

**PRELIMINARY OFFICIAL STATEMENT DATED APRIL 14, 2026  
ELECTRONIC BIDS TO BE RECEIVED THROUGH BIDCOMP/PARITY  
ON TUESDAY, APRIL 21, 2026**

In the opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the City, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed under the Code, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the City, under the existing statutes of the Commonwealth of Virginia, interest on the Bonds is not includable in computing the Virginia income tax. See "TAX MATTERS" herein.

**NEW ISSUE —  
BOOK-ENTRY ONLY**

**RATINGS:**  
**Fitch:** AA+  
**Moody's:** Aa2  
**S&P:** AA+  
(See "RATINGS" herein)



**Official Statement  
Relating To The Issuance Of  
\$70,190,000\*  
City Of Lynchburg, Virginia,  
General Obligation Public Improvement Bonds, Series 2026**

**Dated: Date of Delivery**

**Due: As Shown On Inside Cover**

This Official Statement has been prepared by the City of Lynchburg, Virginia (the "City") to provide information on the Bonds. Selected information is presented on this cover page for the convenience of the reader. To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety.

The Bonds will be general obligations of the City, and the full faith and credit of the City will be irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as they become due. In each year while the Bonds, or any of them, are outstanding and unpaid, the City Council of the City is 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.

The Bonds will be dated the date of their delivery and will mature in each of the years and in the principal amounts set forth on the inside cover of this Official Statement. Interest on the Bonds will be payable on August 1, 2026 and semiannually on each February 1 and August 1 thereafter.

The Bonds are issuable only in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interests in the Bonds purchased. Payments of principal and interest will be made by wire transfer to DTC or its nominee, Cede & Co., which will then remit such payments to the DTC Participants, for subsequent disbursement to the Beneficial Owners of the Bonds, as described in APPENDIX F "DESCRIPTION OF THE DEPOSITORY TRUST COMPANY AND THE BOOK-ENTRY SYSTEM". The Chief Financial Officer of the City will initially serve as Registrar and Paying Agent for the Bonds. The City reserves the right to appoint a successor Registrar and Paying Agent at any time in its sole discretion.

The Bonds are subject to redemption prior to their stated maturities at the option of the City as set forth herein.

*Electronic bids for the Bonds will be received by the City on April 21, 2026, as described in the Official Notice of Sale, dated April 14, 2026, set forth in Appendix G to this Official Statement. The Bonds are offered when, as and if issued, subject to approval of their validity by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the City, as described herein. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about May 5, 2026.*

**Dated: April \_\_, 2026**

\*Preliminary, subject to adjustment in accordance with the provisions of the Official Notice of Sale.

**\$70,190,000\***  
**CITY OF LYNCHBURG, VIRGINIA,**  
**GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2026**

| Year<br>(February 1) * | Principal<br>Amount* | Interest<br>Rate | Price or<br>Yield | CUSIP<br>Number** |
|------------------------|----------------------|------------------|-------------------|-------------------|
| 2027                   | \$1,525,000          | %                | %                 |                   |
| 2028                   | 1,665,000            |                  |                   |                   |
| 2029                   | 1,720,000            |                  |                   |                   |
| 2030                   | 3,535,000            |                  |                   |                   |
| 2031                   | 3,710,000            |                  |                   |                   |
| 2032                   | 1,995,000            |                  |                   |                   |
| 2033                   | 2,095,000            |                  |                   |                   |
| 2034                   | 2,195,000            |                  |                   |                   |
| 2035                   | 2,305,000            |                  |                   |                   |
| 2036                   | 2,420,000            |                  |                   |                   |
| 2037                   | 2,540,000            |                  |                   |                   |
| 2038                   | 2,670,000            |                  |                   |                   |
| 2039                   | 2,810,000            |                  |                   |                   |
| 2040                   | 2,940,000            |                  |                   |                   |
| 2041                   | 3,090,000            |                  |                   |                   |
| 2042                   | 2,815,000            |                  |                   |                   |
| 2043                   | 2,955,000            |                  |                   |                   |
| 2044                   | 3,070,000            |                  |                   |                   |
| 2045                   | 3,185,000            |                  |                   |                   |
| 2046                   | 3,320,000            |                  |                   |                   |
| 2047                   | 1,465,000            |                  |                   |                   |
| 2048                   | 1,525,000            |                  |                   |                   |
| 2049                   | 1,595,000            |                  |                   |                   |
| 2050                   | 1,655,000            |                  |                   |                   |
| 2051                   | 1,720,000            |                  |                   |                   |
| 2052                   | 1,785,000            |                  |                   |                   |
| 2053                   | 1,855,000            |                  |                   |                   |
| 2054                   | 1,935,000            |                  |                   |                   |
| 2055                   | 2,005,000            |                  |                   |                   |
| 2056                   | 2,090,000            |                  |                   |                   |

---

\* Preliminary, subject to adjustment in accordance with the provisions of the Official Notice of Sale.

\*\* CUSIP numbers have been assigned by an organization not affiliated with the City and are included solely for the convenience of the holders of the Bonds. The City is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated above.

**CITY OF LYNCHBURG, VIRGINIA**

**CITY COUNCIL**

Larry Taylor, Mayor

Curt Diemer, Vice Mayor

Chris Faraldi

Martin Misjuns

Stephanie Reed

Jacqueline Timmer

Sterling Wilder

**CITY OFFICIALS**

Wynter C. Benda, City Manager

Greg Patrick, Deputy City Manager

Donna S. Witt, Chief Financial Officer

Alicia L. Finney-Andrews, Clerk of Council

Matthew Freedman, City Attorney

**BOND COUNSEL**

HAWKINS DELAFIELD & WOOD LLP

New York, New York

**AUDITORS**

BROWN, EDWARDS & COMPANY, L.L.P.

Lynchburg, Virginia

**FINANCIAL ADVISOR**

DAVENPORT & COMPANY LLC

Richmond, Virginia

The information contained in this Official Statement (which term shall be deemed to include all Appendices to this Official Statement) has been obtained from the City and other sources deemed reliable. The information concerning DTC has been obtained from DTC. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purpose. The information contained in this Official Statement is subject to change without notice and neither the delivery of this Official Statement nor any sale made by means of it shall, under any circumstances, create any implication that there have not been changes in the affairs of the City since the date of this Official Statement. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds.

No broker, dealer, sales representative or any other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described in it and, if given or made, such other information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page and inside cover page hereof, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Bonds will be exempt from registration under the Securities Act of 1933, as obligations of a political subdivision of the Commonwealth of Virginia. The Bonds also will be exempt from registration under the securities laws of the Commonwealth of Virginia.

The electronic distribution of this Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds described herein to the residents of any particular state and is not specifically directed to the residents of any particular state. The Bonds will not be offered or sold in any state unless and until they are either registered pursuant to the laws of such state, or qualified pursuant to an appropriate exemption from registration in such state.

In making an investment decision investors must rely on their own examination of the terms of the offering, including the merits and risks involved.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact.

Any References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this offering document for purposes of, and as that term is defined in, Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend," "projection" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in APPENDIX A to this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements.

---

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

## TABLE OF CONTENTS

|                                                                                                                        | <u>Page</u> |
|------------------------------------------------------------------------------------------------------------------------|-------------|
| SECTION ONE: INTRODUCTION .....                                                                                        | 1           |
| The Issuer .....                                                                                                       | 1           |
| Purpose and Use of Proceeds of the Bonds .....                                                                         | 1           |
| The Bonds .....                                                                                                        | 1           |
| Delivery .....                                                                                                         | 2           |
| Continuing Disclosure .....                                                                                            | 2           |
| Ratings .....                                                                                                          | 2           |
| Additional Information .....                                                                                           | 2           |
| SECTION TWO: THE BONDS .....                                                                                           | 3           |
| Authorization and Purposes of the Bonds .....                                                                          | 3           |
| Plan of Refunding .....                                                                                                | 3           |
| Sources and Uses of Fund .....                                                                                         | 4           |
| Description of the Bonds .....                                                                                         | 4           |
| Redemption .....                                                                                                       | 5           |
| Security for the Bonds .....                                                                                           | 6           |
| Bondholders' Remedies in the Event of Default .....                                                                    | 6           |
| Approval of Legal Proceedings .....                                                                                    | 7           |
| Tax Matters .....                                                                                                      | 7           |
| Verification .....                                                                                                     | 10          |
| CUSIP Numbers .....                                                                                                    | 10          |
| SECTION THREE: MISCELLANEOUS .....                                                                                     | 11          |
| Ratings .....                                                                                                          | 11          |
| Financial Advisor .....                                                                                                | 11          |
| Sale at Competitive Bidding .....                                                                                      | 11          |
| Closing Certificates .....                                                                                             | 11          |
| Continuing Disclosure .....                                                                                            | 12          |
| Independent Auditors .....                                                                                             | 12          |
| Summaries and Descriptions .....                                                                                       | 12          |
| Deemed Final Document .....                                                                                            | 13          |
| <u>Appendices:</u>                                                                                                     |             |
| Appendix A      City of Lynchburg .....                                                                                | A-1         |
| Appendix B      City of Lynchburg - Organizational Structure .....                                                     | B-1         |
| Appendix C      Financial Statements of the City of Lynchburg, Virginia, for the Fiscal Year Ended June 30, 2025 ..... | C-1         |
| Appendix D      Proposed Form of Opinion of Bond Counsel .....                                                         | D-1         |
| Appendix E      Proposed Form of Continuing Disclosure Certificate .....                                               | E-1         |
| Appendix F      Description of The Depository Trust Company and the Book-Entry System .....                            | F-1         |
| Appendix G      Official Notice of Sale .....                                                                          | G-1         |

**[This Page Intentionally Left Blank]**

**OFFICIAL STATEMENT  
RELATING TO THE ISSUANCE OF**

**\$70,190,000\***  
**CITY OF LYNCHBURG, VIRGINIA,**  
**GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2026**

**SECTION ONE: INTRODUCTION**

The purpose of this Official Statement is to furnish information in connection with the sale by the City of Lynchburg, Virginia (the “City”), of its \$70,190,000\* aggregate principal amount General Obligation Public Improvement Bonds, Series 2026 (the “Bonds”). The Bonds will be general obligations of the City to the payment of which the full faith and credit and unlimited taxing power of the City are irrevocably pledged. Financial and other information contained in this Official Statement has been prepared by the City from its records (except where other sources are noted). This information speaks as of its date and is not intended to indicate future or continuing trends in the financial or economic position of the City.

**The Issuer**

The issuer of the Bonds is the City of Lynchburg located adjacent to Amherst, Bedford and Campbell Counties in the Piedmont section of Virginia within 14 miles of the geographic center of the Commonwealth of Virginia. The City is autonomous and entirely independent of any county or any other political subdivision of the Commonwealth of Virginia. The City had a population of 81,417 for calendar year 2025 as reported by the Weldon Cooper Center for Public Service.

**Purpose and Use of Proceeds of the Bonds**

The proceeds of the Bonds will be used to finance and refinance the costs of various public improvement projects of and for the City, including the refunding and redemption of the City’s outstanding Series 2023 Bond Anticipation Note and a portion of the City’s outstanding Series 2016 General Obligation Bonds. A more complete description of the use of proceeds of the Bonds is provided in Section Two.

**The Bonds**

The Bonds will be dated the date of their delivery and will mature on February 1 in each of the years and in the principal amounts in each such year set forth on the inside cover page of this Official Statement. The Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof and will be held by DTC or by its nominee as securities depository with respect to the Bonds.

The Bonds will bear interest at the rates per annum set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable on August 1, 2026 and semiannually on each February 1 and August 1 thereafter. Interest on the Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months. So long as the Bonds are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, on each interest payment date.

The record dates for the payment of principal of and interest on the Bonds are July 15, 2026 and each January 15 and July 15 thereafter.

The Bonds are subject to redemption prior to maturity as described herein under “SECTION TWO: THE BONDS — Description of the Bonds — *Redemption*”.

---

\* Preliminary, subject to adjustment in accordance with the provisions of the Official Notice of Sale.

**Delivery**

The Bonds are offered for delivery, when, as and if issued, subject to the approval of their validity by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the City. Certain legal matters will be passed upon for the City by its City Attorney, Matthew Freedman. It is expected that the Bonds will be available for delivery, at the expense of the City, in New York, New York, through the facilities of DTC, on or about May 5, 2026.

**Continuing Disclosure**

The City will execute and deliver to the Underwriter on the date of issuance of the Bonds, a Continuing Disclosure Certificate in accordance with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

**Ratings**

The Bonds have been rated as shown on the cover page hereof by Fitch Ratings, 33 Whitehall Street, New York, New York 10004, Moody's Ratings, 7 World Trade Center, 250 Greenwich Street, New York, New York, 10007, and S&P Global Ratings, 55 Water Street, New York, New York, 10041. A more complete description of the ratings is provided in Section Three.

**Additional Information**

Any questions concerning the content of this Official Statement should be directed to Ms. Donna S. Witt, Chief Financial Officer, 900 Church Street, Lynchburg, Virginia 24504 (434-455-3968, email: donna.witt@lynchburgva.gov), or to the City's Financial Advisor, Davenport & Company LLC, One James Center, 901 East Cary Street, Richmond, Virginia, 23219 (804-780-2000).

## **SECTION TWO: THE BONDS**

### **Authorization and Purposes of the Bonds**

The Bonds are being issued in accordance with the provisions of Title 15.2, Chapter 26 of the Code of Virginia, 1950, as amended (being the Public Finance Act of 1991), and Resolutions duly adopted by the Council of the City on June 27, 2023 and March 10, 2026.

A portion of the proceeds of the Bonds, exclusive of the costs of issuance thereof, will be used to finance the costs of the acquisition, construction, reconstruction, improvement, extension, enlargement and equipping of various public improvement projects of and for the City, including, but not limited to, transportation projects, school improvement projects, sewer improvement projects, water improvement projects, building projects, parks and recreation projects, economic development projects, airport projects and stormwater improvement projects. A portion of the proceeds of the Bonds will also be used to provide long-term financing for the costs of various public improvement projects of the City through the refunding and redemption on the date of issuance of the Bonds of the City's Series 2023 Bond Anticipation Note (the "Series 2023 BAN") and the refunding of certain outstanding general obligation bonds of the City (see "Plan of Refunding" below).

### **Plan of Refunding\***

A portion of the proceeds of sale of the Bonds will be applied to the refunding and defeasance of all or a portion of the \$[ ] aggregate principal amount of the City's General Obligation Public Improvement and Refunding Bonds, Series 2016, dated May 19, 2016 and maturing on February 1 in each of the years shown in the table below (the "Refunded Series 2016 Bonds" or the "Refunded Bonds").

A portion of the proceeds of sale of the Bonds will be deposited with U.S. Bank Trust Company, National Association, as Escrow Agent (the "Escrow Agent"), under an Escrow Deposit Agreement (the "Escrow Deposit Agreement"), by and between the City and the Escrow Agent. Such proceeds will be invested in noncallable obligations of, or unconditionally guaranteed by, the United States (hereinafter, "Government Securities"). The Government Securities will mature and bear interest payable at times and in amounts sufficient, together with other funds held under the Escrow Deposit Agreement, to pay interest when due on the Refunded Series 2016 Bonds to their redemption date and to pay the principal of the Refunded Series 2016 Bonds on their redemption date.

The City is undertaking the refunding of the Refunded Bonds described above in order to reduce its annual debt service expenditures and to achieve debt service savings in such amount as shall be deemed sufficient by the City. The refunding of the Refunded Bonds is therefore subject to market conditions and the City may determine to refund all, some, or none of the Refunded Bonds.

---

\* Preliminary, subject to adjustment in accordance with the provisions of the Official Notice of Sale.

The Refunded Bonds are more fully described below\*:

**General Obligation Public Improvement and Refunding Bonds  
Series 2016, Dated May 19, 2016**

| Year of<br>Maturity<br>(February 1) | Principal<br>Amount | Interest<br>Rate | Redemption<br>Date | Redemption<br>Price | CUSIP<br>Number |
|-------------------------------------|---------------------|------------------|--------------------|---------------------|-----------------|
| 2030                                | \$1,860,000         | 4.000%           | _____, 2026        | 100%                | 5512396W1       |
| 2031                                | 1,935,000           | 4.000            | _____, 2026        | 100                 | 5512396X9       |
| 2032                                | 2,010,000           | 3.000            | _____, 2026        | 100                 | 5512396Y7       |
| 2033                                | 2,070,000           | 3.000            | _____, 2026        | 100                 | 5512396Z4       |
| 2034                                | 2,135,000           | 3.000            | _____, 2026        | 100                 | 5512397A8       |
| 2035                                | 2,200,000           | 3.000            | _____, 2026        | 100                 | 5512397B6       |
| 2036                                | 2,260,000           | 3.000            | _____, 2026        | 100                 | 5512397C4       |

**Sources and Uses of Fund**

The following table sets forth the anticipated application of the proceeds of the Bonds for the purposes described above:

**Sources of Funds**

|                                                    |          |
|----------------------------------------------------|----------|
| Principal Amount                                   | \$ _____ |
| Net Original Issue Premium/Discount <sup>(1)</sup> | _____    |
| Total Sources                                      | \$ _____ |

**Uses of Funds**

|                                                                     |          |
|---------------------------------------------------------------------|----------|
| Deposit to Capital Improvements Fund                                | \$ _____ |
| Refunding of Series 2023 BAN                                        |          |
| Deposit to the Escrow Deposit Funds to Refund the<br>Refunded Bonds |          |
| Costs of Issuance <sup>(2)</sup>                                    | _____    |
| Total Uses                                                          | \$ _____ |

<sup>(1)</sup> Based on the initial public prices of the Bonds.

<sup>(2)</sup> Including underwriting compensation as discussed under "Sale at Competitive Bidding" in Section Three.

**Description of the Bonds**

*General*

The Bonds consist of one issue totaling \$70,190,000\* aggregate principal amount of General Obligation Public Improvement Bonds of the City, to which the full faith and credit and unlimited taxing power of the City are pledged for payment (see "Security for the Bonds" herein). The Bonds are dated the date of their delivery, bear interest from that date payable on August 1, 2026 and semiannually on each February 1 and August 1 thereafter at the rates per annum set forth on the inside cover page of this Official Statement and mature on February 1 of the years and in the principal amount in each such year set forth on the inside cover page of this Official Statement.

\* Preliminary, subject to adjustment in accordance with the provisions of the Official Notice of Sale.

The Bonds will be issued in fully registered form in the denomination of \$5,000 or integral multiples thereof and will be held by DTC, or its nominee, as securities depository with respect to the Bonds. Purchasers of beneficial ownership interests in the Bonds will be made only in book-entry form and individual purchasers will not receive physical delivery of the Bonds. See Appendix F “DESCRIPTION OF THE DEPOSITORY TRUST COMPANY AND THE BOOK-ENTRY SYSTEM”.

## Redemption\*

### Optional Redemption

The Bonds maturing on and after February 1, 2037 (or portions thereof in installments of \$5,000) are subject to redemption at the option of the City prior to their stated maturities on or after August 1, 2036, in whole or in part at any time, in such order as may be determined by the City (except that if at any time less than all of the Bonds of a given maturity of any series are called for redemption, the particular Bonds or portions thereof in installments of \$5,000 of such maturity to be redeemed shall be selected by lot), upon payment of a redemption price equal to the principal amount of the Bonds to be redeemed, together with the interest accrued thereon to the date fixed for the redemption thereof.

### Mandatory Sinking Fund Redemption

The Bonds maturing on February 1, 20\_\_ are subject to mandatory sinking fund redemption on February 1, 20\_\_ and on February 1 of each year thereafter and to payment at maturity in the principal amounts in each year set forth below, in the case of redemption with the particular Bond or Bonds maturing on February 1, 20\_\_ or portions thereof to be redeemed to be selected by lot, upon payment of the principal amount of the Bonds maturing on February 1, 20\_\_ to be redeemed, together with the interest accrued on the principal amount to be redeemed to the date fixed for the redemption thereof:

| <u>Year</u><br><u>(February 1)</u> | <u>Principal Amount</u> |
|------------------------------------|-------------------------|
|                                    | \$                      |

†

†Final maturity.

The City, at its option, may credit against such mandatory sinking fund redemption requirement the principal amount of any Bonds maturing on February 1, 20\_\_ which have been purchased and cancelled by the City or which have been redeemed and not theretofore applied as a credit against such mandatory sinking fund redemption requirement.

