vacancy may be appointed to serve two additional terms.

2. Ex officio members shall serve terms coincident with their terms of office.

C. The Board shall elect annually a chairman and vice-chairman from among its membership. The chairman, or in his absence the vice-chairman, shall preside at all meetings of the Board.

D. A majority of the members of the Board serving at any one time shall constitute a quorum for the transaction of business.

E. The Board shall meet annually or more frequently at the call of the chairman.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EDITOR'S NOTE. --

Acts 2021, Sp. Sess. I, cc. 306 and 307, cl. 2 provides: "That the initial appointments of nonlegislative citizen members to the board of directors of the Opioid Abatement Authority shall be staggered as follows: (i) two nonlegislative citizen members appointed by the Governor shall be appointed for a term of one year, (ii) two nonlegislative citizen members appointed by the Governor shall be appointed for a term of two years, (iii) two nonlegislative citizen members appointed by the Governor shall be appointed for a term of three years, and (iv) two nonlegislative citizen members appointed by the Governor shall be appointed for a term of four years. For purposes of this enactment, "nonlegislative citizen member" means any member identified in clauses (iii) through (viii) of § 2.2-2367 of the Code of Virginia, as created by this act. Any nonlegislative citizen member appointed to an initial term of less than four years shall be eligible to serve two additional full four-year terms."

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2368

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2368. Duties of the Authority

The Authority shall:

1. Establish specific criteria and procedures for awards from the Fund;
2. Establish requirements for the submission of funding requests;
3. Evaluate funding requests in accordance with the criteria established by the Authority and the provisions of this article;
4. Make awards from the Fund in a manner that distributes funds equitably among all community services board regions of the Commonwealth, including the establishment of mandatory minimum percentages of funds to be awarded from the Commonwealth to each participating locality;
5. Evaluate the implementation and results of all efforts receiving support from the Authority; and
6. Administer the Fund in accordance with the provisions of this article.

History

2021, Sp. Sess. I, cc. 306 , 307 .

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2369

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2369. Powers of the Authority

In order to carry out its purposes, the Authority may:

1. Make grants and disbursements from the Fund that support efforts to treat, prevent, and reduce opioid use disorder and the misuse of opioids or otherwise abate or remediate the opioid epidemic;
2. Pay expenditures from the Fund that are necessary to carry out the purposes of this article;
3. Contract for the services of consultants to assist in the evaluation of the efforts funded by the Authority;
4. Contract for other professional services to assist the Authority in the performance of its duties and responsibilities;
5. Accept, hold, administer, and solicit gifts, grants, bequests, contributions, or other assistance from federal agencies, the Commonwealth, or any other public or private source to carry out the purposes of this article;
6. Enter into any agreement or contract relating to the acceptance or use of any grant, assistance, or support provided by or to the Authority or otherwise in furtherance of the purposes of this article;
7. Perform any lawful acts necessary or appropriate to carry out the purposes of the Authority; and
8. Employ such staff as is necessary to perform the Authority's duties. The Authority may determine the duties of such staff and fix the salaries and compensation of such staff, which shall be paid from the Fund. Staff of the Authority shall be treated as state employees for purposes of participation in the Virginia Retirement System, health insurance, and all other employee benefits offered by the Commonwealth to its classified employees. Staff of the Authority shall not be subject to the provisions of Chapter 29 (§ 2.2-2900 et seq.) of Title 2.2.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2370

Current through the 2021 Regular Session and Special Session I of the General Assembly

**VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT >
SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES,
BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES >
CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY**

§ 2.2-2370. Conditions and restrictions on financial assistance

A. The Authority shall provide financial support only for efforts that satisfy the following conditions:

1. The efforts shall be designed to treat, prevent, or reduce opioid use disorder or the misuse of opioids or otherwise abate or remediate the opioid epidemic, which may include efforts to:

a. Support treatment of opioid use disorder and any co-occurring substance use disorder or mental health conditions through evidence-based or evidence-informed methods, programs, or strategies;

b. Support people in recovery from opioid use disorder and any co-occurring substance use disorder or mental health conditions through evidence-based or evidence-informed methods, programs, or strategies;

c. Provide connections to care for people who have, or are at risk of developing, opioid use disorder and any co-occurring substance use disorder or mental health conditions through evidence-based or evidence-informed methods, programs, or strategies;