### Notice of Redemption

If any Bond (or any portion of the principal amount thereof in installments of \$5,000) shall be called for redemption, notice of the redemption thereof, specifying the date, number and maturity of such Bond, the date and place or places fixed for its redemption, and if less than the entire principal amount of such

---

\* Preliminary, subject to adjustment in accordance with the provisions of the Official Notice of Sale.

Bond is to be redeemed, that such Bond must be surrendered in exchange for the principal amount thereof to be redeemed and a new Bond or Bonds issued equaling in principal amount that portion of the principal amount thereof not to be redeemed, shall be mailed not less than 30 days prior to the date fixed for redemption by first class mail, postage prepaid, to the registered owner of such Bond at such registered owner's address as it appears on the books of registry kept by the Registrar and Paying Agent for the Bonds as of the close of business on the 45th day next preceding the date fixed for redemption. If notice of the redemption of any Bond (or portion thereof in installments of \$5,000) shall have been given as aforesaid, and payment of the principal amount of such Bond (or the portion of the principal amount thereof to be redeemed) and of the accrued interest payable upon such redemption shall have been duly made or provided for, interest on such Bond shall cease to accrue from and after the date so specified for redemption thereof.

Any notice of the optional redemption of the Bonds may state that it is conditioned upon there being on deposit with the City, or with the Registrar and Paying Agent for the Bonds or other agent designated by the City, on the date fixed for the redemption thereof an amount of money sufficient to pay the redemption price of such Bonds, together with the interest accrued thereon to the date fixed for the redemption thereof, and any conditional notice so given may be rescinded at any time before the payment of the redemption price of such Bonds, together with the interest accrued thereon, is due and payable if any such condition so specified is not satisfied. If a redemption of any Bonds does not occur after a conditional notice is given due to there not being on deposit with the City, or with the Registrar and Paying Agent for the Bonds or other agent designated by the City, a sufficient amount of money to pay the redemption price of such Bonds, together with the interest accrued thereon to the date fixed for the redemption thereof, the corresponding notice of redemption shall be deemed to be revoked.

So long as the Bonds are in book-entry only form, any notice of redemption shall be given only to DTC or to its nominee. The City shall not be responsible for providing any beneficial owner of the Bonds any notice of redemption.

### **Security for the Bonds**

The Bonds will be general obligations of the City, and the full faith and credit of the City will be irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as they become due. The Council of the City is 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.

### **Bondholders' Remedies in the Event of Default**

Section 15.2-2659 of the Code of Virginia, 1950, provides that, upon the affidavit of any owner or any paying agent of any general obligation indebtedness of a political subdivision of the Commonwealth of Virginia (including the City) in default as to payment of principal or interest, the Governor shall immediately make a summary investigation and if such default is established to the Governor's satisfaction, the Governor shall immediately make an order directing the State Comptroller to withhold all further payment to the political subdivision of all funds, or any part thereof, appropriated and payable by the Commonwealth to the political subdivision so in default for any and all purposes until such default is cured. The Governor shall, while such default continues, direct the payment of all such sums so withheld, or so much thereof as shall be necessary, to the owners of the indebtedness so in default, or the paying agent therefor, so as to cure, or to cure insofar as possible, the default on such indebtedness and the interest thereon. The Governor shall, as soon as practicable, give notice of such default and of the availability of funds with the paying agent or with the State Comptroller by publication one time in a daily newspaper of general circulation in the City of Richmond and, in the case of registered bonds, by mail, to the registered owners of such indebtedness. The State Comptroller advises that to date no order to withhold funds pursuant to Section 15.2-2659 has ever been issued. Although the provisions of Section 15.2-2659 have never been tested in a Virginia court, the Attorney

General of Virginia has ruled that appropriated funds may be withheld by the Commonwealth pursuant to that section. In the fiscal year ended June 30, 2025, total direct appropriations paid by the Commonwealth to the City amounted to approximately \$146,298,982, as reported by the City to the Auditor of Public Accounts of the Commonwealth.

Neither the Bonds nor the proceedings with respect hereto specifically provide any remedies to the Bondholders if the City defaults in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the Bondholders upon the occurrence of such default. Upon any default in the payment of the principal of or interest on a Bond, a Bondholder could, among other things, seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the City Council to levy and collect 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 as the same shall come due and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto. The mandamus remedy, however, may be impractical and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

Although Virginia law currently does not authorize such action, future legislation may enable the City to file a petition for relief under the United States Bankruptcy Code (the “Bankruptcy Code”) if it is insolvent or unable to pay its debts. Bankruptcy proceedings by the City could have adverse effects on the Bondholders including (1) delay in the enforcement of their remedies, (2) subordination of their claims to those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (3) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation indebtedness or the Bonds, such creditors will have the benefit of their original claim or the “indubitable equivalent”. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

The City has never defaulted in the payment of either principal of or interest on any indebtedness.

### **Approval of Legal Proceedings**

Certain legal matters relating to the authorization and validity of the Bonds are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the City. The opinion of Bond Counsel will be furnished at the expense of the City upon delivery of the Bonds and will be printed on or appended to the Bonds. The proposed form of the opinion of Bond Counsel is set forth in Appendix D to this Official Statement. Bond Counsel will express no opinion as to the Official Statement, and the opinion of Bond Counsel will be limited to matters relating to the authorization and validity of the Bonds and to the exclusion of interest on the Bonds from gross income under present federal and Virginia income tax laws.

### **Tax Matters**

#### *Opinion of Bond Counsel*

In the opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the City, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed under the Code, however interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinions, Bond Counsel has relied on

certain representations, certifications of fact and statements of reasonable expectations made by the City in connection with the Bonds, and Bond Counsel has assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the City, under existing statutes of the Commonwealth of Virginia, interest on the Bonds is not includable in computing the Virginia income tax.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinions under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinions to reflect any action thereafter taken or not taken, or any facts or circumstances that may thereafter come to its attention, or changes in law or in interpretations thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequences of any of the events in the preceding sentence or the likelihood of their occurrence. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax law.

#### *Certain Ongoing Federal Tax Requirements and Covenants*

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, without regard to the date on which such noncompliance occurs or is discovered. The City has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

#### *Certain Collateral Federal Tax Consequences*

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

#### *Original Issue Discount*

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to

bond houses, brokers or similar persons acting in the capacity as underwriters, placement agents or wholesalers). In general, the issue price for each maturity of the Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of OID for federal income tax purposes, including various special rules relating thereto, and the State and local tax consequences of acquiring, holding and disposing of Discount Bonds.

#### *Original Issue Premium*

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest that is unconditionally payable at least annually at prescribed rates), that premium constitutes “premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that result in the lowest yield on such Bond). An owner of a Premium Bond must amortize the premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the premium allocable to that period. In the case of a tax-exempt Premium Bond, if the premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of premium for federal income tax purposes, including various special rules relating thereto, and State and local tax consequences, in connection with the acquisition, ownership, amortization of premium on, sale, exchange or other disposition of Premium Bonds.

#### *Information Reporting and Backup Withholding*

Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification”, or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding”, which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally may be expected, no backup withholding

should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

#### *Miscellaneous*

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

#### **Verification**

The Arbitrage Group, Inc. will verify certain mathematical computations as to the sufficiency of the moneys and investments deposited under the Escrow Deposit Agreement (i) to pay, when due, the interest on the Refunded Bonds to their redemption date, and (ii) to pay the principal of the Refunded Bonds on their redemption date. See "Plan of Refunding" above.

#### **CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal to accept delivery of and pay for the Bonds. The City's Financial Advisor will be responsible for obtaining the CUSIP numbers for the Bonds. The City is not responsible for the selection, use or assignment of the CUSIP numbers, and no representation is made by the City as to the correctness of the CUSIP numbers indicated herein or on the Bonds.

### **SECTION THREE: MISCELLANEOUS**

#### **Ratings**

The City has applied to Fitch Ratings, 33 Whitehall Street, New York, New York, 10004, Moody's Ratings, 7 World Trade Center, 250 Greenwich Street, New York, New York, 10007, and S&P Global Ratings, 55 Water Street, New York, New York, 10041, for credit ratings on the Bonds. The initial credit ratings are set forth on the cover of this Official Statement. An explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. The City furnished to such rating agencies the information contained in this Official Statement and certain publicly available materials and information about the City. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions of rating agencies. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of either or both, circumstances so warrant. Such circumstances may include, without limitation, changes in or unavailability of information relating to the City. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Bonds.

#### **Financial Advisor**

Davenport & Company LLC, Richmond, Virginia, is employed as Financial Advisor to the City in connection with the issuance of the Bonds. Although the Financial Advisor assisted in the preparation and review of this Official Statement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement.

#### **Sale at Competitive Bidding**

The Bonds are to be sold at competitive bidding on Tuesday, April 21, 2026 (the "Sale Date").

To be completed after competitive sale:

The Bonds were awarded to \_\_\_\_\_ (the "Underwriter") at a price to the City that results in underwriting compensation in the amount of \$\_\_\_\_\_ from the initial public offering prices derived from the yields for the Bonds shown on the inside cover page of this Official Statement. The Underwriter supplied the information as to the initial public offering yields for the Bonds shown on such inside cover page. The Underwriter may offer to sell the Bonds to certain dealers and others at prices lower than the initial public offering prices, or prices derived from the yields, shown on such inside cover page.

#### **Closing Certificates**

In addition to the customary closing certificates, the Underwriter will be furnished at the time the Bonds are delivered a certificate of the City stating that the descriptions and statements, including financial statements, of or pertaining to the City contained in this Official Statement (other than under the caption "Litigation" in Appendix A hereto), on the Sale Date and at the time of delivery of the Bonds, were and are true and correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. Such certificate will further confirm that insofar as the descriptions and statements, including financial data, contained in this Official Statement of or pertaining to non-governmental bodies and governmental bodies other than the City are concerned, such descriptions, statements and data have been attained from sources believed by the City to be reliable and the City has no reason to believe that they are untrue or incomplete in any material respect.

The Underwriter will also be furnished on the date of delivery of the Bonds, a certificate signed by the City Attorney stating that the portion of this Official Statement entitled “Litigation” in Appendix A hereto on the Sale Date and at the time of the delivery of the Bonds was and is true and correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

### **Continuing Disclosure**

The City will execute and deliver to the Underwriter, a Continuing Disclosure Certificate, the form of which is set forth as Appendix E to this Official Statement, pursuant to which the City will covenant and agree, for the benefit of the holders of the Bonds, consistent with the Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), to provide to the Municipal Securities Rulemaking Board (the “MSRB”) annual financial information and operating data for the City, including audited financial statements of the City, within nine (9) months after the end of each fiscal year, beginning with the fiscal year ending June 30, 2026, and, in a timely manner not in excess of ten (10) business days after the occurrence thereof, notices of certain listed events with respect to the Bonds, as required by Rule 15c2-12 and as more particularly set forth in Appendix E to this Official Statement. The City will also agree to provide notice, in a timely manner, to the MSRB of any failure of the City to provide required annual financial information referred to in the Continuing Disclosure Certificate to the MSRB. The continuing obligation of the City to provide annual financial information and notices referred to above will terminate with respect to the Bonds when the Bonds are defeased or no longer outstanding. Any failure by the City to comply with the foregoing will not constitute a default with respect to the Bonds.

For each of the fiscal year ended June 30, 2021, the City failed to update certain financial and operating data (hereinafter referred to as the “Additional Annual Data”) in its annual reports filed on the MSRB’s EMMA website, as required by the City’s prior continuing disclosure undertakings relating to its general obligation bonds issued prior to calendar year 2017 (the “Prior Undertakings”). The City made a late filing of the Additional Annual Data required by the City’s outstanding Prior Undertakings on the MSRB’s EMMA website on March 1, 2023.

### **Independent Auditors**

The financial statements of the City, as of and for the year ended June 30, 2025, included in this Official Statement as Appendix B, have been audited by Brown, Edwards & Company, LLP, independent auditors, as stated in their report appearing herein.

Brown, Edwards & Company, LLP, independent auditors, has not been engaged to perform and has not performed, since the date of their report included in Appendix B, any procedures on the basic financial statements addressed in that report. Brown, Edwards & Company, LLP also has not performed any procedures relating to this Official Statement or the issuance of the Bonds.

### **Summaries and Descriptions**

All summaries in this Official Statement of provisions of the Constitution of the Commonwealth of Virginia, statutes of the Commonwealth of Virginia, resolutions or other proceedings of the City, or other documents and instruments and of the Bonds are subject to the detailed provisions and judicial interpretations to which reference is hereby made for further information. Such summaries do not purport to be complete statements of any or all of such provisions.

This Official Statement and any advertisement of the Bonds are not to be construed as a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly identified, are set forth as such and not as representations of fact, and no representation is made that any of these estimates will be realized.

**Deemed Final Document**

The City has authorized the distribution of the Preliminary Official Statement and the Official Statement relating to the Bonds and has deemed the Preliminary Official Statement final as of its date within the meaning of Rule 15c2-12, except for the omission of certain pricing and other information permitted to be omitted pursuant to Rule 15c2-12.

**CITY COUNCIL OF THE CITY OF LYNCHBURG,  
VIRGINIA**

.....  
**LARRY TAYLOR**  
*Mayor*

**[This Page Intentionally Left Blank]**

**APPENDIX A**

**CITY OF LYNCHBURG, VIRGINIA**

**(This Page Intentionally Left Blank)**

## CITY OF LYNCHBURG

### General Description

#### Overview

The City of Lynchburg (the “City” or “Lynchburg”) is named for its founder, John Lynch, who, at the age of 17, established a ferry service across the James River in 1757. In October of 1786, the Virginia General Assembly granted John Lynch a charter, and a town was formed, Lynch’s Ferry House. The town later became known as Lynchburg, and it was incorporated in 1805 and became an independent city in 1852. Lynchburg, Virginia, is a city which remembers its past while focusing on the future. It is a vibrant central city, serving as the business and cultural center of the region, fostering a strong sense of community, promoting economic opportunity for all of its citizens and providing responsive, results-oriented government. Lynchburg is an active community with 953 acres of parks and more than 40 miles of urban trails and boasting friendly residential neighborhoods. Lynchburg has a tradition of outstanding public education, and is also home to five colleges and universities, including Liberty University, the largest private university in the Commonwealth of Virginia (the “Commonwealth” or “Virginia”).

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 14 miles of the geographic center of the Commonwealth. Although it serves as the core of a 2,000 square mile region, Lynchburg is autonomous and entirely independent of any county or any other political subdivision of the Commonwealth. The Weldon Cooper Center reported the City’s population to be 81,417 for 2025 and the population of the Lynchburg Metropolitan Statistical Area, including the City and the Counties of Amherst, Bedford and Campbell, was estimated to be 268,815 in 2025.

City employees strive to fulfill their mission to deliver services to City residents and visitors in an efficient, effective and equitable manner and to build a stronger community. Lynchburg has received frequent recognition for its successes. For the second year in a row, Lynchburg was named one of the Top 100 Best Places to Live by Livability. Rankings are based on economy, housing and cost of living, amenities, transportation, environment, safety, education, and health. In 2025, Lynchburg was named one of the Best Places to Live and Retire by *U.S. News & World Report* and ranked as the No. 1 Hidden Gem Housing Market in the U.S. by GOBankingRates, recognizing the city for its affordability, quality of life, and access to outdoor recreation. Recently the City of Lynchburg has been listed in *Southern Living’s* “Cities on the Rise,” *Travel + Leisure Magazine’s* “25 Iconic College Towns,” and *Blue Ridge Outdoors’* “Top Adventure Towns.” The city once again was recognized nationally as a leader in using information technology to assist in service delivery. In its annual Digital Cities Survey, e.Republic’s Center for Digital Government and Digital Communities Program, the City of Lynchburg placed seventh in its population category (75,000 – 124,999), the 21<sup>st</sup> consecutive year the city has been in the national top ten ranking for communities of its size. In 2024 and 2025, the city’s Department of Fleet Services once again earned national acclaim, ranking #5 in the National Association of Fleet Administrators (NAFA) 100 Best Fleets competition.

## **Organization of Government, Vision and Priorities**

### **Council-Manager Government**

The City has been organized under the Council-Manager form of government since 1920. The City Council is the governing body that makes all policy decisions for the proper administration of the City. The City Council is elected by the voters and is comprised of seven members, who elect a Mayor and Vice-Mayor from their members for a two-year term. Three City Council members are elected at-large and four are elected from wards, with staggered four-year terms so that a portion of the City Council is elected every two years. The City Council is responsible for the appointments of three positions within the organization: a City Manager to act as administrative head of the City; a City Attorney to serve as its parliamentarian, and; a Clerk of Council to record and preserve the actions of City Council. The City Manager serves at the pleasure of the City Council, carries out its policies, directs the City's operations, provides financial and human resource management, and has the power of appointment and removal of all department directors and employees of the City.

### **City Council's Vision and Priorities**

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

### **Lynchburg School Board**

The City Council appoints a nine-member School Board to serve staggered three-year terms of office. Although the School Board is appointed by the City Council, under Virginia law all operations of the School Board are completely independent of the City Council and City administration. The School Board appoints a School Superintendent who serves at the pleasure of the School Board and is responsible for the operations of the school system in accordance with Virginia laws, regulations of the Virginia Board of Education, and the policies and regulations of the Board. The Superintendent recommends and the School Board appoints a staff which directs the three divisions: School Financial Services, Instructional Services, and Operations and Administrations. The School Board presents an annual budget to the City Council, which is required to make an annual appropriation for school operations, but has no authority over how the appropriation is spent. The School Board is not empowered to levy taxes or incur indebtedness and all school facilities are titled to the City.

## **School Board's Vision and Priorities**

**The Vision:** A Tradition of Excellence for All.

**The Mission:** Every Child, By Name and By Need, to Graduation and Beyond.

**Goal 1 –** Student Growth, Development and Success: Lynchburg City Schools affirms that all students are challenged and are actively engaged through a variety of academic pathways, resulting in successful outcomes for post graduate education, career training or military service. Each Lynchburg City School will be accredited and the achievement gap closed.

**Goal 2 –** Personnel Growth, Development and Success: Lynchburg City Schools strives to recruit, hire, support, train, and retain employees to build excellence in education and, most importantly, to meet the needs of all students.

**Goal 3 –** Fiscal Responsibility: Lynchburg City Schools operates in an efficient, effective, timely and transparent manner with fiscal responsibility to meet our diverse financial needs and develop resources that advance educational outcomes of all students.

**Goal 4 –** Family and Community Engagement: Lynchburg City Schools purposefully works collaboratively with families, community, and businesses to provide the best education for our students.

The Lynchburg City School Board subsequently adopted these specific goals and rationale and equity habits have been set for each goal.

Lynchburg City Schools is presently engaged in a facilities master plan that will consider both the educational programming needs and strategies of the school division and the building assets that are needed to support those programs.

## **Constitutional Officers**

The Constitutional Officers of the City (the Commissioner of the Revenue, the Treasurer, the Commonwealth's Attorney, the Sheriff and the Clerk of the Circuit Court) are elected at-large by the citizens. They are not responsible to City Council, but closely coordinate their efforts with the City Council and the City Manager.

## Principal Officers

| <b>Elected Officials</b>      | <b>Name</b>        | <b>Term and Manner of Selection</b> | <b>Length of Service With City</b> | <b>Expiration of Term</b> |
|-------------------------------|--------------------|-------------------------------------|------------------------------------|---------------------------|
| Mayor and Council Member      | Larry Taylor       | 4 years<br>(Elected, at-large)      | 3 years                            | 12/31/2026                |
| Vice Mayor and Council Member | Curt Diemer        | 4 years<br>(Elected, ward)          | 1 year                             | 12/31/2028                |
| Council Member                | Chris Faraldi      | 4 years<br>(Elected, ward)          | 5 ½ years                          | 12/31/2028                |
| Council Member                | Martin Misjuns     | 4 years<br>(Elected, at-large)      | 3 years                            | 12/31/2026                |
| Council Member                | Stephanie Reed     | 4 years<br>(Elected, at-large)      | 3 years                            | 12/31/2026                |
| Council Member                | Jacqueline Timmer  | 4 years<br>(Elected, ward)          | 1 year                             | 12/31/2028                |
| Council Member                | Sterling A. Wilder | 4 years<br>(Elected, ward)          | 9 ½ years                          | 12/31/2028                |

| <b>Government Officials</b> | <b>Name</b>                    | <b>Manner of Selection</b> | <b>Length of Service With City</b> | <b>Expiration of Term</b> |
|-----------------------------|--------------------------------|----------------------------|------------------------------------|---------------------------|
| City Manager                | Wynter C. Benda                | Appointed by City Council  | 4 ½ years                          | Pleasure of Council       |
| Deputy City Manager         | Greg Patrick                   | Appointed by City Manager  | 3 ½ years                          | Pleasure of City Manager  |
| Assistant City Manager      | Kent White                     | Appointed by City Manager  | 23 years                           | Pleasure of City Manager  |
| City Attorney               | Matthew Freedman               | Appointed by City Council  | 6 years                            | Pleasure of Council       |
| Chief Financial Officer     | Donna S. Witt                  | Appointed by City Manager  | 26 years                           | Pleasure of City Manager  |
| Superintendent of Schools   | Dr. Kristy Somerville-Midgette | Appointed by School Board  | 6 months                           | Pleasure of School Board  |

## **Certain City Administrative and Financial Staff Members**

### **Wynter C. Benda City Manager**

Wynter C. Benda was appointed as Lynchburg City Manager in 2021. In his first years in Lynchburg, Mr. Benda worked with Lynchburg City Council to make historic investments in public safety, workforce recruitment and retention, and infrastructure. In the past year, the City opened a new state-of-the-art police headquarters; began construction on the Blackwater CSO Tunnel Project, the largest capital project in the City's history which will protect local waterways and the James River; and announced new air service to Chicago and Dulles.

Before coming to Lynchburg, Mr. Benda served as Norfolk, Virginia's Chief Deputy City Manager with oversight for the Departments of Planning, Intergovernmental Relations, Public Utilities, Public Works, Transit, Real Estate, Resilience and Communications. Mr. Benda has also served as the Senior Assistant City Attorney for the City of Hampton, the In-House Counsel for the Chesapeake Treasurer's Office, and served as a Judicial Law Clerk for the 7th Judicial Circuit.

Mr. Benda received a Bachelor of Arts degree from Hampden-Sydney College, a Master of Divinity degree and a Master of Theology degree from Union Presbyterian Seminary, and a Juris Doctor from Regent University School of Law. He and his wife, Shannon, have three daughters.

### **Greg Patrick Deputy City Manager**

Greg Patrick is the Deputy City Manager for the City of Lynchburg and began his duties in September 2022. In this role, he oversees a portfolio of departments, including Financial Services, City Assessor, Human Resources, Information Technology, Water Resources, Public Works and Fleet Services.

He previously served as Director of Budget and Strategic Planning, Budget Team Leader and Management Analyst III for the City of Norfolk. During his time with Norfolk, Mr. Patrick helped guide the city to its first-ever AAA credit rating, developed a formula to guide local K-12 operating funding and a capital funding model for school construction, and created "Civic Lab," which supports data-informed and innovative management in city operations and increased transparency in the community.

Mr. Patrick graduated from Virginia Tech with a Bachelor's degree in Resource Management and has a Master's degree in Accounting from Strayer University.

### **Kent L. White Assistant City Manager**

Kent White is the Assistant City Manager, with oversight in the areas of Community Development, Economic Development, Human Services (including both Social Services and Juvenile Services), Lynchburg Public Library, Lynchburg Regional Airport, and Parks and

Recreation. Mr. White previously served Lynchburg as both Environmental Planner and Senior Planner before becoming the Community Development Director in 2012.

A native of Central Virginia, Mr. White has worked in local and regional government for over 30 years. He has a passion for connecting people to their community. During his public service journey, he has completed both the Senior Executive Institute program through the University of Virginia's Weldon Cooper Center for Public Service and the Harvard Kennedy School's Senior Executives in State and Local Government program.

Mr. White has undergraduate and graduate degrees from Virginia Tech and served as an adjunct faculty member at the University of Lynchburg for more than a decade. He is a board member with the Optimist Club of Lynchburg, a service organization dedicated to celebrating the community's youth, and is a member of the Airport Commission. In his free time, he enjoys spending time with his family.

**Donna S. Witt**  
**Chief Financial Officer**

Donna S. Witt was promoted to Chief Financial Officer in June 2006. Previously she served as the Financial Services Department's Interim Director, assuming the duties and responsibilities of the retiring Director in January 2006.

As Chief Financial Officer, Ms. Witt is responsible for directing overall financial planning and policy by identifying, monitoring, and analyzing the fiscal condition of the City. Further responsibilities include: managing all aspects of the City's bonded indebtedness, including assessing debt capacity; coordinating bond issues and bond rating activities; and management oversight of the Accounting, Procurement, Budget, and Billings and Collections (including utility billing) Divisions.

A Kentucky native, Ms. Witt received her Bachelor of Science degree from Liberty University in 1983 with a major in Accounting and a minor in Business Administration. With more than 40 years of financial services experience, Ms. Witt has worked for the City of Lynchburg since September 1999, first as the Billings and Collections Administrator, until July 2004, when she was promoted to Assistant Director of Financial Services. Ms. Witt was also employed by Liberty University as Director of Accounting for eight years and as Director of Budget for three years.

Ms. Witt completed an extensive governmental leadership program sponsored by the Weldon Cooper Center for Public Service at the University of Virginia and completed the Harvard Kennedy School Executive Education Senior Executives in State and Local Government Program. She is also a graduate of Leadership Lynchburg and was commissioned as a Kentucky Colonel by the Governor of Kentucky.

Ms. Witt is a member of the National and State organizations of the Government Finance Officers Association of the United States and Canada, earning the designation of Certified Public Finance Officer and completing the Virginia Government Finance Officers' Certificate.

## **Kristy Somerville-Midgette, Ed.D Superintendent**

On May 20, 2025, the Lynchburg City School Board approved the appointment of Dr. Kristy Somerville-Midgette as the next Superintendent of Lynchburg City Schools (LCS).

This appointment marks a significant homecoming for Dr. Somerville-Midgette. She is a proud graduate of Lynchburg College (now the University of Lynchburg), where she earned her Bachelor's and Master's degrees in Special Education. Early in her career, she served as a Special Education teacher for Lynchburg City Schools from 2003 to 2006. She later received her doctorate in Educational Leadership and Administration from Liberty University. Her return signifies a dedicated commitment to the students and families of Lynchburg.

With more than two decades of experience in public education, Dr. Kristy Somerville-Midgette has served in a wide range of instructional and leadership roles, including Assistant Principal in Cumberland County Public Schools and Principal, Director of Secondary Instruction and CTE, and Assistant Superintendent in Mecklenburg County Public Schools. She became Superintendent of Brunswick County Public Schools in 2018.

Dr. Somerville-Midgette's dedication and impact have been recognized through numerous accolades, including the 2024 Virginia Association of School Superintendents (VASS) Leadership Excellence Award for Outstanding Service, the Evelyn P. Bickman Outstanding Undergraduate Alumni Award, the Woman Education Leaders in Virginia (WELV) Mentor of the Year Award, the Brunswick NAACP Educator of the Year Award, and the 2022 Region VIII Superintendent of the Year.

In addition to her professional achievements, Dr. Somerville-Midgette has held key leadership positions throughout the Commonwealth, including President of VASS, Vice President of WELV, and Virginia Governing Board Representative for the American Association of School Superintendents. She is also a former Clarksville Town Council Member.

## **Government Services and Facilities**

### **Introduction**

The City of Lynchburg provides a broad array of municipal services to its citizens, including police and fire protection, collection of refuse, water, sewer and stormwater services, parks and recreation, libraries and museums, human services, maintenance of streets and highways, economic development, tourism and community planning. The City also operates a public school system including pre-school, kindergarten through twelfth grade, gifted, special, and technical education. Other services provided by the City, which receive partial funding from the Commonwealth, include health services, mental health and substance abuse assistance, and judicial activities. The City operates a regional airport with commercial and general aviation services and a regional juvenile detention center. Additionally, the City participates in a regional jail authority, a regional public safety radio authority, a regional landfill authority, regional economic development activities and transportation planning.

## **Lynchburg Public Schools**

Lynchburg City Schools (LCS), established in 1871, is a leading educational institution in Virginia, serving over 7,800 students from preschool to adult learners. Offering a diverse range of learning experiences, LCS ensures individualized support for all students. From elementary to high school, LCS fosters academic excellence and holistic development through rigorous academics and enriching extracurricular activities. Committed to its mission of guiding every child, by name and by need, to graduation and beyond, LCS collaborates closely with parents and the community to provide personalized learning opportunities for each student.

LCS operates 19 educational facilities that include 10 elementary schools, 3 middle schools, 2 high schools, as well as the Hutcherson Early Learning Center, T.C. Miller Early Learning Center, Fort Hill Community School, and LAUREL Regional School. Additionally, the Central Virginia Governor's School is housed at Heritage High School. LCS also provides students to the STEM Academy located on the campus of Central Virginia Community College.

### **Program Highlights**

#### *Pre-K Education:*

LCS offers high-quality, full-day Pre-K programs for 3 and 4-year-olds. These early childhood programs are supported by a rigorous curriculum that incorporates language development, foundational math, inquiry-based science, social-emotional learning, social skills development, and time for play.

#### *Elementary Gifted Education:*

LCS recognizes the gifts and talents of every child and provides multiple avenues to grow and develop student gifts and talents through the DEPTH (Developing Expanded Perspectives through Higher-level Thinking) program and G.O. (Gifted Opportunities) Center.

#### *Schools for Innovation:*

For elementary students, Dearington elementary school provides students with innovative and challenging instructional experiences emphasizing leadership and their Spanish program. At the middle school level, students attending Paul Laurence Dunbar Middle School have the opportunity to participate in broadcast communication, drama, herpetology, and marine science. Applications are accepted for students outside of these schools' attendance zones.

#### *Arts & Athletics:*

With over 30 arts courses and string instruction beginning in kindergarten, LCS students have the opportunity to immerse themselves in the arts at an early age. For athletes, LCS students start competing in middle school with 9 sports. LCS offers 20 varsity sports at the high school level competing in the Virginia High School League. Recent state titles include Cross Country, Football, Indoor Track & Outdoor Track, Golf, Lacrosse, & Tennis. LCS has produced many NCAA Division 1 and professional athletes.

*Career & Technical Education (CTE):*

CTE is an essential part of the school division's total educational program specifically designed to prepare students for post-secondary education and/or employment. LCS offers 60 courses that prepare students for a wide range of high-wage, high-skill, high-demand careers.

*College Credit:*

Over 30 Advanced Placement classes are offered in-person or online at the high schools. Dual Enrollment courses, where students experience college-level work while in high school and receive both high school and college credit, are also available. LCS students can also graduate from high school with an advanced diploma and an Associate's degree from Central Virginia Community College at the same time in the Early College program.

**Lynchburg Public Schools - Operating Information**

**Student Enrollment, Employees and Schools by Fiscal Year**

| Description                          | 2021         | 2022         | 2023         | 2024         | 2025         |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Elementary School Membership         | 3,420        | 3,433        | 3,477        | 3,607        | 3,437        |
| Secondary School Membership          | 4,245        | 4,126        | 4,083        | 4,102        | 3,948        |
| Total Membership                     | <u>7,665</u> | <u>7,559</u> | <u>7,560</u> | <u>7,709</u> | <u>7,385</u> |
| Instructional and Administrators (1) | 1,046        | 1,044        | 1,156        | 1,142        | 1,096        |
| Support (1)                          | 349          | 273          | 329          | 376          | 334          |
| Total Employees                      | <u>1,395</u> | <u>1,317</u> | <u>1,485</u> | <u>1,518</u> | <u>1,430</u> |
| Elementary Schools (2)               | 11           | 11           | 11           | 11           | 10           |
| Secondary Schools (3)                | 5            | 5            | 5            | 5            | 5            |
| Total Buildings                      | <u>16</u>    | <u>16</u>    | <u>16</u>    | <u>16</u>    | <u>15</u>    |

Source: Superintendent of Schools, City of Lynchburg, Virginia

1. Includes only full-time equivalent positions funded through the operating budget.
2. Does not include LAUREL Regional Program, now being used for special education students. FY 2025 does not include T C Miller Academy which has been converted to Pre-K.
3. Does not include the Empowerment Academy, an alternative education environment that provides high school students in 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 and Projected Student Enrollment by Grade and Fiscal Year

| Grade | Fiscal Year Student Enrollment by Grade<br>As of September 30, Actual Enrollment |              |              |              |              | Fiscal Year Student Enrollment by Grade<br>As of September 30, Projected Enrollment |              |              |
|-------|----------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|-------------------------------------------------------------------------------------|--------------|--------------|
|       | 2021                                                                             | 2022         | 2023         | 2024         | 2025         | 2026                                                                                | 2027         | 2028         |
| K     | 543                                                                              | 566          | 621          | 609          | 583          | 551                                                                                 | 557          | 529          |
| 1     | 615                                                                              | 563          | 581          | 656          | 531          | 570                                                                                 | 553          | 560          |
| 2     | 565                                                                              | 607          | 567          | 591          | 593          | 532                                                                                 | 558          | 538          |
| 3     | 564                                                                              | 560          | 582          | 574          | 606          | 582                                                                                 | 510          | 534          |
| 4     | 574                                                                              | 565          | 563          | 602          | 581          | 543                                                                                 | 581          | 508          |
| 5     | 559                                                                              | 572          | 563          | 575          | 543          | 536                                                                                 | 537          | 573          |
| 6     | 600                                                                              | 542          | 550          | 571          | 546          | 553                                                                                 | 517          | 518          |
| 7     | 591                                                                              | 577          | 554          | 562          | 566          | 542                                                                                 | 553          | 514          |
| 8     | 629                                                                              | 582          | 581          | 576          | 535          | 536                                                                                 | 539          | 548          |
| 9     | 618                                                                              | 755          | 636          | 673          | 583          | 578                                                                                 | 590          | 593          |
| 10    | 624                                                                              | 567          | 675          | 610          | 603          | 568                                                                                 | 535          | 550          |
| 11    | 604                                                                              | 556          | 540          | 578          | 567          | 568                                                                                 | 518          | 483          |
| 12    | 579                                                                              | 547          | 547          | 532          | 548          | 529                                                                                 | 547          | 497          |
| Total | <u>7,665</u>                                                                     | <u>7,559</u> | <u>7,560</u> | <u>7,709</u> | <u>7,385</u> | <u>7,188</u>                                                                        | <u>7,095</u> | <u>6,945</u> |

Source: Actual Enrollment- Superintendent of Schools, City of Lynchburg, Virginia.

Projected Enrollment- Weldon Cooper Center for Public Service, University of Virginia, Charlottesville, Virginia

## Lynchburg City Schools – School Buildings

| School                                         | Grade   | Site Size<br>(in acres) | Original<br>Construction<br>Date | Date of<br>Additions | Maximum<br>Capacity | Optimum<br>Capacity | 2025 Enrollment    |
|------------------------------------------------|---------|-------------------------|----------------------------------|----------------------|---------------------|---------------------|--------------------|
| <b>Secondary:</b>                              |         |                         |                                  |                      |                     |                     |                    |
| E.C. Glass High School                         | 9-12    | 54.0                    | 1953                             | 1966,<br>1981, 2004  | 1,610               | 1,610               | 1,186              |
| Heritage High School                           | 9-12    | 56.0                    | 2016                             | -                    | 1,200               | 1,200               | 1,115              |
| Dunbar Middle School for Innovation            | 6-8     | 14.0                    | 1940                             | 1949, 1957           | 789                 | 789                 | 506                |
| Linkhorne Middle School                        | 6-8     | 25.0                    | 1966                             | 1976, 2002           | 680                 | 680                 | 548                |
| Sandusky Middle School                         | 6-8     | 29.6                    | 2010                             | --                   | 675                 | 675                 | 593                |
| <b>Elementary:</b>                             |         |                         |                                  |                      |                     |                     |                    |
| Bass Elementary School                         | K-5     | 14.3                    | 1951                             | 1963                 | 276                 | 276                 | 262                |
| Bedford Hills Elementary School                | K-5     | 31.3                    | 1958                             | 1992                 | 474                 | 474                 | 420                |
| Dearington Elementary School<br>for Innovation | K-5     | 6.1                     | 1960                             | --                   | 224                 | 224                 | 234                |
| Heritage Elementary School                     | K-5     | 6.0                     | 1957                             | 1961, 1993           | 402                 | 402                 | 369                |
| Linkhorne Elementary School                    | K-5     | 10.0                    | 1964                             | 1970, 1988           | 482                 | 482                 | 383                |
| Paul Munro Elementary School                   | K-5     | 9.7                     | 1962                             | 1990                 | 330                 | 330                 | 290                |
| R.S. Payne Elementary School                   | K-5     | 4.5                     | 1925                             | --                   | 500                 | 500                 | 403                |
| Perrymont Elementary School                    | K-5     | 33.0                    | 1954                             | 1956, 1993           | 412                 | 412                 | 317                |
| Sandusky Elementary School                     | K-5     | 10.0                    | 1964                             | 1967, 1974           | 340                 | 340                 | 336                |
| Sheffield Elementary School                    | K-5     | 12.8                    | 1957                             | 1961, 2001           | 480                 | 480                 | 423                |
| <b>Specialty Schools:</b>                      |         |                         |                                  |                      |                     |                     |                    |
| Hutcherson Academy                             | Pre-K   | 7.5                     | 1960                             | 2013                 | 200                 | 200                 | 124 <sup>(1)</sup> |
| T.C. Miller Academy                            | Pre-K   | 4.2                     | 1932                             | --                   | 242                 | 242                 | 161 <sup>(1)</sup> |
| Kizer ES (Laurel Regional Program)             | Sp. Ed. | 4.5                     | 1968                             | --                   | 225                 | 225                 | 48 <sup>(2)</sup>  |
| TOTAL                                          |         |                         |                                  |                      |                     | 7,718               |                    |

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

- Pre-kindergarten and Headstart are not included in enrollment totals.
- Kizer Elementary School houses a regional program for students with disabilities.

## **Parks & Recreation**

A city with outstanding cultural, educational and recreation opportunities, Lynchburg operates thirty parks, one senior center and two natural areas comprising over 900 acres of public recreational land with an extensive 40-mile trail system. The parks serve those interested in sports and active recreation as well as those seeking a place to stroll, have a picnic or enjoy a quiet moment in a natural setting. The City also manages three community centers, six neighborhood centers, an Olympic size outdoor pool, a spray park and play fountain, numerous playgrounds, tennis and pickleball courts, athletic fields, disc golf courses and basketball courts. The largest community recreation center, the Miller Center, serves as the administrative offices for the Parks and Recreation Department and features a community theater, commercial kitchen, classrooms and community-meeting spaces. Lynchburg Parks and Recreation Department (LPRD) offers more than 400 community programs annually in programming areas such as aquatics, health and fitness, nature, arts and crafts, special events, theatre, athletics, clubs, and many self-improvement classes. Recent marketing and programming efforts have gained LPRD a major boost in visibility and growing new customer/participant database.

The department's most recent park project ribbon cuttings include extensive improvements at Jefferson Park, a lighted adult-sports complex, including pickleball and cornhole courts, and a horseshoe pit at Miller Park, the completed restoration of the Ivy Creek Bridge along the Creekside Trail, and construction of the new Riverfront Kiwanis Playground in Riverfront Park. The department has also taken strides to boost sports tourism with focused strategic planning, upgrading facilities, and developing various partnerships in disc golf, lacrosse, soccer, softball and mountain biking. Some recent events utilizing our facilities included the newly formed USL2 Hill City Football Club, Special Olympics State Softball Championship, the Virginia Commonwealth Games, Lynchburg Little League District Tournament and the Atlantic Lacrosse Conference championship tournament.

Other local recreational opportunities include: hiking and biking on the James River Heritage Trail and in the Blue Ridge Mountains; swimming, fishing and boating on Smith Mountain Lake and the James River; disc golf courses in Bedford County; skiing at nearby Wintergreen Resort; year-round skiing at Snowflex; ice skating at Liberty University; and taking in a minor-league baseball game at the Lynchburg City Stadium.