d. Support efforts, including law-enforcement programs, to address the needs of persons with opioid use disorder and any co-occurring substance use disorder or mental health conditions who are involved in, or are at risk of becoming involved in, the criminal justice system through evidence-based or evidence-informed methods, programs, or strategies;

e. Support drug treatment and recovery courts that provide evidence-based or evidence-informed options for people with opioid use disorder and any co-occurring substance use disorder or mental health conditions;

f. Support efforts to address the needs of pregnant or parenting women with opioid use disorder and any co-occurring substance use disorder or mental health conditions and the needs of their families, including infants with neonatal abstinence syndrome, through evidence-based or evidence-informed methods, programs, or strategies;

g. Support efforts to prevent overprescribing and ensure appropriate prescribing and dispensing of opioids through evidence-based or evidence-informed methods, programs, or strategies;

h. Support efforts to discourage or prevent misuse of opioids through evidence-based or evidence-informed methods, programs, or strategies;

i. Support efforts to prevent or reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed methods, programs, or strategies; and

j. Support efforts to provide comprehensive resources for patients seeking opioid detoxification, including detoxification services;

2. The efforts shall be conducted or managed by any agency of the Commonwealth or participating locality;

3. No support provided by the Authority shall be used by the recipient to supplant funding for an existing program or continue funding an existing program at its current amount of funding;

4. No support provided by the Authority shall be used by the recipient for indirect costs incurred in the administration of the financial support or for any other purpose proscribed by the Authority; and

5. Recipients of support provided by the Authority shall agree to provide the Authority with such information regarding the implementation of the effort and allow such monitoring and review of the effort as may be required by the Authority to ensure compliance with the terms under which the support is provided.

B. The Authority shall give priority to applications for financial support for efforts that:

1. Collaborate with an existing program or organization that has an established record of success treating, preventing, or reducing opioid use disorder or the misuse of opioids;
2. Treat, prevent, or reduce opioid use disorder or the misuse of opioids in a community with a high incidence of opioid use disorder or opioid death rate, relative to population;
3. Treat, prevent, or reduce opioid use disorder or the misuse of opioids in a historically economically disadvantaged community; or
4. Include a monetary match from or on behalf of the applicant, with higher priority given to an effort with a larger matching amount.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2371

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2371. Cooperation with other agencies

All agencies of the Commonwealth shall cooperate with the Authority and, upon request, assist the Authority in the performance of its duties and responsibilities.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2372

Current through the 2021 Regular Session and Special Session I of the General Assembly

**VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT >
SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES,
BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES >
CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY**

§ 2.2-2372. Form and audit of accounts and records

A.The accounts and records of the Authority showing the receipt and disbursement of funds from whatever source derived shall be in such form as the Auditor of Public Accounts prescribes.

B.The accounts and records of the Authority are subject to an annual audit by the Auditor of Public Accounts or his legal representative.

History

2021, Sp. Sess. I, cc. 306 , 307 .

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2373

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2373. Annual report

The Authority shall submit to the Governor and the General Assembly an annual executive summary of the interim activity and work of the Authority no later than the first day of each regular session of the General Assembly. The executive summary shall be submitted as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website. The executive summary shall include information regarding efforts supported by the Authority and expenditures from the Fund.

History

2021, Sp. Sess. I, cc. 306 , 307 .

Annotations

Notes

EFFECTIVE DATE. –

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2374

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE 1. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2374. Opioid Abatement Fund

A. There is hereby created in the state treasury a special, nonreverting fund to be known as the Opioid Abatement Fund, referred to in this section as "the Fund," to be administered by the Authority. All funds appropriated to the Fund, all funds designated by the Attorney General under § 2.2-507.3 from settlements, judgments, verdicts, and other court orders relating to claims regarding the manufacturing, marketing, distribution, or sale of opioids, and any gifts, donations, grants, bequests, and other funds received on the Fund's behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund at the end of each fiscal year, including interest thereon, shall not revert to the general fund but shall remain in the Fund. Expenditures and disbursements from the Fund, which may consist of grants or loans, shall be authorized by majority vote of the Board.

B. Moneys in the Fund shall be used to provide grants and loans to any agency of the Commonwealth or participating locality for the purposes determined by the Authority in accordance with this article and in consultation with the Office of the Attorney General. The Authority shall develop guidelines, procedures, and criteria for the application for and award of grants or loans in consultation with the Office of the Attorney General. Such guidelines, procedures, and criteria shall comply with the terms of any applicable settlement, judgment, verdict, or other court order, or any agreement related thereto between the Attorney General and participating localities.

C. The Authority shall fund all staffing and administrative costs from the Fund. Its expenditures for staffing and administration shall be limited to those that are reasonable for carrying out the purposes of this article.

D. For every deposit to the Fund, the Authority shall allocate a portion to the following purposes:

1. Fifteen percent shall be restricted for use by state agencies;
2. Fifteen percent shall be restricted for use by participating localities, provided that if the terms of a settlement, judgment, verdict, or other court order, or any agreement related thereto between the Attorney General and participating localities, require this portion to be distributed according to a local apportionment formula, this portion shall be distributed in accordance with such formula;
3. Thirty-five percent shall be restricted for use for regional efforts; and
4. Thirty-five percent shall be unrestricted. Unrestricted funds may be used to fund the Authority's staffing and administrative costs and may be distributed for use by state agencies, by participating localities, or for regional efforts in addition to the amounts set forth in subdivisions 1, 2, and 3, provided that the Authority shall ensure that such funds are used to accomplish the purposes of this article or invested under subsection F.

E. In distributing money from the Fund under subsection D, the Authority shall balance immediate and anticipated needs with projected receipts of funds to best accomplish the purposes for which the Authority is established.

F. The Board may designate any amount from the Fund to be invested, reinvested, and managed by the Board of the Virginia Retirement System as provided in § 51.1-124.40. The State Treasurer is not liable for losses suffered by the Virginia Retirement System on investments made under the authority of this section.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. —

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2375

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2375. Exemption from taxes or assessments

The exercise of the powers granted by this article shall be in all respects for the benefit of the people of the Commonwealth, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions, and as the operation and maintenance of projects by the Authority and the undertaking of activities in furtherance of the purpose of the Authority constitute the performance of essential governmental functions, the Authority shall not be required to pay any taxes or assessments upon any project or any property acquired or used by the Authority under the provisions of this article or upon the income therefrom, including sales and use taxes on tangible personal property used in the operations of the Authority, and shall at all times be free from state and local taxation. The exemption granted in this section shall not be construed to extend to persons conducting on the premises of a facility businesses for which local or state taxes would otherwise be required.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

Va. Code Ann. § 2.2-2376

Current through the 2021 Regular Session and Special Session I of the General Assembly

VA - Code of Virginia (Annotated) > TITLE 2.2. ADMINISTRATION OF GOVERNMENT > SUBTITLE I. ORGANIZATION OF STATE GOVERNMENT > PART D. STATE AUTHORITIES, BOARDS, COMMISSIONS, COUNCILS, FOUNDATIONS AND OTHER COLLEGIAL BODIES > CHAPTER 22. AUTHORITIES > ARTICLE 12. OPIOID ABATEMENT AUTHORITY

§ 2.2-2376. Exemption of Authority from personnel and procurement procedures

The provisions of the Virginia Personnel Act (§ 2.2-2900 et seq.) and the Virginia Public Procurement Act (§ 2.2-4300 et seq.) shall not apply to the Authority in the exercise of any power conferred under this article.

History

2021, Sp. Sess. I, cc. 306, 307.

Annotations

Notes

EFFECTIVE DATE. --

This section is effective July 1, 2021.

Copyright © 2021 by Matthew Bender & Company, Inc. a member of the LexisNexis Group. All rights reserved.

End of Document

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 14, 2021**

AGENDA ITEM #: **16(b)**

REGULAR: X

WORK SESSION:

CLOSED SESSION (Confidential):

ACTION: X

INFORMATION:

ITEM TITLE: NATIONAL OPIOID SETTLEMENT (SETTLEMENT AUTHORITY)

RECOMMENDATION: Adopt the attached Resolution if City Council wants the City of Lynchburg to accept the negotiated settlement proposals that will cause McKesson, Cardinal Health, AmerisourceBergen, and Janssen to pay up to \$26 billion nationwide to resolve opioid-related claims against them and to further receive settlement funds in accordance with the Virginia Opioid Abatement Fund and Settlement Allocation Memorandum of Understanding previously considered by City Council.