## **Water, Sewer and Stormwater Systems**

### *Achievements*

The City of Lynchburg's Department of Water Resources operates three enterprise funds consisting of water, sewer, and stormwater systems. The water and sewer systems serve the City and portions of three adjacent counties. Utility operations have been consistently recognized for excellent performance. The Virginia Department of Health has recognized the City with gold and silver awards for "Water Treatment Plant Performance for Excellence in Filtration and Clarification" for consistently producing high-quality water, three times cleaner than required by the U.S. Environmental Protection Agency, at the Abert and College Hill Water Treatment Plants for nineteen consecutive years from 2006 – 2024.

## *Water Treatment and Distribution Systems*

The City owns and operates its own public water supply and distribution system. The primary source of supply is a surface water impoundment reservoir, Pedlar Lake, located in Amherst County, twenty-five miles from the City. The reservoir can be supplemented by the James River, which is sufficient to provide the City's total demand, if necessary. The City has over 479 miles of both domestic and raw water mains, some as large as 36" in diameter.

Raw water from the Pedlar Reservoir flows by gravity into two water treatment plants, College Hill and Abert. The College Hill Water Plant has a capacity of 14 million gallons per day (mgd), and the Abert Water Plant has a capacity of 12 mgd, for a total treatment capacity of 26 mgd. During FY 2024- FY 2025, the highest one-day water demand for the City's distribution system was 13.21 million gallons, with an average daily demand of 10.60 million gallons for the fiscal year ending June 30, 2025. Both treatment plants meet or exceed current Virginia Department of Health standards and are operated following Virginia Department of Health requirements. Studies project these two facilities have adequate capacity to supply the City's needs well beyond the year 2050. Treated water from the two plants is stored in 12 reservoirs with a total combined capacity of 31.2 million gallons.

Of the 23,956 active water customers in 2025, 21,524 were residential, 1,896 were commercial, 94 were industrial, 307 were institutional, 115 were municipal, 12 were irrigation only, and 8 were other accounts. In addition to serving the City of Lynchburg, portions of the counties of Amherst and Campbell are served on a wholesale basis. A portion of Bedford County is served with a negotiated agreement that includes minimum purchase requirements.

During FY 2024 and FY 2025, over 6 miles of new water lines were installed in the City. Water mains were replaced to improve fire flow protection to neighborhoods and to replace aging and undersized water lines. Work is continuing in the Downtown Central Business District with the completion of work on Commerce Street, the third downtown project, and the start-up of the fourth downtown project, which will complete all work on Main Street. Work will continue in the upcoming years to completely replace the water line infrastructure throughout this area, including additional projects on Commerce Street, Church Street, and Court Street. In addition, neighborhood water line and sewer line replacement projects were completed in Blue Ridge Farms, Fairview Heights (Seabury/Hughes Streets), and College Hill (6<sup>th</sup> and Madison Streets), as well as smaller projects on Morgan, 15<sup>th</sup>, Polk, Edley, and Winston Ridge. Private development continued with the installation of new water lines with projects at Grove Hill, Creekside Reserve, and Brenleigh Grove.

All of the City of Lynchburg's water tanks are on a five-year inspection program cycle. Eight tanks were inspected in 2024, and 6 more are scheduled for inspection in 2026. Rehab was completed for the College Hill coagulation tanks in 2025. Over the next two years, tank maintenance projects are projected for the two Fort Hill tanks and the steel tank at Wingate.

An equipment replacement project was completed in 2025 at the College Hill water treatment plant to replace the flocculators and scraper drives, which were over 50 years old. Repainting of the coagulation tanks took place after the equipment replacement project was completed.

In 2025, preliminary engineering studies were completed at the Abert Water Treatment Plant and the Abert Raw Water Pump Station on the James River. A series of construction activities will be taking place to rehab pumps, upgrade electrical equipment, and make structural repairs to these sites, ensuring the longevity of their purpose.

The City is conducting an inventory of possible lead water services mandated by the Environmental Protection Agency (EPA) Lead and Copper Rule Revisions and Improvements. The initial inventory was submitted to the Virginia Department of Health in October 2024. The City procured a new consulting engineering firm to assist with the next phase of this mandated work, to eliminate unknown services from the database by 2027, and to develop a replacement plan for lead services and galvanized services impacted by downstream lead services. This work will be ongoing for the next 10 years.

Also, on the horizon are possible regulatory requirements for treating per- and polyfluoroalkyl substances (PFAS) chemicals in the drinking water supply. Initial testing of both water sources indicated that no PFAS chemicals exist in Lynchburg's source water at this time.

The City continues replacing older water meters with new, cellular read meters. This allows for almost real-time data gathering, which will be accessible to the customer and the City. This project will be completed in the next two years.

### *Dams*

The Water Resources Department has been responsible for the oversight of three City-owned dams, Pedlar Lake, Abert Lagoon, and College Lake. The department's oversight responsibility includes dam inspections, emergency action planning, and response for all three dams. Each year, these dams are inspected by a registered professional engineer, and Emergency Action Plan exercises for each are conducted. In 2025, the College Lake Dam was removed and the stream channel restored, eliminating the risk associated with this high-hazard dam along with the annual inspections and emergency action plan. The College Lake Dam was a general fund asset.

### *Wastewater Treatment and Collection Systems*

The City owns and operates a Regional Water Resource Recovery Facility (WRRF) and a sanitary collection system serving 20,321 City sewer customers, representing 85% of the water customers. The WRRF, which is located in the northeastern part of the City, serves all of the City and portions of the counties of Amherst, Bedford, and Campbell. The facility has an average capacity of 22 mgd with a peak of permitted 44 mgd and treats the incoming sewage to secondary standards. The region's localities share the operational and capital costs. The operational costs are shared based on each locality's flows to the WRRF. Capital costs are shared based on the percentage of WRRF ownership. For the fiscal year ending June 30, 2025, the average daily flow at the WRRF was 12.76 mgd, with a peak daily flow of 34.9 mgd. In support of Combined Sewer Overflow (CSO) reduction efforts to maximize flows through the facility during wet weather events, the facility now operates during wet weather events at rates over 80 mgd for short periods and 60 mgd for extended periods without permit exceedance. In FY 2021, the WRRF completed construction on a Wet Weather Storage Tank, which can handle an additional 44 mgd with primary

treatment and disinfection. In FY 2023, FY 2024, and FY 2025, the WRRF received the “National Association of Clean Water Agencies Gold Peak Performance Award” for compliance with the National Pollutant Discharge Elimination System permit.

Work continues on various sewer system repairs and system extensions. The wastewater collection system consists of approximately 454 miles of pipes, ranging in size from 8” to 84”. Additionally, in FY 2024 and FY 2025, the department televised a total of 392,832 LF (approximately 74.4 miles) through its sanitary sewer line maintenance program. This allowed for efficient resource use in determining clean-out methods, such as root removal by chemical treatment and or cutting, rodding, and flushing. Several significant sewer collection system projects are ongoing in revitalizing neighborhood sewer systems. The implementation began in FY 2016 for the City’s Sanitary Sewer Evaluation Study (SSES) Program. Priority areas of the City’s sewer collection system are being studied, inspected, and cleaned over the course of a projected 10-15 year period. The City has implemented an EPA-recommended Capacity, Management, Operation, and Maintenance Program (CMOM) for the sewer collection system to ensure its long-term viability.

#### *Combined Sewer Overflow Program*

One of the characteristics of the City’s wastewater collection system, typical of some older cities, is the collection and transmission of sanitary waste and stormwater in the same pipes. While considered state-of-the-art at the time it was constructed, the system overflows during high rainfall events. This, coupled with water quality standards established by the Clean Water Act, required remediation of the Combined Sewer Overflows (CSO). In December 1989, the City completed and submitted to the Virginia State Water Control Board (SWCB) an update to the CSO portion of the City’s 1978 inflow/infiltration study. That analysis established that complete separation of the City’s storm sewers and sanitary sewers was the most feasible and cost-effective option to eliminate the problem of untreated combined wastewater overflow during high rainfall events. Accordingly, complete separation was selected as the City’s Long-Term Control Plan (LTCP) to improve water quality.

On August 19, 1994, the Virginia Department of Environmental Quality (DEQ) issued the City’s sewage discharge permit and a Special Consent Order (Special Order) contingent upon the terms and conditions governing implementation of the LTCP. The permit required the City to implement the LTCP and to undertake certain combined sewer management practices designed to minimize CSO discharges until the sewer system was completely separated. The order established compliance criteria and project priorities for implementation of the LTCP. The order did not contain fixed dates for implementing the LTCP, but rather provided for implementation based on three criteria that reflected the limits of the City’s financial capability. Of the original 132 combined sewer overflow points, 115 have been eliminated.

On July 31, 2015, the City was issued a new Consent Special Order, which replaced the 1994 Order and implemented a new LTCP. The new CSO LTCP calls for the remaining separation projects in the past LTCP to be replaced by wet weather capacity/treatment improvements at the wastewater treatment plant. Remaining projects in the CSO program are estimated to cost \$96.5 million over the next 5 years versus \$250 million over decades for the past LTCP, and the new plan will meet current water quality standards. In 2022, the City received two State grants totaling

\$50 million; one grant of \$25 million required no City match, and the other grant of \$25 million required a 50% City match. These grants provided partial funding for the design and construction of the wet weather storage improvements at CSO 52, known as the Blackwater CSO Tunnel project. Additionally, the City received a \$54 million Virginia Clean Water Revolving Loan for the remainder of the project costs; of this, nearly \$25 million was in the form of principal forgiveness. The loan also fulfills the local match requirement for the aforementioned grant. Construction of the Blackwater CSO Tunnel project started construction during FY 2025. The Blackwater CSO Tunnel Project will add one permitted CSO overflow point for a total of 18 permitted CSO overflow points. During heavy rainfall events, up to nearly 5 million gallons of combined sewage and stormwater will be diverted to the tunnel for storage during the rain event and then afterward pumped back into the sewer system for full treatment. Upon the tunnel completion, along with all previous CSO projects, the total combined sewer overflow volume will be reduced by 98%, far exceeding EPA and Consent Order requirements.

From July 1, 1993 to June 30, 2025, funding of \$426,875,834 has been authorized for CSO control projects, with expenditures totaling \$322,203,177. The new CSO Special Order financial criteria are listed below:

“The City shall demonstrate implementation of the LTCP to the limits of its financial capabilities if it achieves the following four criteria:

- Notwithstanding the provisions of Section II (b) in this Appendix, sewer volume rates for all City customers will be equivalent. At least every other year, the City shall adjust the annual sewer rates and fees so that the annual sewer billings for a residential customer with 7 hundred cubic feet (HCF) of the average monthly usage is equal to, or exceeds, 1.25% of the median household income.
- Rates of contract customers added after execution of this Order will be based on a cost of service study that demonstrates annual revenue from that customer equals or exceeds the cost of providing service based on a rolling five-year average. The City will base these contract rates on a cost-of-service analysis that is updated at least every five years. The City shall provide DEQ a copy of this analysis.
- The City borrows funds for Option D2 (the approved LTCP projects), as well as other water-quality projects associated with the City's CSS, LTCP, and Facility, to maintain a sewer debt coverage ratio within the range of 1.1 to 1.5 computed on a rolling three- year average.
- The City annually adjusts sewer system reserve funds to equal no more than 40% of the subsequent fiscal years' budgeted operating expenses and debt service.”

Since 1994, the City has met every Special-Order requirement each year, except for the annual sewer billing for a residential customer of 7 HCF of sewer use per month as of July 1, 2022. The annual usage billings based on 7 HCF of sewer used per month did not equal or exceed 1.25% of the median household income. The July 1, 2022, sewer billing rate was based on an estimation of the median household income as of July 1, 2022, during the fiscal year 2023 budget development process. The FY 2023 budget sewer volume rates increased from \$6.14 per hundred cubic feet to

\$7.22 per hundred cubic feet (17.6%) in an effort to meet or exceed the 1.25% requirement. However, the consumer price index increased at a faster rate than anticipated. As a result, as of July 1, 2022, the annual sewer bill for residential customers with 7 HCF of average monthly sewer use was 1.21% of median household income based on estimates of median household income provided by the U.S. Census Bureau, even with the 17.6% sewer rate increase. City Council passed another significant rate increase effective July 1, 2023, that allowed the City to be compliant with the 1.25% median household income requirement. City Council also passed rate increases effective on July 1, 2024, and July 1, 2025. Both of these rate increases met the 1.25% median household income requirement.

### *Virginia Clean Water Revolving Loan Fund and CSO Grants*

Since 1994, in addition to receiving \$165 million in federal and state grants for CSO projects, the City has entered into CSO project-related loan agreements with the Virginia Clean Water Revolving Loan Fund (VCWRLF). Throughout this period, the City has remained in full compliance with the financial requirements of each loan and grant agreement.

### *Water and Sewer Rates*

To comply with the requirements of the above-noted Special Order, the City annually studies municipal water and sewer rates to determine necessary adjustments. Effective July 1, 2015, for a 5/8" meter size, the monthly service fee is \$7.69. Revenues from this monthly charge are allocated as follows: \$3.69 is divided equally between the Water Fund and the Sewer Fund. The remaining \$4.00 is divided one-third to Water and two-thirds to Sewer. This allocation is approximately the ratio of debt service between the two funds. Despite the costs of the CSO control program, as of July 1, 2024, Lynchburg's combined charges for water and sewer billed consumption of 5,000 gallons per month are 12.61% below the state average.

A comparison of FY 2024, FY 2025 and FY 2026 water and sewer rates is as follows:

|                                           | <b>FY 2024</b>                         | <b>FY 2025</b>                         | <b>FY 2026</b>                         |
|-------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b><u>Water</u></b>                       |                                        |                                        |                                        |
| Volume Rate/hcf                           | \$ 2.93                                | \$ 3.29                                | \$3.45                                 |
| Hydrant charge or 8" or smaller fire line | 20.58                                  | 20.58                                  | 20.58                                  |
| 10" Fire line                             | 36.95                                  | 36.95                                  | 36.95                                  |
| 12" Fire line                             | 58.64                                  | 58.64                                  | 58.64                                  |
|                                           |                                        |                                        |                                        |
| <b><u>Sewer</u></b>                       |                                        |                                        |                                        |
| Volume Rate/HCF                           | 8.10                                   | 8.30                                   | 8.65                                   |
|                                           |                                        |                                        |                                        |
| <b><u>Other Charges</u></b>               |                                        |                                        |                                        |
| Monthly Service Charge                    | See Monthly Service Charge Table Below | See Monthly Service Charge Table Below | See Monthly Service Charge Table Below |

### Monthly Service Charge Table

| Meter Size | FY 2024 | FY 2025 | FY 2026 |
|------------|---------|---------|---------|
| 5/8"       | \$ 7.69 | \$ 7.69 | \$ 7.69 |
| 3/4"       | 9.69    | 9.69    | 9.69    |
| 1"         | 13.69   | 13.69   | 13.69   |
| 1-1/2"     | 23.69   | 23.69   | 23.69   |
| 2"         | 35.69   | 35.69   | 35.69   |
| 3"         | 63.69   | 63.69   | 63.69   |
| 4"         | 123.69  | 123.69  | 123.69  |
| 6"         | 243.69  | 243.69  | 243.69  |
| 8"         | 363.69  | 363.69  | 363.69  |
| 10"        | 603.69  | 603.69  | 603.69  |

#### *Stormwater*

Throughout its history, the City of Lynchburg has been linked to the James River. Federal and state regulations have increased focus on cleaning up the Chesapeake Bay, and responsibility for good environmental stewardship has resulted in a higher emphasis on water quality issues over the last several years and the foreseeable future. Other than combined sewer overflows, the largest impact on water quality in Lynchburg's streams and the James River is urban stormwater runoff. The entire City drains to the James River, a tributary of the Chesapeake Bay, and is subject to pollution reduction requirements to restore the estuary. Approximately 45 miles of the 254 stream miles in the City are listed as impaired. The City has held a Municipal Separate Storm Sewer System (MS4) Phase II General Permit with the state for the discharge of stormwater runoff since 2003. In addition to the Minimum Control Measures, the permit addresses pollutants that have been identified in the Total Maximum Daily Loads (TMDL). Based on the assigned waste load allocations by the Department of Environmental Quality (DEQ), two TMDL action plans have been developed and continue to be implemented. The Chesapeake Bay TMDL Action Plan established a waste load allocation for nitrogen, phosphorus, and sediment reductions to waterways. The current MS4 General Permit identifies water quality improvement projects needed to meet the total reduction requirement, combined with best management practices to treat, prevent, or reduce water pollution by 2023, with 100% reduction goals met by 2028. To date, the City has met these reduction goals through crediting of existing facilities and implementation of new stormwater management facilities or restoration projects. The James River Basin (Bacteria) TMDL Action Plan reduces sources of *E.coli* bacteria discharged in the stream segments that have been identified as impaired. In the future, the City will also be required to develop action plans for any additional pollutants identified in a TMDL approved before the General Small MS4 permit re-issuance if the impairment is included in the 303(d)/305(b) Integrated Report and the report identifies that the TMDL will be developed during that permit cycle. Currently, the lower James River is being studied for Chlorophyll-a impairment, and the results of the study underway may have an additional and significant impact on the City's water quality plan and the City's Wastewater Treatment Plant. In addition, the main stem of the James River along the Lynchburg corridor has been identified as having a polychlorinated biphenyls (PCB) impairment, and a

TMDL is currently being developed by DEQ. Many tributaries in the City have been listed as having a Benthic-Macroinvertebrate impairment. Once developed, these TMDLs will require further measures to be implemented to address the impairment within those specific watersheds.

The City is responsible for repairs, maintenance, and replacement of the storm sewer infrastructure that drains rain runoff from public roadways and properties throughout the City, and stormwater management facilities that treat stormwater runoff. There are approximately 175 publicly owned stormwater management facilities that capture, detain, and/or treat stormwater runoff. The MS4 Permit requires the City to implement a maintenance program to ensure adequate long-term operation and maintenance of the stormwater management facilities and conduct maintenance to address deficiencies identified through the inspection process. There are approximately 185 miles of publicly owned storm sewer pipes, 20.41 miles of large-diameter and box culverts, and 8,887 drop inlets. The department has performed an inventory of the existing stormwater conveyance collection system that includes data collection, inventory, and condition assessment of surface assets (inlets, manholes, ditches, outlets) and work is ongoing for the televising of the underground assets (pipes, underground storage). Prioritization of maintenance, repairs, and replacements is a continual process as inspection, data collection, and assessments are updated. As work priorities are being updated, so are maintenance schedules, standard operating procedures, and budget planning for the Capital Improvement Program. In FY 2024 and FY 2025, the department televised a combined total of 5,057 feet (.96 miles) and cleaned a combined total of 5,663 feet (1.07 miles) of stormwater lines. Additionally, the department completed 8,266 inlet cleanings during the same period. This work will result in various stormwater infrastructure projects that will address various issues in meeting federal and state water quality improvement initiatives, addressing local infrastructure needs, and improving water quality within the City's watersheds.

### *Stormwater Utility Fees*

Stormwater utility fees are charged to owners or occupants of all developed properties in the City and are based on the amount of impervious surface area on the property. The basic standard of 2,672 square feet is the average impervious area of a single-family unit (SFU). While there are three tiers for detached single-family dwellings, charges for other properties, including commercial, institutional, and industrial, are based on actual measurements of impervious surface area converted into equivalent SFUs. Currently, each SFU is charged a monthly rate of \$5.15. A credit program allows for a reduction in charges based on the implementation of stormwater management practices on individual properties.

## **Solid Waste Management**

### *Regional Solid Waste Management*

The City is a founding member of the Region 2000 Services Authority. In July 2008, the Services Authority took over operations of the City landfill on Concord Turnpike and Campbell County landfill on Livestock Road. Since then, the two landfills have served the communities of Lynchburg and Campbell, Appomattox, and Nelson counties. The Services Authority has closed the Concord Turnpike facility; however, a residential convenience center, funded by the City of Lynchburg, remains on the site. Effective November 1, 2024 the City of Lynchburg assumed

operation of the scalehouse from Region 2000. Lynchburg citizens can bring up to 500 pounds of trash per month to the convenience center for free. In addition to the convenience center and its regular solid waste collection program, the City offers brush and bulk service on a routine basis at no additional fee. The City pays a tipping fee of \$34.00 per ton effective July 1, 2025 to the Services Authority for disposal of solid waste. The City has provided its estimated portion of closure costs and post closure costs for the Concord Turnpike landfill to the Region 2000 Services Authority.

### *Disposal Fee Program*

Revenues pay for a portion of the costs associated with residential trash collection. For many years residents and small businesses purchased an annual decal and/or purchased labeled bags to dispose of their weekly trash. In May 2020, the City Council revised the ordinance to eliminate decals and instead apply a \$10 monthly fee to water bills. For overflow trash that does not fit in the City-issued cart, labeled trash bags can be purchased and set out alongside the cart. The official municipal prepaid trash bag is available at retail stores throughout the City. The bag manufacturing and retail inventory is being managed by a private contractor.

As a part of the FY 2024 Adopted Budget, the City Council approved an ordinance to prohibit the charging and collection of disposal fees for the entirety of FY 2024 for single waste containers in compliance with Lynchburg City Code. City Council also approved the continuation of this ordinance for FY 2025 and FY 2026, prohibiting the charging and collection of disposal fees for those budget years for single waste containers.

The City disposal fees for city trash collection service for second, third, and/or additional waste containers, as well as for prepaid plastic trash bags authorized by the City, shall remain in full force and effect during FY 2026.

### *Recycling*

Recycling is a voluntary effort. Five recycling collection centers are located at strategic locations throughout the City. This collection program, coupled with a cooperative effort with industry and large commercial business, has helped the City exceed the waste stream reduction requirements established by the Commonwealth. The collection centers provide recycling bins for newspapers, corrugated or mixed paper, aluminum, steel, and plastics.

## **Economic Development and Tourism**

The Office of Economic Development & Tourism, in coordination with the Economic Development Authority of the City of Lynchburg, leads business retention, expansion, attraction, redevelopment, and tourism initiatives. These efforts are structured to support sustained private investment, workforce development, and long-term economic stability.

During FY 2024–FY 2025, the City experienced continued private-sector investment supported by targeted public tools and infrastructure readiness. Citywide, approximately \$121 million in new commercial real property investment was permitted, reflecting ongoing confidence in the local market and reinvestment in existing assets.

Major employers completed and advanced significant capital projects during this period. In 2024, Framatome celebrated the ribbon cutting of its newly expanded and modernized facility in Lynchburg, representing the first phase of a multi-year investment program supporting nuclear fuel services, advanced reactor technologies, and workforce growth. Delta Star completed the first phase of its headquarters and manufacturing expansion during FY 2025 and has advanced planning for subsequent phases to further increase production capacity. The City also marked the ribbon cutting of Centra's new medical office facility, expanding outpatient and specialty care capacity and reinforcing the healthcare sector's role as a stable regional employment anchor.

Enterprise Zone and redevelopment programs continued to support reinvestment in established commercial areas. During FY 2025, Enterprise Zone projects leveraged approximately \$17.7 million in private investment, supported by more than \$1.0 million in state grants. The Local Redevelopment Program supported approximately \$8.4 million in building and site improvements, contributing to nearly 1,000 jobs created or retained.

To support future economic competitiveness, the Economic Development Authority of the City of Lynchburg secured a \$4.0 million Virginia Business Ready Sites Program grant to advance development of two pad-ready sites at Ivy Creek Innovation Park. The grant supports site preparation and infrastructure improvements intended to reduce development timelines and enhance competitiveness for advanced manufacturing, technology, and traded-sector projects.

Workforce attraction and retention efforts are supported through the LYH Jobs Portal, a centralized online platform connecting employers with regional talent. The portal aggregates employment opportunities across major industry sectors and supports business recruitment and expansion by improving visibility of local job opportunities and aligning workforce messaging with employer needs.

### *Tourism and Visitor Economy*

Tourism activity continues to diversify the local economy and generate external spending. In calendar year 2024, visitor spending totaled approximately \$409.9 million, generating \$27.2 million in state and local tax revenues and supporting 3,886 jobs. For FY 2025, the City secured group and sports tourism events representing an estimated \$17.1 million in future economic impact, providing forward visibility for visitor-related activity.

Sports tourism represents a growing component of the visitor economy. Following the successful hosting of the 2024 Professional Disc Golf Association (PDGA) World Championships, which generated an estimated \$4.5 million in direct economic impact and approximately 8,400 hotel room nights, the region has been selected to host both the 2028 PDGA World Championships and the 2028 PDGA Masters World Championships. Additional nationally recognized disc golf events are scheduled for 2026, reflecting sustained demand and demonstrated hosting capacity.

Collectively, these activities reflect a pattern of completed investment, sequenced expansion, workforce connectivity, and forward site readiness consistent with the City's long-term economic development strategy.

## **Lynchburg Regional Airport**

Lynchburg Regional Airport, owned and operated by the City of Lynchburg, is a full-service commercial service airport offering a full array of aeronautical services including scheduled airline service, aircraft charter, maintenance and avionics, fuel services, flight training, aircraft storage, and emergency med-flight services. As the primary commercial service airport for Central Virginia, Lynchburg Regional Airport's market area contains a population of more than 275,000.

The City has made significant Airport capital improvements over the past twenty years to meet both commercial and general aviation needs, including a full rehabilitation of both runways, constructing a new airfield maintenance facility, a new rental car service facility, a new airborne medical evacuation facility, a new general aviation terminal, a cluster of 12 T-hangar units, a 1,301-foot extension to the airport's main runway, a new and relocated Airport Rescue and Fire Fighting (ARFF) facility and acquisition of a new ARFF vehicle, replacement of the main terminal escalators and HVAC units, an upgrade to the airport security access systems, an extensive reconfiguration of the airport taxiways and ramp areas, a new Air Traffic Control Tower, a conversion of airfield taxiway lighting to LED, a new 13,800sf hangar and office space facility for lease to a corporate tenant, acquired a large multi-purpose snow removal unit, installed a general aviation aircraft self-service fueling facility, a commercial aviation passenger boarding bridge, completed Phase I of a large "shovel-ready" North Airfield development area suitable for additional hangar construction or aircraft maintenance facilities with taxiway access to the airports' two runways, and most recently enhanced terminal sustainability by upgrading the passenger terminal electric service and also complete bathrooms remodeling. Airport capital projects are funded by a combination of federal and state aviation funds, Passenger Facility Charges ("PFCs") and local (Airport) resources.

A competitive fare structure in place by American Airlines (the former US Airways) continues to attract travelers to Lynchburg Regional Airport in sustainable numbers. United Airlines recently announced their return to Lynchburg Regional Airport with daily service to Chicago and Washington DC beginning in March 2026. A growing local economy and increasing local college enrollment should continue to support additional traffic growth. The Airport has been self-sustaining for the past twelve years and no subsidy to the Airport from the City is expected to be necessary for the foreseeable future.

## **Greater Lynchburg Transit Company**

The Greater Lynchburg Transit Company ("GLTC") was created in 1974 to provide for the continued operation of the public transportation system after the closing of the private Lynchburg Transit Company. GLTC was chartered by the State Corporation Commission as a public service corporation whose outstanding stock is owned entirely by the City. It is managed by a nine-member board of directors appointed by City Council. In 2014, GLTC celebrated the opening of a LEED Platinum Certified transfer center adjacent to the Kemper Street train station; the facility has won numerous awards for design and energy efficiency. Construction on a new Operations and Maintenance (O&M) Facility was completed in March 2017. The O&M facility features 50,000 square feet of space and is the first brand new operations facility since 1922.

GLTC will be deploying the final phase of its mobile fare and smartcard system at the start of 2026, with completion of this project scheduled for the first quarter of calendar year 2026. GLTC will also be completing installation of bike canopies, passenger waiting shelters, and passenger seating at locations throughout the system to enhance the comfort and safety of passengers and the public.

GLTC has received the following funds to assist its operations:

| Fiscal Year | City of Lynchburg | Federal Transit Administration <sup>1</sup> | Virginia Department of Rail & Public Transportation <sup>2</sup> | Passenger Revenue | Liberty University | Other <sup>3</sup> | Total        |
|-------------|-------------------|---------------------------------------------|------------------------------------------------------------------|-------------------|--------------------|--------------------|--------------|
| 2016        | \$ 1,394,038      | \$ 2,019,195                                | \$ 1,449,024                                                     | \$ 962,974        | \$ 1,236,898       | \$ 181,610         | \$ 7,243,739 |
| 2017        | 1,675,805         | 2,049,373                                   | 2,022,327                                                        | 853,419           | 2,239,525          | 163,641            | 9,004,090    |
| 2018        | 1,775,805         | 2,274,007                                   | 1,692,950                                                        | 782,759           | 1,660,504          | 194,790            | 8,380,815    |
| 2019        | 1,728,785         | 2,067,226                                   | 2,022,003                                                        | 750,431           | 1,435,415          | 200,004            | 8,203,864    |
| 2020        | 1,728,785         | 2,357,625                                   | 2,300,500                                                        | 593,258           | 249,680            | 158,063            | 7,387,911    |
| 2021        | 500,000           | 3,676,764                                   | 2,198,620                                                        | 388,288           | 293,964            | 177,479            | 7,235,115    |
| 2022        | 1,642,346         | 2,873,705                                   | 2,855,125                                                        | 470,089           | -                  | 233,718            | 8,074,983    |
| 2023        | 1,266,454         | 4,875,887                                   | 2,299,721                                                        | 558,976           | -                  | 117,034            | 9,118,072    |
| 2024        | 1,974,463         | 4,026,091                                   | 2,139,426                                                        | 569,546           | -                  | 222,991            | 8,932,517    |
| 2025        | 1,879,308         | 4,137,743                                   | 2,273,183                                                        | 559,741           | -                  | 237,081            | 9,087,068    |

Source: Greater Lynchburg Transit Company.

1. Received upon evidence of compliance with requirements of the U.S. Federal Transit Administration as reimbursements for the operating expenses incurred by GLTC through formula and discretionary 5307, 5339, and other funds.
2. The Virginia General Assembly provides for a maximum reimbursement of 50% of public transportation-related maintenance materials and supplies.
3. Miscellaneous revenues received from Amherst County, advertising, insurance proceeds, and non-operating revenues.

## Risk Management

In 1986, due to the unavailability of certain coverages and the large increase in premiums where coverage was still available, the City Council adopted a Self-Insurance Plan to guide the management of municipal liability risks. Currently, the City is self-insured for general liability claims and insured for automobile liability claims for all vehicles. The City purchases primary insurance coverage for risks related to property, boiler and machinery, surety bonds, airport liability and automobile liability. City property is insured up to a limit of \$695 million per occurrence. Other liability policies provide up to \$60 million coverage in aggregate. Police Professional Liability and Public Officials' Liability claims are covered through a policy with the Virginia Association of Counties Group Self-Insurance Risk Pool (VACorp), with a \$500,000 deductible per claim. Total premiums for all insurance coverage purchased for the year ended June 30, 2025 were approximately \$1,252,558. The City has designated a portion of the balance in the General Fund into a Self-Insurance Fund, to fund future general liability claims. City management believes any incurred but not reported (IBNR) claims as of June 30, 2025 are insignificant.

City policy provides that all general liability and automobile liability claims are to be paid bi-weekly. During FY 2025, the City paid approximately \$117,870.74 in actual claims and \$183,627.37 in legal defense of claims against the City. In addition, the City set aside reserves in the amount of \$500,000 towards claims that have occurred, or legal settlements which are being appealed. The City has also purchased excess workers' compensation coverage to cover City employees with a liability limit of \$1 million per person/\$1 million per occurrence. The City is self-insured for workers' compensation claims. Annual appropriations are adopted to provide for current claims and the annual amount due under long-term claims.

The City Code provides for the establishment of a Self-Insurance Fund which is reported as part of the Committed General Fund balance and also requires a minimum balance of not less than \$500,000. If the designated Self-Insurance Fund balance is less than \$500,000, funds shall be appropriated to restore the fund to the required balance in accordance with the City Code, Section 18.125 adopted in 1986. As of June 30, 2025, the committed fund balance for the Self-Insurance Fund was \$798,178.68. Based on average annual losses, as well as an actuarial survey, management of the City has determined that this amount is adequate.

### **Cybersecurity**

The City, like many other municipalities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other such attacks on computers or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant. To transfer and share these risks, the City has purchased a Cyber liability insurance policy through Virginia Risk Sharing Association that covers a broad range of impacts, including security breach, security liability, data recovery costs, system failure, and extortion, among other areas. The City's Department of Information Technology includes a dedicated information security team that focuses on security awareness, threat and risk mitigation/remediation, constant improvement of cyber-hygiene, and cyber security solutions to enhance the City's cyber security posture. Further, to assess and mitigate threats as a result of human error, the City encourages security awareness with training and testing throughout the workforce. Additionally, the City's information technology department implements technologies for back-ups and redundancy of critical records and system processes, as well as limitations on user downloads and system uses.

### **Labor Relations**

Localities in Virginia have the ability to collectively bargain with some of their employees under certain circumstances if collective bargaining has been authorized by the governing body of the locality. To date, the City does not have any formal negotiations with its employees concerning any aspect of the terms and conditions of their employment nor has it adopted any ordinance/resolution authorizing collective bargaining or allowing any union or employee association to be recognized as an exclusive bargaining representative or unit. Under Virginia law employees of localities are prohibited from engaging in strikes and, at the present time, there are no strikes or work stoppages by the employees of the City in progress or threatened.

## **Demographic and Economic Information**

The City of Lynchburg functions as a regional employment and service center for Central Virginia, supported by established transportation infrastructure and access to regional labor markets. Freight rail service is provided by Norfolk Southern and CSX, connecting the City to the Port of Hampton Roads and Midwestern markets. Amtrak provides daily passenger rail service along the Northeast and Southeast corridors, and major highways provide access to regional interstate systems.

The City is also served by Lynchburg Regional Airport, which provides scheduled commercial air service supporting regional business travel, employer access, and workforce connectivity. Recent air service enhancements reflect continued demand and utilization, complementing the City's rail and highway infrastructure and reinforcing its role as a regional employment hub.

Lynchburg's economy is anchored by advanced manufacturing, nuclear engineering, healthcare services, higher education, logistics, and retail trade. Employment conditions during FY 2024–FY 2025 reflect continued labor market engagement and employer stability, supported by ongoing capital investment and facility expansion among major employers.

According to third-party economic analysis, the City supports approximately 55,900 jobs, with an unemployment rate of approximately 3.9 percent, below the national average. Average annual wages increased approximately 6.7 percent year-over-year, while the cost of living remained approximately 7.0 percent below the national average, supporting both household affordability and employer competitiveness.

Nominal gross domestic product growth totaled approximately 5.1 percent in 2023 and 3.4 percent in 2024, with total GDP estimated at approximately \$6.7 billion. The City's largest contributing sectors include Manufacturing, Health Care and Social Assistance, Educational Services, and Real Estate, reflecting a diversified employment base.

Recent completed capital investments further reinforce economic stability. During FY 2024–FY 2025, major employers completed new facilities or expansions, including Framatome's modernized nuclear services campus, Delta Star's initial manufacturing expansion with additional phases planned, and Centra's new medical office development. These projects reflect sustained employer commitment, reinvestment in existing operations, and confidence in Lynchburg's workforce and infrastructure.

Major employers within the City include Liberty University, Centra Health, Lynchburg City Schools, Framatome, Delta Star, BWXT, and a broad range of healthcare, manufacturing, retail, and professional services firms. Additional large employers in surrounding counties contribute to the regional commuting base, reinforcing Lynchburg's role as a regional employment and service center.

On the following pages are lists of major employers which illustrate the wide diversification of the economy within and immediately adjacent to the City.

## Largest Employers within the City

| Company                                  | Product                                   | Approximate Employment |
|------------------------------------------|-------------------------------------------|------------------------|
| Centra Health, Inc.                      | Healthcare services                       | 7000-7999              |
| Liberty University <sup>(1)</sup>        | Private university                        | 7000-7999              |
| City of Lynchburg                        | Local government                          | 1000-1499              |
| Framatome <sup>(2)</sup>                 | Nuclear power                             | 1000-1499              |
| Lynchburg City Schools                   | Public education                          | 1000-1499              |
| Central Virginia Community College       | Public community college                  | 500-999                |
| Delta Star, Inc.                         | Electrical equipment supplier             | 500-999                |
| Frito-Lay, Inc.                          | Food manufacturing                        | 500-999                |
| Genworth Financial Inc.                  | Insurance                                 | 500-999                |
| Horizon Behavioral Health <sup>(3)</sup> | Healthcare services                       | 500-999                |
| J. Crew Outfitters                       | Mail order clothing products              | 500-999                |
| Southern Air, Inc.                       | Contractors- Mechanical and HVAC          | 500-999                |
| University of Lynchburg <sup>(4)</sup>   | Private university                        | 500-999                |
| Wal-Mart Stores, Inc.                    | Retail store                              | 500-999                |
| C.B. Fleet Company, Inc.                 | Pharmaceuticals                           | 250-999                |
| Kroger, Inc.                             | Grocery store                             | 250-499                |
| L3Harris                                 | Radio communications                      | 250-499                |
| Lowe's                                   | Retail building supplies                  | 250-499                |
| Pacific Life                             | Insurance                                 | 250-499                |
| Randolph College                         | Private college                           | 250-499                |
| US Pipe                                  | Gray iron foundry                         | 250-499                |
| Westminster-Canterbury                   | Independent and assisted living community | 250-499                |
| Bausch & Lomb                            | Manufacturer of eye health products       | 0-249                  |
| Belvac Production Machinery              | Manufacturers- Material handling          | 0-249                  |

Source: Office of Economic Development & Tourism, City of Lynchburg, Virginia or employer contact as of June 30, 2025.

1. Liberty University operates an online higher education institution, and as a result a number of employees live outside of the City.
2. Formerly Areva
3. Formerly Central Virginia Community Services
4. Formerly Lynchburg College

Additional major employers in the surrounding counties of Amherst, Appomattox, Bedford and Campbell:

### Major Employers in the Surrounding Region

| Company                                               | Product                     | Approximate Employment |
|-------------------------------------------------------|-----------------------------|------------------------|
| BWXT Technologies-Mt Athos                            | Nuclear power systems       | 2000-2499              |
| Abbott Laboratories                                   | Adult/infant nutritional    | 500-999                |
| Georgia-Pacific Corp.                                 | Paperboard                  | 250-499                |
| Glad Manufacturing Co                                 | Plastic “Glad-lock” bags    | 250-499                |
| Packaging Corporation of America (PCA) <sup>(1)</sup> | Paper mills products        | 250-499                |
| BGF Industries, Inc.                                  | Fiberglass fabrics          | 0-249                  |
| Buffalo Air Handling (Division of Howden Fan)         | Heat exchangers             | 0-249                  |
| Graham Packaging                                      | Plastic bottle manufacturer | 0-249                  |
| Progress Printing                                     | Lithographic printing       | 0-249                  |
| Schrader-Bridgeport                                   | Metal fabrication           | 0-249                  |

Source: Office of Economic Development and Tourism, City of Lynchburg, Virginia.

1. Formerly Greif Brothers Corp., Riverville Mill

### Income Profile

#### Median Family Income

|                   | 2020      | 2021      | 2022      | 2023      | 2024      |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| City of Lynchburg | \$ 62,038 | \$ 68,079 | \$ 71,392 | \$ 74,281 | \$ 77,065 |
| Virginia          | 93,284    | 98,711    | 107,504   | 112,146   | 115,213   |
| United States     | 80,069    | 85,028    | 92,646    | 96,922    | 99,999    |

Source: United States Census Bureau – ACS 5-Year Estimates Data Profiles

#### Median Household Income

|                   | 2020      | 2021      | 2022      | 2023      | 2024      |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| City of Lynchburg | \$ 49,201 | \$ 54,015 | \$ 56,243 | \$ 59,808 | \$ 57,947 |
| Virginia          | 76,398    | 80,615    | 87,249    | 90,974    | 93,170    |
| United States     | 64,994    | 69,021    | 75,149    | 78,538    | 80,734    |

Source: United States Census Bureau – ACS 5-Year Estimates Data Profiles

### Per Capita Personal Income

|                          | 2020      | 2021      | 2022      | 2023      | 2024      |
|--------------------------|-----------|-----------|-----------|-----------|-----------|
| Lynchburg <sup>(1)</sup> | \$ 41,622 | \$ 45,118 | \$ 46,141 | \$ 49,013 | \$ 50,729 |
| Virginia                 | 61,449    | 67,223    | 69,562    | 73,890    | 77,351    |
| United States            | 59,151    | 64,692    | 66,298    | 70,002    | 73,204    |

---

Source: Bureau of Economic Analysis

1. Per capita data includes both Lynchburg and Campbell County.

### Population

Statistics indicate that Lynchburg's population has remained relatively consistent over the last decade.

| Year | Population |
|------|------------|
| 2016 | 79,977     |
| 2017 | 80,667     |
| 2018 | 80,690     |
| 2019 | 80,772     |
| 2020 | 80,327     |
| 2021 | 80,054     |
| 2022 | 80,127     |
| 2023 | 80,736     |
| 2024 | 81,782     |
| 2025 | 81,417     |

---

Source: Weldon Cooper Center for Public Service, University of Virginia, Charlottesville, Virginia. United States Bureau of the Census. Intercensal estimates for 2016-2019 were last published by Weldon Cooper on January 30, 2023. Intercensal estimates for 2020-2024 were last published on January 27, 2025. Population estimates for 2025 were published on February 24, 2026.