SUMMARY: Given a January 2, 2022 deadline, City Council should now decide if the City of Lynchburg will participate in the negotiated settlement proposals that will cause McKesson, Cardinal Health, AmerisourceBergen, and Janssen to pay up to \$26 billion nationwide to resolve opioid-related claims against them. Settlement amounts due to the Commonwealth of Virginia, shall be distributed in accordance with the Virginia Opioid Abatement Fund and Settlement Allocation Memorandum of Understanding previously considered by City Council.

PRIOR ACTION(S): December 14, 2021: Closed meeting held on

FISCAL IMPACT: TBD

CONTACT(S): Matthew C. Freedman, City Attorney – (434) 455-3980

ATTACHMENT(S):

- Resolution

REVIEWED BY: raw

140A

A RESOLUTION OF THE LYNCHBURG CITY COUNCIL APPROVING OF THE CITY'S PARTICIPATION IN THE PROPOSED SETTLEMENT OF OPIOID-RELATED CLAIMS AGAINST MCKESSON, CARDINAL HEALTH, AMERISOURCEBERGEN, JANSSEN, AND THEIR RELATED CORPORATE ENTITIES, AND DIRECTING THE CITY ATTORNEY TO EXECUTE THE DOCUMENTS NECESSARY TO EFFECTUATE THE CITY'S PARTICIPATION IN THE SETTLEMENTS

WHEREAS, the opioid epidemic that has cost thousands of human lives across the country also impacts the Commonwealth of Virginia and its cities and counties by adversely impacting, amongst other things, the delivery of emergency medical, law enforcement, criminal justice, mental health and substance abuse services, and other services; and

WHEREAS, the Commonwealth of Virginia and its cities and counties have been required and will continue to be required to allocate substantial taxpayer dollars, resources, staff energy and time to address the damage the opioid epidemic has caused and continues to cause the citizens of Virginia; and

WHEREAS, settlement proposals have been negotiated that will cause McKesson, Cardinal Health, AmerisourceBergen, and Janssen to pay up to \$26 billion nationwide to resolve opioid-related claims against them;

NOW THEREFORE BE IT RESOLVED that the Council of the City of Lynchburg, Virginia, this 14th day of December, 2021, approves of the City's participation in the proposed settlement of opioid-related claims against McKesson, Cardinal Health, AmerisourceBergen, Janssen, and their related corporate entities, and directs the City Attorney to execute the documents necessary to effectuate the City's participation in the settlements, including the required release of claims against settling entities.

Adopted: _____

Certified: _____
Clerk of Council

RESOLUTION:

#R-21-096

A RESOLUTION OF THE LYNCHBURG CITY COUNCIL APPROVING OF THE CITY'S PARTICIPATION IN THE PROPOSED SETTLEMENT OF OPIOID-RELATED CLAIMS AGAINST MCKESSON, CARDINAL HEALTH, AMERISOURCEBERGEN, JANSSEN, AND THEIR RELATED CORPORATE ENTITIES, AND DIRECTING THE CITY ATTORNEY TO EXECUTE THE DOCUMENTS NECESSARY TO EFFECTUATE THE CITY'S PARTICIPATION IN THE SETTLEMENTS

WHEREAS, the opioid epidemic that has cost thousands of human lives across the country also impacts the Commonwealth of Virginia and its cities and counties by adversely impacting, amongst other things, the delivery of emergency medical, law enforcement, criminal justice, mental health and substance abuse services, and other services; and

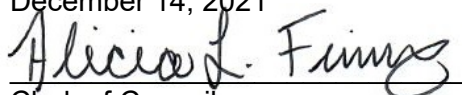
WHEREAS, the Commonwealth of Virginia and its cities and counties have been required and will continue to be required to allocate substantial taxpayer dollars, resources, staff energy and time to address the damage the opioid epidemic has caused and continues to cause the citizens of Virginia; and

WHEREAS, settlement proposals have been negotiated that will cause McKesson, Cardinal Health, AmerisourceBergen, and Janssen to pay up to \$26 billion nationwide to resolve opioid-related claims against them;

NOW THEREFORE BE IT RESOLVED that the Council of the City of Lynchburg, Virginia, this 14th day of December, 2021, approves of the City's participation in the proposed settlement of opioid-related claims against McKesson, Cardinal Health, AmerisourceBergen, Janssen, and their related corporate entities, and directs the City Attorney to execute the documents necessary to effectuate the City's participation in the settlements, including the required release of claims against settling entities.

Adopted: December 14, 2021

Certified:


Clerk of Council