## Taxable Retail Sales and Taxable Retail Sales Per Capita

| Calendar Year | Population <sup>(1)</sup> | Taxable Retail<br>Sales <sup>(2)(3)</sup> | Taxable Retail<br>Sales<br>Per Capita |
|---------------|---------------------------|-------------------------------------------|---------------------------------------|
| 2015          | 79,318                    | \$ 1,353,815,269                          | \$ 17,068                             |
| 2016          | 79,977                    | 1,345,647,515                             | 16,825                                |
| 2017          | 80,667                    | 1,373,101,289                             | 17,022                                |
| 2018          | 80,690                    | 1,388,422,136                             | 17,207                                |
| 2019          | 80,772                    | 1,426,885,543                             | 17,666                                |
| 2020          | 80,327                    | 1,415,058,859                             | 17,616                                |
| 2021          | 80,054                    | 1,621,386,030                             | 20,254                                |
| 2022          | 80,127                    | 1,803,280,572                             | 22,505                                |
| 2023          | 80,736                    | 1,830,041,726                             | 22,667                                |
| 2024          | 81,782                    | 1,851,237,519                             | 22,636                                |

<sup>1</sup> Source: Weldon Cooper Center for Public Service, University of Virginia, Charlottesville, VA. Intercensal estimates for 2014-2019 were last published by Weldon Cooper on January 30, 2023. Intercensal estimates for 2020-2024 were last published on January 27, 2025.

<sup>2</sup> Source: Commonwealth of Virginia, Department of Taxation.

<sup>3</sup>Data for 2025 taxable retail sales is not yet available.

## Construction Activity

The following data is presented to illustrate construction activity in the City:

### Building Permits and Value

| Calendar<br>Year | Residential |               | Commercial |               | Government |              | Total |               |
|------------------|-------------|---------------|------------|---------------|------------|--------------|-------|---------------|
|                  | No.         | Value         | No.        | Value         | No.        | Value        | No.   | Value         |
| 2016             | 344         | \$ 23,441,488 | 189        | \$259,992,291 | 15         | \$ 7,418,971 | 548   | \$290,852,750 |
| 2017             | 401         | 30,753,985    | 172        | 171,069,737   | 10         | 5,564,729    | 583   | 207,388,451   |
| 2018             | 351         | 34,036,380    | 177        | 87,533,697    | 13         | 31,336,899   | 541   | 152,906,976   |
| 2019             | 337         | 41,554,352    | 163        | 157,850,170   | 14         | 3,299,819    | 514   | 202,704,341   |
| 2020             | 419         | 48,712,844    | 179        | 89,116,196    | 12         | 2,993,502    | 610   | 140,822,542   |
| 2021             | 445         | 55,689,006    | 172        | 112,165,176   | 12         | 2,460,045    | 629   | 170,314,227   |
| 2022             | 533         | 54,484,392    | 178        | 124,794,201   | 10         | 7,915,124    | 721   | 187,193,717   |
| 2023             | 724         | 87,289,162    | 162        | 186,731,008   | 16         | 41,948,199   | 902   | 315,968,369   |
| 2024             | 653         | 94,911,249    | 178        | 162,530,650   | 23         | 104,993,390  | 854   | 362,435,289   |
| 2025             | 714         | 63,732,932    | 156        | 166,391,235   | 7          | 7,656,688    | 877   | 237,780,855   |

Source: Division of Inspections, City of Lynchburg, Virginia.

## Housing

The following data is presented to illustrate the character of housing in the City:

### Housing Units by Type of Structure

| Type of Structure: (Fiscal Year) | FY 2022    | FY 2023    | FY 2024    | FY 2025    | FY 2026    |
|----------------------------------|------------|------------|------------|------------|------------|
| Number of Single-Family Units:   | 27,218     | 27,352     | 27,397     | 27,721     | 27,773     |
| Number of Multi-Family Units:    | 300        | 313        | 317        | 301        | 300        |
| Total                            | 27,518     | 27,665     | 27,714     | 28,022     | 28,073     |
|                                  |            |            |            |            |            |
| *Median Single-Family Value      | \$ 142,600 | \$ 143,700 | \$ 182,300 | \$ 179,600 | \$ 216,400 |

Source: Real Estate Assessor, City of Lynchburg, Virginia.

\*Single Family Unit: Combined Land + Improvement Value for property classes: 101 - 107.

Information based on City Assessor's Land Book records as of July for each fiscal year.

## Higher Education

Institutions of higher education located within the City of Lynchburg include Liberty University, the University of Lynchburg, Randolph College, the Virginia University of Lynchburg, and Central Virginia Community College, with Sweet Briar College located in neighboring Amherst County. These institutions include private nonprofit universities, a Historically Black College and University, and a state-supported community college, collectively serving residential, online, graduate, professional, and workforce education markets. Together, Lynchburg's higher education institutions support a broad regional service area and contribute to employment stability, workforce development, and long-term economic capacity.

Lynchburg's higher education institutions collectively confer more than 28,000 degrees annually, reflecting the City's role as a regional center for education and talent development. (Source Jobs EQ) Academic offerings emphasize healthcare, education, engineering, business, technology, liberal arts, and skilled trades, supporting both immediate workforce entry and long-term talent retention. Through their scale, institutional diversity, and programmatic alignment, these institutions function as stable economic anchors and support the City's long-term economic competitiveness.

### *Liberty University*

Founded in 1971, Liberty University is the largest university in Virginia and one of the largest private, nonprofit universities in the nation. Liberty's total student population as of Fall 2025 is over 140,000 students, with more than 128,000 students studying through online programs and 16,000 students studying on campus. Accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), Liberty is an evangelical liberal arts institution with 15 colleges and schools, more than 600 online programs of study, and over 350 residential programs from the certificate to the doctoral level. The overall student body represents all 50 states (and Washington, D.C.) and over 90 nations.

Over 40,000 active military service members, spouses, and veterans are earning their degrees through Liberty. Designated as a Purple Heart University, Liberty University remains committed to the military community through academic support and career advising services.

Liberty has earned several high rankings by Niche.com for 2026:

- No. 1 Most Conservative College in America
- No. 2 Best College Campus in America
- No. 2 Best College Dorms in Virginia
- No. 3 Best College Food in Virginia

Liberty provides numerous recreational opportunities to the surrounding community, including Liberty Mountain Snowflex Centre, the first year-round snowless ski slope of its kind in North America; the Liberty Mountain Trail System, featuring more than 50 miles of single- and double-track trails on approximately 5,000 acres; and the Tower Theater, a 640-seat theater that hosts several Broadway-style performances throughout the year.

Liberty offers an exciting college sports experience, with 20 NCAA Division I athletic teams, 40+ Club Sports teams, and 20+ intramural sports. Since Liberty moved its athletic programs to Conference USA in 2023, many of its teams have celebrated major achievements, such as Liberty Flames Men's and Women's Basketball each winning the 2025 CUSA Championship.

### *University of Lynchburg*

The University of Lynchburg is a comprehensive private university serving 2,600 undergraduate and graduate students. The university offers a personalized educational experience and is regularly recognized by U.S. News & World Report and The Princeton Review. The University of Lynchburg also stands out as one of the original 44 “Colleges that Change Lives.”

The University of Lynchburg offers more than 100 majors, minors, and certificate programs, as well as 15 master's and four doctoral degrees. Graduate pathways into fields like PA medicine, physical therapy, and counseling give students a clear strategy for success, helping them transition seamlessly from their undergraduate program into their chosen field of graduate study.

The Westover Honors program caters to high-performing students with small class sizes and extensive research opportunities. Notably, the majority of undergraduate students engage in faculty-led research. Hands-on learning is emphasized across disciplines, from investigating mock crime scenes to mapping caves for positive environmental impact to making real trades on Wall Street (Lynchburg is one of the only schools nationwide that allows students to make the trades themselves, using a portion of the school's endowment) through the Gillian Stoettner Student-Managed Investment Fund.

The University is committed to making education accessible and adventurous, offering study abroad and study away experiences. Students contribute tens of thousands of service hours annually through more than 60 student clubs and organizations, and the university has been recognized for its mentoring and leadership programs. Beginning in 2025-26, all first-year students

participate in a comprehensive leadership development program featuring Clifton Strengths assessments.

The University of Lynchburg competes in NCAA Division III athletics as a charter member of the Old Dominion Athletic Conference (ODAC), fielding 26 varsity teams. The Hornets have captured more than 210 conference championships and multiple national titles. In 2023, the baseball team won the NCAA Division III national championship—the first for any ODAC school and Division III program in Virginia. The women's soccer program claimed a national title in 2014, and the equestrian team earned back-to-back NCEA championships in 2022 and 2023. Approximately 56 percent of students participate in athletics.

In 2026, the University of Lynchburg was ranked in Virginia's Top 10 by Niche.com in the following categories: best food, top private universities, most diverse, best college campus, and best small college. Nationally, Lynchburg is ranked in the top 17% nationwide for best college food, thanks to its award-winning chefs and in-house food service.

### *Randolph College*

Randolph College is a private, nationally recognized liberal arts college located in Lynchburg, Virginia. The College is dedicated to providing an educational foundation that prepares students for meaningful lives and successful careers after graduation. Known for its personalized approach, Randolph offers an individualized learning experience that supports, challenges, and inspires students to discover and develop their best selves. Its mission is to prepare students to engage the world critically and creatively, live and work honorably, and experience life abundantly.

With a nationally recognized faculty, small class sizes, growing athletics program, and its innovative TAKE2 curriculum, Randolph College is uniquely positioned to meet the needs of today's students. Designed by Randolph faculty, the unique TAKE2 model allows students to take two courses per half-semester, encouraging deep focus and academic engagement while preserving the full college experience. No classes on Wednesdays enables students to take full advantage of extracurriculars, athletics, internships, and all of the other activities that contribute to a full college experience. TAKE2 provides balance and flexibility, enabling students to make the most of their time in college while still graduating in four years.

Randolph's WildCat Athletics program includes 22 varsity teams and competes in the Old Dominion Athletic Conference at the NCAA Division III level.

Founded in 1891 as Randolph-Macon Woman's College, Randolph has a long tradition of academic excellence in the liberal arts and sciences. A Phi Beta Kappa institution, Randolph offers more than 90 undergraduate academic programs, including an independently designed major tailored to students' interests and a 3-2 dual enrollment engineering program. The College also features an Honors Program and a growing graduate degree program that includes a Master of Arts in Teaching, a Master of Education, a Master of Coaching and Sport Leadership, a Master of Fine Arts in Creative Writing, a Master of Fine Arts in Theatre, and a new Master of Fine Arts in Arts Leadership.

The College is home to a diverse and close-knit student body representing 31 states and 8 countries. In 2025, enrollment reached a record high of 905 students. Randolph's long-standing honor system is central to campus life and reinforces a strong sense of trust and community. The College's small size fosters close student-faculty relationships, and Randolph is regularly recognized by leading national guidebooks as one of the nation's top liberal arts institutions. It was the only Virginia college named to the Princeton Review's Top 20 Green Colleges and is frequently highlighted as a "Best and Most Interesting" college in *The Fiske Guide to Colleges*. Randolph is also a College of Distinction and has been recognized by *Virginia Living Magazine* as one of the state's top schools and universities.

Situated on a picturesque 100-acre campus in the growing city of Lynchburg, Randolph blends historic brick buildings and walkways with modern facilities. Updated facilities include the Martin Science Building, which just finished a \$23 million renovation, a new athletics facility near campus, and the updated Michels Athletic Center, which finished a multi-phase renovation in 2021.

### *Central Virginia Community College*

Central Virginia Community College (CVCC) serves as a vital educational and economic engine for the City of Lynchburg and the surrounding counties of Amherst, Appomattox, Bedford, and Campbell. As a state-supported institution within the Virginia Community College System, CVCC is accredited by the Southern Association of Colleges and Schools Commission on Colleges and is committed to expanding access to higher education while supplying a skilled workforce pipeline aligned with regional employer needs.

On an annual basis, CVCC enrolls approximately 2,260 full-time equivalent (FTE) students and serves approximately 4,753 students across credit, workforce, and continuing education programs. The College employs 718 roles filled by 661 individuals, including full-time and part-time faculty and staff, supporting instruction, student services, workforce training, and institutional operations that contribute to the stability and economic vitality of the City of Lynchburg and the broader service region.

CVCC offers more than 60 associate degree, diploma, and certificate programs designed to meet regional labor market demand. In the most recent academic year, the College conferred 1,394 academic credentials, reflecting its role in preparing residents for immediate workforce entry, career advancement, and transfer to four-year institutions. In addition, CVCC awarded 1,833 workforce credentials, underscoring its position as a primary provider of short-term, industry-aligned training for employers throughout Central Virginia.

The College also plays a significant role in early college access and talent development. During the most recent academic year, CVCC served 632 dual enrollment students (163 FTE), awarding 4,860 college credits to high school students across its service region. CVCC additionally served 255 Early College students, supporting accelerated pathways to postsecondary credentials while reducing time to completion and overall educational costs.

Beyond instruction, CVCC contributes substantially to the regional economy through institutional operations, student spending, alumni earnings, and workforce development activity.

According to a December 2023 Lightcast economic impact study, CVCC generates an estimated \$224.6 million in total added income annually for the regional economy. This impact represents approximately 1.7 percent of the gross regional product of the CVCC service area and supports an estimated 3,506 jobs, or approximately one out of every 42 jobs in the region.

Through its scale of service, credential production, workforce alignment, and economic contribution, Central Virginia Community College remains a foundational asset to the City of Lynchburg and Central Virginia, supporting workforce readiness, educational access, and long-term regional sustainability.

### *Virginia University of Lynchburg*

Virginia University of Lynchburg (VUL) was organized as The Virginia Seminary and College in May 1886 at the 19<sup>th</sup> Annual Session of the Virginia Baptist State Convention. It is the oldest institution of higher education in Lynchburg and the only Historically Black College and University.

The University seeks to recognize the possibilities and maximize the gifts of every human being. The ONLINE student population enrolls approximately 350 students, and the in-person student population averages 120 students annually. The college has grown from one small frame edifice to a plant of 13 buildings.

The academic offerings include two doctoral programs, three Master's programs, and ten undergraduate programs, all accredited by the Transnational Association of Christian Colleges and Schools. The Athletic Department features a football team, Men's and Women's Basketball teams, and a track program under the auspices of the National Christian College Athletic Association (NCCAA).

VUL embraces a philosophy of self-help, interdependence, and African American heritage, along with appreciation for other cultures in the global community.

## **Health Care**

Centra is a regional nonprofit healthcare system based in Lynchburg, Virginia. Serving its communities for over three decades, Centra has more than 7,500 employees, 550 employed providers and physicians, and a medical staff of nearly 1,100. Centra provides care in 50 locations and serves over 500,000 people as a provider of critical medical services in central and southern Virginia.

Centra was created in 1987 through the merger of the Lynchburg General and Virginia Baptist Hospitals. In 2006, Southside Community Hospital (SCH) in Farmville became a Centra affiliate. In 2014, Centra acquired full ownership of Bedford Memorial Hospital (BMH), in the town of Bedford, which is its fourth hospital. In addition to these flagship facilities, the system includes a new medical office building, Langhorne Medical Center, a regional standalone emergency department, health and rehabilitation centers, a cancer center, a nursing school, and providers serving a geography of approximately 9,000 square miles. Centra's services include

residential and outpatient mental health facilities, home health and hospice programs, mammography centers, a sleep disorders center, and a center for wound care and hyperbaric medicine. Centra is also home to the Central Virginia Center for Simulation and Virtual Learning.

Centra Lynchburg General Hospital (LGH), with 410 beds, is home to the Centra Stroobants Heart Center and Stroobants Cardiovascular Pavilion, a national benchmark facility for cardiac care. LGH is also a Level II Trauma Center, providing emergency services to more than 100,000 patients annually. It is also home to the first EmPATH unit in Virginia. Designed to be a calming, comfortable space where patients can be assessed and treated, the primary focus of the EmPATH unit is to return the patients safely to their homes with the support of outpatient services, their families, and community resources. LGH has a pediatric center and an outpatient surgery center and provides orthopedic, neurology, neurosurgery, diabetes, oncology, and pulmonary services. The five-story East Tower at LGH has 144 private rooms for orthopedic, oncology, pulmonary, and surgery patients.

Centra Virginia Baptist Hospital (VBH), a 161-bed facility located three miles from LGH, includes the Birth Center, Women's and Children's Health, and the region's neonatal intensive care unit. VBH also serves as the primary regional provider of children and adult mental health services. VBH operates an outpatient surgery center and provides acute rehabilitation, physical therapy and ambulatory surgery. VBH is home to various specialty services, including the Breast Imaging Center, Sleep Disorders Center, and the Center for Pain Management.

Centra Southside Community Hospital (SCH) is a 116-bed acute care facility. SCH's hospital inpatient services include general medicine intensive care, surgical services, and general medicine. The hospital serves as the medical hub for an eight-county region.

Centra Bedford Memorial Hospital (BMH) is a full-service medical facility with a special emphasis on outpatient surgery, emergency services, cardiology care, and rehabilitative services. The facility offers 24-hour emergency care to a local community of approximately 80,000 residents. BMH is a licensed 50 bed acute care facility.

Through the Alan B. Pearson Regional Cancer Center, which opened in 2008, Centra caregivers treat a broad range of cancers, including lung, prostate, breast, brain, kidney, bladder, ovarian, lymphoma, leukemia, colon, uterine and rectal. The Alan B. Pearson Regional Cancer Center brings radiation and medical oncology together in one facility for patient convenience. Centra's comprehensive cancer services and treatments range from the newest minimally invasive robotic surgery and Trilogy linear accelerator to chemotherapy, biological and targeted drug therapies, genetic testing, and clinical trials.

The Centra College of Nursing offers four nursing programs: Registered Nurse to Bachelor of Science in Nursing (RN-BSN), Associate Degree in Nursing (ADN), Practical Nursing Program (PN) and Nurse Aide Education Program.

Centra Medical Group (CMG) is a network of local family practices, primary care physicians, and medical and surgical specialists. With almost 600 employed providers, specialists and surgeons covering the greater Lynchburg area and spanning from Danville to Farmville, and Moneta and Bedford, CMG provides the community with primary care physicians, cardiologists,

cardiothoracic surgeons, gerontologists, neurosurgeons, physiatrists, psychiatrists, therapists and urologists.

The Centra Foundation was established in 1993 to develop and direct resources for Centra's support. Over the past five years, on average, the Centra Foundation provided \$4.5 million annually to support Centra programs.

The Centra Board is a voluntary community board of 16 members, including four physician members and the CEO of Centra. Seats are filled through an internal nomination process. Appointments are not controlled by any political or external organization.

## **Financial Information**

### **Annual Audit**

The financial statements and notes thereto included in the Official Statement in Appendix C have been audited by Brown, Edwards & Company, L.L.P., certified public accountants and independent auditors, as set forth in their report dated December 2, 2025.

### **Financial Management Policies**

In August 1999, the City Council adopted fund balance and debt management financial management policies. Since then, the City has expanded its financial management policies to include a budget policy (adopted November 2000) and an investment policy (adopted September 2001). Biennially City Council reviews these policies and revises or reaffirms each as appropriate, and the most recent revisions were adopted in January 2023.

These financial management policies are a statement of the guidelines and goals that influence and guide the financial management practices of the City of Lynchburg. The primary objective of sound financial management policies is to create a framework within which responsible financial decisions can be made. Financial management policies that are adopted, adhered to, and regularly reviewed are recognized as the cornerstone of sound financial management.

### **Budget Process**

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

## General Fund Adopted Budgets for Fiscal Years 2025 and 2026

The City's Fiscal Year 2026 Adopted General Fund Budget is \$250,509,412, which is an increase of \$14,862,405 or 6.3% above the Fiscal Year 2025 Adopted General Fund Budget of \$235,647,007.

The General Fund is the principal fund of the City and its revenues are derived from a variety of sources. The two major sources of General Fund revenues are General Property Taxes and Other Local Taxes, which make up \$175,635,472, or 74.4% of the \$236,003,334 budgeted for fiscal year 2026. The \$14,506,078 difference in the adopted General Fund Budget and the General Fund Revenues is made up of use of fund balance or 5.8% of the General Fund Budget. A summary and comparison of General Fund revenue sources is shown below for the Fiscal Years ending June 30, 2025 and June 30, 2026.

Of the \$250,509,412 budgeted for General Fund expenditures for Fiscal Year 2026, \$195,355,269, or 78.0%, is dedicated to six functions. These functions are General Government Administration (\$18,779,716), Public Safety (\$58,826,627), Public Works (\$28,279,646), Health and Welfare (\$28,130,880), Education (\$42,072,111), and Debt Service on general obligation general improvement bonds for both General Fund and Schools (\$19,266,289). A summary and comparison of expenditures by function is shown below for the fiscal years ending June 30, 2025 and June 30, 2026.

### Budgeted General Fund Revenues by Source Fiscal Years Ending June 30, 2025-2026

|                                               | Adopted<br>FY 2025    | Adopted<br>FY 2026    | Variance             | Percent     |
|-----------------------------------------------|-----------------------|-----------------------|----------------------|-------------|
| <b><u>Revenues</u></b>                        |                       |                       |                      |             |
| General Property Taxes                        | \$ 97,753,835         | \$ 107,391,232        | \$ 9,637,397         | 9.9%        |
| Other Local Taxes                             | 68,027,057            | 68,244,240            | 217,183              | 0.3%        |
| Permits, Fees and Regulatory Licenses         | 1,230,700             | 1,317,700             | 87,000               | 7.1%        |
| Fines and Forfeitures                         | 292,500               | 262,500               | (30,000)             | -10.3%      |
| Revenue from Use of Money and Property        | 3,853,070             | 3,476,340             | (376,730)            | -9.8%       |
| Charges for Services                          | 9,256,628             | 9,213,057             | (43,571)             | -0.5%       |
| Miscellaneous                                 | 3,742,696             | 3,581,136             | (161,560)            | -4.3%       |
| Revenue from the Commonwealth:                |                       |                       |                      |             |
| Non-Categorical State Aid                     | 6,287,084             | 6,342,084             | 55,000               | 0.9%        |
| Categorical Aid for State Shared Expenditures | 3,937,756             | 4,174,362             | 236,606              | 6.0%        |
| Categorical State Aid                         | 21,442,079            | 21,162,928            | (279,151)            | -1.3%       |
| Revenue from Federal Government               | 11,774,459            | 10,837,755            | (936,704)            | -8.0%       |
| <b>Total Revenues</b>                         | <b>\$ 227,597,864</b> | <b>\$ 236,003,334</b> | <b>\$ 8,405,470</b>  | <b>3.7%</b> |
| Interfund Transfer                            | 1,600,000             | -                     | (1,600,000)          | 100.0%      |
| Use of Fund Balance                           | 6,449,143             | 14,506,078            | 8,056,935            | 124.9%      |
| <b>Total Sources</b>                          | <b>\$ 235,647,007</b> | <b>\$ 250,509,412</b> | <b>\$ 14,862,405</b> | <b>6.3%</b> |

Source: City of Lynchburg, Virginia FY 2026 Adopted Operating Budget

**Budgeted General Fund Expenditures by Function  
Fiscal Years Ending June 30, 2025-2026**

|                                   | <u>Adopted<br/>FY 2025</u>   | <u>Adopted<br/>FY 2026</u>   | <u>Variance</u>             | <u>Percent</u>     |
|-----------------------------------|------------------------------|------------------------------|-----------------------------|--------------------|
| <b><u>Expenditures</u></b>        |                              |                              |                             |                    |
| General Government                | \$ 17,951,102                | \$ 18,779,716                | \$ 828,614                  | 4.6%               |
| Judicial Administration           | 6,919,988                    | 7,171,390                    | 251,402                     | 3.6%               |
| Public Safety                     | 56,250,739                   | 58,826,627                   | 2,575,888                   | 4.6%               |
| Public Works                      | 27,105,807                   | 28,279,646                   | 1,173,839                   | 4.3%               |
| Health and Welfare                | 26,967,531                   | 28,130,880                   | 1,163,349                   | 4.3%               |
| Parks, Recreation and Cultural    | 6,733,002                    | 6,547,581                    | (185,421)                   | -2.8%              |
| Community Development             | 6,194,844                    | 6,655,913                    | 461,069                     | 7.4%               |
| Non-Departmental                  | 9,420,552                    | 10,199,691                   | 779,139                     | 8.3%               |
| External Service Providers        | 9,953,067                    | 10,602,467                   | 649,400                     | 6.5%               |
| <b>Total Expenditures</b>         | <b><u>\$ 167,496,632</u></b> | <b><u>\$ 175,193,911</u></b> | <b><u>\$ 7,697,279</u></b>  | <b><u>4.6%</u></b> |
| Transfer to School Operations     | 40,360,355                   | 42,072,111                   | 1,711,756                   | 4.2%               |
| Transfers to Other Funds          | 1,503,944                    | 1,368,906                    | (135,038)                   | -9.0%              |
| Transfer to City Capital          | 1,802,960                    | 8,443,570                    | 6,640,610                   | 368.3%             |
| Transfer to School Capital        | -                            | 950,000                      | 950,000                     | -                  |
| Greater Lynchburg Transit Company | 1,879,308                    | 1,879,308                    | -                           | 0.0%               |
| Reserves                          | 2,924,743                    | 1,335,317                    | (1,589,426)                 | -54.3%             |
| Debt Service for General Fund     | 11,661,297                   | 11,315,105                   | (346,192)                   | -3.0%              |
| Debt Service for Schools          | 8,017,768                    | 7,951,184                    | (66,584)                    | -0.8%              |
| <b>Total Uses</b>                 | <b><u>\$ 235,647,007</u></b> | <b><u>\$ 250,509,412</u></b> | <b><u>\$ 14,862,405</u></b> | <b><u>6.3%</u></b> |

Source: City of Lynchburg, Virginia FY 2026 Adopted Operating Budget

**Budgeted Comparison of Selected Major Funds  
Fiscal Years Ending June 30, 2025-2026**

|                                            | <u>Adopted<br/>FY 2025</u>   | <u>Adopted<br/>FY 2026</u>   | <u>Variance</u>            | <u>Percent</u>     |
|--------------------------------------------|------------------------------|------------------------------|----------------------------|--------------------|
| Lynchburg City Schools                     | \$ 134,876,508               | \$ 135,785,794               | \$ 909,286                 | 0.7%               |
| Water Fund                                 | 19,403,740                   | 20,272,999                   | 869,259                    | 4.5%               |
| Sewer Fund                                 | 31,741,891                   | 35,169,108                   | 3,427,217                  | 10.8%              |
| Stormwater Fund                            | 4,786,343                    | 5,282,111                    | 495,768                    | 10.4%              |
| Airport Fund                               | 3,373,073                    | 3,550,322                    | 177,249                    | 5.3%               |
| Fleet Services Fund                        | 13,448,590                   | 14,799,980                   | 1,351,390                  | 10.0%              |
| City/Federal/State Aid Fund                | 4,952,882                    | 5,205,375                    | 252,493                    | 5.1%               |
| Community Development Block Grant Fund     | 708,843                      | 708,843                      | -                          | 0.0%               |
| Children's Services Act Fund               | 7,113,886                    | 9,500,000                    | 2,386,114                  | 33.5%              |
| Lynchburg Expressway Appearance Fund       | 75,000                       | 75,000                       | -                          | 0.0%               |
| HOME Investment Trust Fund                 | 378,083                      | 378,083                      | -                          | 0.0%               |
| Lynchburg Regional Juvenile Detention Fund | 3,833,551                    | 3,905,164                    | 71,613                     | 1.9%               |
| Technology Fund                            | 703,580                      | 733,055                      | 29,475                     | 4.2%               |
| Risk Management Fund                       | 2,047,296                    | 2,115,847                    | 68,551                     | 3.3%               |
| Special Welfare Fund                       | 129,500                      | 70,524                       | (58,976)                   | -45.5%             |
| <b>Total</b>                               | <b><u>\$ 227,572,766</u></b> | <b><u>\$ 237,552,205</u></b> | <b><u>\$ 9,979,439</u></b> | <b><u>4.4%</u></b> |

Source: City of Lynchburg, Virginia FY 2026 Adopted Operating Budget

## Capital Improvement Program

Annually, City Administration presents a five-year Capital Improvement Program (CIP) to the City Council proposing capital outlays for general City, Water, Sewer, Stormwater, Airport, and Schools improvements based on staff recommendations. The CIP is adopted by the City Council, and the upcoming fiscal year's capital projects' budgets are appropriated by resolution. However, the adopted CIP does not represent a legislative commitment to expend funds for the projects indicated for future fiscal years; it is a plan for future spending and establishes priorities for the orderly development of the City. The CIP for all fiscal years is subject to continuing examination and revision.

The following is a summary of the Adopted CIP for FY 2026-2030.

### Adopted Capital Improvement Program FY 2026-2030

#### Proposed Expenditures

| Five Year Proposed Appropriations to be Financed By The City |               |               |               |               |               | Five-Year<br>Estimated<br>Net Cost |
|--------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|------------------------------------|
|                                                              | FY 2026       | FY 2027       | FY 2028       | FY 2029       | FY 2030       |                                    |
| Summary - All Funds                                          |               |               |               |               |               |                                    |
| Buildings                                                    | 30,600,150    | 7,562,250     | 1,719,500     | 4,067,750     | 3,980,625     | 47,930,275                         |
| Transportation                                               | 17,668,281    | 28,419,752    | 20,649,721    | 28,727,355    | 23,060,274    | 118,525,383                        |
| Public Transit                                               | 3,704,000     | 1,720,950     | 750,000       | 3,900,000     | 1,075,000     | 11,149,950                         |
| Economic Development                                         | 3,900,000     | 9,350,000     | 12,246,000    | 8,920,000     | 2,350,000     | 36,766,000                         |
| Parks and Recreation                                         | 13,664,000    | 2,240,000     | 2,213,000     | 1,961,000     | 3,205,000     | 23,283,000                         |
| Miscellaneous                                                | 1,750,000     | 700,000       | 275,000       | 3,155,000     | 3,075,000     | 8,955,000                          |
| Reserves                                                     | 400,000       | 400,000       | 400,000       | 400,000       | 400,000       | 2,000,000                          |
| Total City Capital Projects                                  | \$ 71,686,431 | \$ 50,392,952 | \$ 38,253,221 | \$ 51,131,105 | \$ 37,145,899 | \$248,609,608                      |
| Schools                                                      | 10,950,000    | 31,960,000    | 21,950,000    | 1,850,000     | 1,640,000     | 68,350,000                         |
| Total City Capital and Schools                               | \$ 82,636,431 | \$ 82,352,952 | \$ 60,203,221 | \$ 52,981,105 | \$ 38,785,899 | \$316,959,608                      |
| Airport                                                      | 4,500,000     | 1,000,000     | 2,500,000     | 2,000,000     | 1,500,000     | 11,500,000                         |
| Water                                                        | 12,825,000    | 17,045,000    | 17,635,000    | 26,075,000    | 16,243,000    | 89,823,000                         |
| Sewer                                                        | 11,600,000    | 13,140,000    | 14,120,000    | 11,775,000    | 12,885,000    | 63,520,000                         |
| Stormwater                                                   | 2,900,000     | 2,550,000     | 3,560,000     | 3,355,000     | 13,920,000    | 26,285,000                         |
| Grand Total All Funds                                        | \$114,461,431 | \$116,087,952 | \$ 98,018,221 | \$ 96,186,105 | \$ 83,333,899 | \$508,087,608                      |

Source: City of Lynchburg, Virginia Adopted Capital Improvement Program FY 2026-2030

**Adopted Capital Improvement Program FY 2026-2030**  
**Sources for Funding for Appropriations**

|                                       | Fiscal Year Ending June 30, |                       |                      |                      |                      |                       |
|---------------------------------------|-----------------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|
|                                       | 2026                        | 2027                  | 2028                 | 2029                 | 2030                 | 5 Year Totals         |
| <b><u>City Capital Fund</u></b>       |                             |                       |                      |                      |                      |                       |
| Federal: Grants <sup>1</sup>          | 2,388,000                   | -                     | -                    | -                    | -                    | 2,388,000             |
| Federal: State of Good Repair         | -                           | 8,858,230             | -                    | -                    | -                    | 8,858,230             |
| Local: Line of Credit                 | 49,463,276                  | 17,528,252            | 18,547,721           | 29,897,150           | 19,152,676           | 134,589,075           |
| Local: Pay-As-You-Go                  | 8,443,570                   | 16,277,954            | 12,044,500           | 11,115,500           | 11,631,125           | 59,512,649            |
| Other: Developer Contribution         | -                           | -                     | -                    | 370,179              | -                    | 370,179               |
| State: Grants <sup>1</sup>            | 959,080                     | 1,170,246             | 510,000              | 2,652,000            | 731,000              | 6,022,326             |
| State: Highway Maintenance (VDOT)     | 6,322,979                   | 4,726,000             | 5,101,000            | 5,362,950            | 5,631,098            | 27,144,027            |
| State: Revenue Sharing                | 4,109,526                   | 1,832,270             | 2,050,000            | 1,733,326            | -                    | 9,725,122             |
| <b>Total City Capital Fund</b>        | <b>\$ 71,686,431</b>        | <b>\$ 50,392,952</b>  | <b>\$ 38,253,221</b> | <b>\$ 51,131,105</b> | <b>\$ 37,145,899</b> | <b>\$ 248,609,608</b> |
| <b><u>Schools Capital Fund</u></b>    |                             |                       |                      |                      |                      |                       |
| Local: Line of Credit                 | 10,000,000                  | 30,000,000            | 20,000,000           | -                    | -                    | 60,000,000            |
| Local: Pay-As-You-Go                  | 950,000                     | 1,960,000             | 1,950,000            | 1,850,000            | 1,640,000            | 8,350,000             |
| <b>Total Schools Capital Fund</b>     | <b>\$ 10,950,000</b>        | <b>\$ 31,960,000</b>  | <b>\$ 21,950,000</b> | <b>\$ 1,850,000</b>  | <b>\$ 1,640,000</b>  | <b>\$ 68,350,000</b>  |
| <b><u>Airport Capital Fund</u></b>    |                             |                       |                      |                      |                      |                       |
| Federal: Federal Aviation Admin       | 4,050,000                   | 900,000               | 2,250,000            | 1,800,000            | 1,350,000            | 10,350,000            |
| State: VA Dept of Aviation            | 450,000                     | 100,000               | 250,000              | 200,000              | 150,000              | 1,150,000             |
| <b>Total Airport Capital Fund</b>     | <b>\$ 4,500,000</b>         | <b>\$ 1,000,000</b>   | <b>\$ 2,500,000</b>  | <b>\$ 2,000,000</b>  | <b>\$ 1,500,000</b>  | <b>\$ 11,500,000</b>  |
| <b><u>Water Capital Fund</u></b>      |                             |                       |                      |                      |                      |                       |
| Local: Line of Credit                 | 12,105,000                  | 16,760,000            | 16,960,000           | 16,550,000           | 15,868,000           | 78,243,000            |
| Local: Pay-As-You-Go (Water)          | 720,000                     | 285,000               | 675,000              | 525,000              | 375,000              | 2,580,000             |
| Federal: Virginia Resource Authority  | -                           | -                     | -                    | 9,000,000            | -                    | 9,000,000             |
| <b>Total Water Capital Fund</b>       | <b>\$ 12,825,000</b>        | <b>\$ 17,045,000</b>  | <b>\$ 17,635,000</b> | <b>\$ 26,075,000</b> | <b>\$ 16,243,000</b> | <b>\$ 89,823,000</b>  |
| <b><u>Sewer Capital Fund</u></b>      |                             |                       |                      |                      |                      |                       |
| Local: Line of Credit                 | 7,600,000                   | 11,225,000            | 7,925,000            | 4,795,000            | 8,920,000            | 40,465,000            |
| Local: Pay-As-You-Go (Sewer)          | 4,000,000                   | 1,915,000             | 6,195,000            | 1,980,000            | 1,965,000            | 16,055,000            |
| State: VCWRLF                         | -                           | -                     | -                    | 5,000,000            | 2,000,000            | 7,000,000             |
| <b>Total Sewer Capital Fund</b>       | <b>\$ 11,600,000</b>        | <b>\$ 13,140,000</b>  | <b>\$ 14,120,000</b> | <b>\$ 11,775,000</b> | <b>\$ 12,885,000</b> | <b>\$ 63,520,000</b>  |
| <b><u>Stormwater Capital Fund</u></b> |                             |                       |                      |                      |                      |                       |
| Local: Line of Credit                 | 2,275,000                   | 2,550,000             | 3,360,000            | 3,220,000            | 3,770,000            | 15,175,000            |
| Local: Pay-As-You-Go (Stormwater)     | 625,000                     | -                     | 200,000              | 135,000              | 150,000              | 1,110,000             |
| State: Grants                         | -                           | -                     | -                    | -                    | 10,000,000           | 10,000,000            |
| <b>Total Stormwater Capital Fund</b>  | <b>\$ 2,900,000</b>         | <b>\$ 2,550,000</b>   | <b>\$ 3,560,000</b>  | <b>\$ 3,355,000</b>  | <b>\$ 13,920,000</b> | <b>\$ 26,285,000</b>  |
| <b>Total Sources of Funds</b>         | <b>\$ 114,461,431</b>       | <b>\$ 116,087,952</b> | <b>\$ 98,018,221</b> | <b>\$ 96,186,105</b> | <b>\$ 83,333,899</b> | <b>\$ 508,087,608</b> |

Source: City of Lynchburg, Virginia Adopted Capital Improvement Program FY 2026-2030

1. GLTC Federal and State Grant funds are included in resources and capital projects, but not appropriated.

## **Pension Plan**

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>

See Appendix C to this Official Statement, Notes 11 and 12 of the City’s Annual Comprehensive Financial Report for detailed information regarding the City and Schools Defined Benefit Pension Plans.

## **Commitments and Contingent Liabilities**

City employees accumulate annual leave based upon their length of service. Outstanding annual leave and compensated absences are payable up to a maximum of thirty-six (36) days upon termination of employment for employees hired prior to January 1, 2014 and a maximum of 31 days for non-public safety employees hired on or after January 1, 2014. As of June 30, 2025, compensated absences liabilities are reported as follows: \$8,062,104 for the General Fund, \$613,781 for the Water Fund, \$309,743 for the Sewer Fund, \$49,213 for the Stormwater Fund, \$59,687 for the Airport Fund and \$48,606 for the Fleet Fund. As of June 30, 2025, the compensated absences liability for the Schools’ employees was \$2,841,757.

Compensated absences liability amounts are reflected in the appropriate proprietary fund level financial statements and in the Long-term Liabilities Note 9 of the Annual Comprehensive Financial Report. See Appendix C to this Official Statement.

## **Other Post-Employment Benefits (OPEB)**

The City provides post-employment health and dental benefits to its retirees. The City does not provide prescription coverage for Medicare eligible retirees. All health care benefits are provided through the City’s self-insured health plan and retirees who qualify for City sponsored health benefits receive a City contribution in the same amount as active employees. 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 as follows: (i) 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. (ii) 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. (iii) 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.

For the fiscal year ended June 30, 2025, the City had a Total OPEB Liability of \$28,773,558. This was based on an actuarial valuation as of January 1, 2024 utilizing a 4.81% discount rate. The City recognized OPEB expense (benefit) of \$(3,776,461).

The Schools currently provide 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. 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.

The Schools currently fund postemployment health care benefits on a pay-as-you-go basis. The Schools do not intend to establish a trust to pre-fund this liability.

For the fiscal year ended June 30, 2025, the Schools had a Total OPEB Liability of \$6,794,574. This was based on an actuarial valuation as of July 1, 2024 utilizing a 3.97% discount rate. The Schools recognized OPEB expense (benefit) of \$(219,021).

See Appendix C to this Official Statement, Note 14 of the City's Annual Comprehensive Financial Report for detailed information regarding the City and Schools Other Post-Employment Benefits.

### **Leases**

For the year ended June 30, 2025, the financial statements include the adoption of GASB Statement No. 87, Leases for the City. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model of lease accounting based on the principle that leases are financings of the right to use an underlying asset. See Appendix C to this Official Statement, Note 19 of the City's Annual Comprehensive Financial Report.

## Debt Management

### Statement of General Obligation Long-Term Debt as of June 30, 2025

#### Tax-Supported Debt

|                      |    |             |
|----------------------|----|-------------|
| General <sup>1</sup> | \$ | 112,144,399 |
| Schools              |    | 64,305,674  |
| Sub-Total            | \$ | 176,450,073 |

#### Enterprise Fund Debt

|                                |    |             |
|--------------------------------|----|-------------|
| Airport <sup>2</sup>           |    | 1,422,457   |
| Water <sup>3</sup>             |    | 59,836,801  |
| Sewer <sup>3</sup>             |    | 35,558,337  |
| Stormwater <sup>3</sup>        |    | 6,943,511   |
| Sub-Total                      | \$ | 103,761,106 |
| Total Bonded Debt <sup>4</sup> | \$ | 280,211,179 |

---

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

1. General debt includes General Fund, Detention Home and Fleet Services funds, and excludes Schools.
2. Effective July 1, 1996, the City established the Regional Airport Fund to provide financing and accounting for its transportation services.
3. Although all of the above Water, Sewer and Stormwater System Bonds are general obligations of the City, the entire principal and interest on the bonds historically have been paid from revenues of those systems. No tax revenue has been applied to such payment.
4. Total bonded debt includes General Obligation Serial Bonds, Direct Borrowings and Bond Anticipation Notes.

## Legal Debt Margin

|                                                              | Based on Assessed<br>Valuation as of June 30,<br>2025 |
|--------------------------------------------------------------|-------------------------------------------------------|
| Total Assessed Value of Real Estate                          | \$ 8,073,706,624                                      |
| Legal Debt Limit- 10% of Total Assessed Value of Real Estate | 807,370,662                                           |
| Legal Debt Margin                                            | \$ 807,370,662                                        |
| Less: Bonded Debt as of June 30, 2025 <sup>1</sup>           | 280,211,179                                           |
| Legal Debt Margin for Creation of Additional Debt            | <u>\$ 527,159,483</u>                                 |

---

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

1. Bonded debt includes General Obligation Serial Bonds, Direct Borrowings and Bond Anticipation Notes. Bonded debt does not include \$83,804,945 City of Lynchburg Public Utility Revenue Bonds which by State law are not required to be included in the calculation of legal debt margin for additional debt.

**Ratio of Net Bonded Debt to Assessed Valuation  
and Net Bonded Debt Per Capita  
(Amounts in Thousands, Except Per Capita Data)**

| <b>Fiscal Year</b> | <b>Population<br/>(1)</b> | <b>Assessed Valuation<br/>(in thousands)<br/>(2)</b> | <b>Gross Bonded Debt<br/>(3)</b> | <b>Net Deferred Amounts<br/>(4)</b> | <b>Net Bonded Debt<br/>(Includes Net Deferred Amounts)</b> | <b>Net Bonded Debt To Assessed Value<br/>(Includes Net Deferred Amounts)</b> | <b>Net Bonded Debt Per Capita<br/>(Includes Net Deferred Amounts)</b> | <b>Bonded Debt Payable From Enterprise Fund Revenues<br/>(5)</b> | <b>Net Deferred Amounts Enterprise Funds<br/>(5)</b> | <b>Net Bonded Debt Governmental Funds Only<br/>(5)</b> | <b>Net Bonded Debt Governmental Funds Only To Assessed Value<br/>(Includes Net Deferred Amounts)<br/>(5)</b> |
|--------------------|---------------------------|------------------------------------------------------|----------------------------------|-------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| 2016               | 79,977                    | \$ 6,141,752                                         | \$ 268,243                       | \$ 17,599                           | \$ 285,842                                                 | 4.65%                                                                        | \$ 3,574                                                              | \$ 76,395                                                        | \$ 4,722                                             | \$ 204,725                                             | 3.33%                                                                                                        |
| 2017               | 80,667                    | 6,210,493                                            | 252,654                          | 16,626                              | 269,280                                                    | 4.34%                                                                        | 3,338                                                                 | 71,917                                                           | 4,483                                                | 192,880                                                | 3.11%                                                                                                        |
| 2018               | 80,690                    | 6,300,803                                            | 264,532                          | 18,319                              | 282,851                                                    | 4.49%                                                                        | 3,505                                                                 | 81,971                                                           | 5,709                                                | 195,171                                                | 3.10%                                                                                                        |
| 2019               | 80,772                    | 6,434,077                                            | 257,147                          | 17,204                              | 274,351                                                    | 4.26%                                                                        | 3,397                                                                 | 83,331                                                           | 5,412                                                | 185,608                                                | 2.88%                                                                                                        |
| 2020               | 80,327                    | 6,721,472                                            | 257,174                          | 20,508                              | 277,682                                                    | 4.13%                                                                        | 3,457                                                                 | 73,907                                                           | 5,914                                                | 197,861                                                | 2.94%                                                                                                        |
| 2021               | 80,054                    | 6,896,833                                            | 246,436                          | 21,083                              | 267,519                                                    | 3.88%                                                                        | 3,342                                                                 | 72,518                                                           | 6,234                                                | 188,767                                                | 2.74%                                                                                                        |
| 2022               | 80,127                    | 7,383,211                                            | 242,421                          | 19,663                              | 262,084                                                    | 3.55%                                                                        | 3,271                                                                 | 76,615                                                           | 5,874                                                | 179,595                                                | 2.43%                                                                                                        |
| 2023               | 80,736                    | 7,535,179                                            | 276,319                          | 23,020                              | 299,339                                                    | 3.97%                                                                        | 3,708                                                                 | 88,028                                                           | 6,346                                                | 204,965                                                | 2.75%                                                                                                        |
| 2024               | 81,782                    | 8,945,243                                            | 274,218                          | 21,779                              | 295,997                                                    | 3.31%                                                                        | 3,619                                                                 | 94,932                                                           | 5,969                                                | 195,096                                                | 2.18%                                                                                                        |
| 2025               | 81,417                    | 9,107,060                                            | 280,211                          | 19,950                              | 300,161                                                    | 3.30%                                                                        | 3,687                                                                 | 103,761                                                          | 5,597                                                | 190,803                                                | 2.10%                                                                                                        |

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

1. Data from the Weldon Cooper Center for Public Service, University of Virginia, Charlottesville, Virginia. Intercensal estimates for 2014-2019 were last published by Weldon Cooper on January 30, 2023. Intercensal estimates for 2020-2024 were last published on January 27, 2025. Population estimates for 2025 were published on February 24, 2026.
2. Assessed Valuation is taken from the City of Lynchburg Annual Comprehensive Financial Report Statistical Table 14. Assessed value for FY2017, 2018, 2020 and 2023 reflect certain restatements of assessed value for those years are reflected in Table 14. FY2025 assessed value only reflects two of four billings associated with the personal property tax levy as of June 30, 2025.
3. These amounts include principal only and do not include City of Lynchburg Public Utility Revenue Bonds of \$83,804,945 at June 30, 2025. Totals do include amounts drawn on the \$68,500,000 General Obligation Public Improvement Bond Anticipation Note, Series 2023 issued by the City on July 18, 2023.
4. Net Deferred Amounts include Premiums and Discounts.
5. 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.

**Ratio of Annual Debt Service Expenditures for General Fund Bonded Debt to  
Total General Fund and School Component Unit Expenditures**

| <b>Fiscal<br/>Year</b> | <b>Principal</b> | <b>Interest</b> | <b>Total Debt<br/>Service</b> | <b>Total General Fund<br/>and School<br/>Component Unit<br/>Expenditures Minus<br/>General Fund<br/>Transfer to Schools</b> | <b>Ratio of Debt Service<br/>to Total General Fund<br/>and School<br/>Component<br/>Expenditures</b> |
|------------------------|------------------|-----------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| 2016                   | \$ 9,837,962     | \$ 7,276,976    | \$ 17,114,938                 | \$ 241,412,702                                                                                                              | 7%                                                                                                   |
| 2017                   | 10,683,800       | 7,292,074       | 17,975,874                    | 234,753,971                                                                                                                 | 8%                                                                                                   |
| 2018                   | 10,416,914       | 7,378,458       | 17,795,372                    | 237,493,024                                                                                                                 | 7%                                                                                                   |
| 2019                   | 10,649,783       | 7,316,952       | 17,966,735                    | 241,999,318                                                                                                                 | 7%                                                                                                   |
| 2020                   | 10,897,501       | 6,511,030       | 17,408,531                    | 250,117,257                                                                                                                 | 7%                                                                                                   |
| 2021                   | 11,250,149       | 6,655,058       | 17,905,207                    | 244,433,978                                                                                                                 | 7%                                                                                                   |
| 2022                   | 11,131,297       | 6,417,482       | 17,548,779                    | 261,672,644                                                                                                                 | 7%                                                                                                   |
| 2023                   | 10,931,539       | 6,061,846       | 16,993,385                    | 329,991,309                                                                                                                 | 5%                                                                                                   |
| 2024                   | 12,113,738       | 5,725,136       | 17,838,874                    | 325,633,954                                                                                                                 | 5%                                                                                                   |
| 2025                   | 10,778,516       | 7,190,782       | 17,969,298                    | 309,402,495                                                                                                                 | 6%                                                                                                   |

---

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

In accordance with the City's debt policies, annual debt service expenditures for tax-supported debt should not exceed 10% of total General Fund Expenditures, plus School Component Unit Expenditures, minus the General Fund Transfer to Schools. This portion of the debt policy was originally adopted in August 1999, revised on December 12, 2006 and revised again on December 9, 2008.

The overall debt policy was last revised on December 10, 2019; however, the calculation for the above ratio has not changed.

The debt policy is revised or reaffirmed biennially. The policy was last reaffirmed on January 23, 2023.

All fiscal years were calculated using the current policy.

## Debt Service Requirements on General Obligation Outstanding Debt as of June 30, 2025

| Fiscal<br>Year     | Governmental Funds (1) |                     |                      | Payout<br>Ratio | Proprietary Funds (1) |                     |                      | Payout<br>Ratio | Total General Obligation Debt Service |                     |                      | Payout<br>Ratio |
|--------------------|------------------------|---------------------|----------------------|-----------------|-----------------------|---------------------|----------------------|-----------------|---------------------------------------|---------------------|----------------------|-----------------|
|                    | Principal              | Interest            | Total                |                 | Principal             | Interest            | Total                |                 | Principal                             | Interest            | Total                |                 |
| 2026               | \$ 11,450,299          | \$ 6,458,029        | \$ 17,908,328        | 7.0%            | \$ 4,100,825          | \$ 3,217,948        | \$ 7,318,773         | 4.9%            | \$ 15,551,124                         | \$ 9,675,977        | \$ 25,227,101        | 6.3%            |
| 2027               | 11,033,388             | 5,875,445           | 16,908,833           | 13.8%           | 3,910,638             | 3,016,179           | 6,926,817            | 9.5%            | 14,944,026                            | 8,891,624           | 23,835,650           | 12.3%           |
| 2028               | 9,648,337              | 5,436,011           | 15,084,348           | 19.7%           | 3,932,532             | 2,849,505           | 6,782,037            | 14.2%           | 13,580,869                            | 8,285,516           | 21,866,385           | 17.8%           |
| 2029               | 9,790,052              | 5,010,970           | 14,801,022           | 25.7%           | 3,987,668             | 2,685,305           | 6,672,973            | 19.0%           | 13,777,720                            | 7,696,275           | 21,473,995           | 23.4%           |
| 2030               | 9,237,402              | 4,594,024           | 13,831,426           | 31.3%           | 3,786,179             | 2,526,933           | 6,313,112            | 23.5%           | 13,023,581                            | 7,120,957           | 20,144,538           | 28.7%           |
| 2031               | 8,849,415              | 4,177,452           | 13,026,867           | 36.8%           | 3,826,036             | 2,353,509           | 6,179,545            | 28.0%           | 12,675,451                            | 6,530,961           | 19,206,412           | 33.8%           |
| 2032               | 9,064,330              | 3,772,630           | 12,836,960           | 42.3%           | 3,943,001             | 2,180,251           | 6,123,252            | 32.7%           | 13,007,331                            | 5,952,881           | 18,960,212           | 39.0%           |
| 2033               | 9,075,569              | 3,381,804           | 12,457,373           | 47.9%           | 3,908,651             | 2,018,713           | 5,927,364            | 37.4%           | 12,984,220                            | 5,400,517           | 18,384,737           | 44.3%           |
| 2034               | 9,131,398              | 3,015,883           | 12,147,281           | 53.5%           | 3,924,720             | 1,867,436           | 5,792,156            | 42.0%           | 13,056,118                            | 4,883,319           | 17,939,437           | 49.6%           |
| 2035               | 8,588,887              | 2,671,067           | 11,259,954           | 58.7%           | 3,999,140             | 1,723,144           | 5,722,284            | 46.8%           | 12,588,027                            | 4,394,211           | 16,982,238           | 54.7%           |
| 2036               | 8,771,169              | 2,352,776           | 11,123,945           | 64.1%           | 4,113,775             | 1,575,183           | 5,688,958            | 51.7%           | 12,884,944                            | 3,927,959           | 16,812,903           | 59.9%           |
| 2037               | 7,964,996              | 2,024,206           | 9,989,202            | 69.0%           | 4,126,875             | 1,422,472           | 5,549,347            | 56.6%           | 12,091,871                            | 3,446,678           | 15,538,549           | 64.8%           |
| 2038               | 8,144,730              | 1,716,134           | 9,860,864            | 74.0%           | 4,269,078             | 1,267,709           | 5,536,787            | 61.7%           | 12,413,808                            | 2,983,843           | 15,397,651           | 69.8%           |
| 2039               | 8,332,969              | 1,398,778           | 9,731,747            | 79.1%           | 3,207,786             | 1,115,642           | 4,323,428            | 65.5%           | 11,540,755                            | 2,514,420           | 14,055,175           | 74.5%           |
| 2040               | 8,518,747              | 1,084,910           | 9,603,657            | 84.3%           | 3,293,964             | 997,011             | 4,290,975            | 69.4%           | 11,812,711                            | 2,081,921           | 13,894,632           | 79.2%           |
| 2041               | 8,198,306              | 784,419             | 8,982,725            | 89.3%           | 2,501,371             | 893,036             | 3,394,407            | 72.4%           | 10,699,677                            | 1,677,455           | 12,377,132           | 83.6%           |
| 2042               | 8,352,205              | 509,979             | 8,862,184            | 94.4%           | 2,559,448             | 805,318             | 3,364,766            | 75.4%           | 10,911,653                            | 1,315,297           | 12,226,950           | 88.0%           |
| 2043               | 5,795,126              | 262,606             | 6,057,732            | 98.0%           | 2,623,512             | 715,062             | 3,338,574            | 78.6%           | 8,418,638                             | 977,668             | 9,396,306            | 91.4%           |
| 2044               | 2,883,993              | 102,851             | 2,986,844            | 99.8%           | 2,621,641             | 623,709             | 3,245,350            | 81.7%           | 5,505,634                             | 726,560             | 6,232,194            | 93.6%           |
| 2045               | 402,640                | 1,511               | 404,151              | 100.0%          | 2,120,000             | 531,356             | 2,651,356            | 84.2%           | 2,522,640                             | 532,867             | 3,055,507            | 94.6%           |
| 2046               | -                      | -                   | -                    | -               | 2,190,000             | 459,406             | 2,649,406            | 86.8%           | 2,190,000                             | 459,406             | 2,649,406            | 95.5%           |
| 2047               | -                      | -                   | -                    | -               | 1,680,000             | 384,894             | 2,064,894            | 88.8%           | 1,680,000                             | 384,894             | 2,064,894            | 96.2%           |
| 2048               | -                      | -                   | -                    | -               | 1,740,000             | 325,344             | 2,065,344            | 90.9%           | 1,740,000                             | 325,344             | 2,065,344            | 96.9%           |
| 2049               | -                      | -                   | -                    | -               | 1,795,000             | 263,719             | 2,058,719            | 93.0%           | 1,795,000                             | 263,719             | 2,058,719            | 97.6%           |
| 2050               | -                      | -                   | -                    | -               | 1,855,000             | 199,213             | 2,054,213            | 95.2%           | 1,855,000                             | 199,213             | 2,054,213            | 98.4%           |
| 2051               | -                      | -                   | -                    | -               | 1,285,000             | 139,528             | 1,424,528            | 96.7%           | 1,285,000                             | 139,528             | 1,424,528            | 98.9%           |
| 2052               | -                      | -                   | -                    | -               | 1,340,000             | 85,388              | 1,425,388            | 98.3%           | 1,340,000                             | 85,388              | 1,425,388            | 99.4%           |
| 2053               | -                      | -                   | -                    | -               | 1,400,000             | 28,875              | 1,428,875            | 100.0%          | 1,400,000                             | 28,875              | 1,428,875            | 100.0%          |
| Grand<br>Total (2) | <b>\$163,233,958</b>   | <b>\$54,631,485</b> | <b>\$217,865,443</b> |                 | <b>\$84,041,840</b>   | <b>\$36,271,788</b> | <b>\$120,313,628</b> |                 | <b>\$247,275,798</b>                  | <b>\$90,903,273</b> | <b>\$338,179,071</b> |                 |

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

- Governmental fund totals include the General and Detention Home funds. Proprietary Funds include Water, Sewer, Stormwater, Airport and Fleet Services funds.
- Total outstanding debt includes General Obligation Serial Bonds and Direct Borrowings.  
Outstanding debt excludes the \$68,500,000 General Obligation Bond Anticipation Note, Series 2023 which is being refunded with the proceeds of the Series 2026 Bonds

## Tax Base Data

### Assessed Value of All Taxable Property

| Fiscal Year | Real Property <sup>(1)</sup>              |                                          |                            |                  |          | Personal Property <sup>(3)</sup> |                            |                |          | Machinery and Tools                |          | Tax Assessed Value of Taxable Property | Total Direct Tax Rate <sup>(8)</sup> |
|-------------|-------------------------------------------|------------------------------------------|----------------------------|------------------|----------|----------------------------------|----------------------------|----------------|----------|------------------------------------|----------|----------------------------------------|--------------------------------------|
|             | Residential Property <sup>(2)(6)(9)</sup> | Commercial Property <sup>(2)(7)(9)</sup> | Public Service Corporation | Total            | Tax Rate | Personal Property                | Public Service Corporation | Total          | Tax Rate | Machinery and Tools <sup>(2)</sup> | Tax Rate |                                        |                                      |
| 2016        | \$ 3,390,055,000                          | \$ 1,753,194,800                         | \$ 185,088,590             | \$ 5,328,338,390 | 1.11     | \$ 625,528,817 <sup>(4)</sup>    | \$ 28,004,949              | \$ 653,533,766 | 3.80     | \$ 159,879,989 <sup>(4)</sup>      | 3.00     | \$ 6,141,752,145                       | 7.91                                 |
| 2017        | 3,423,589,300                             | 1,754,405,800                            | 188,976,706                | 5,366,971,806    | 1.11     | 658,107,572 <sup>(4)</sup>       | 26,479,912                 | 684,587,484    | 3.80     | 158,933,643 <sup>(4)</sup>         | 3.00     | 6,210,492,933                          | 7.91                                 |
| 2018        | 3,467,846,600                             | 1,761,618,400                            | 193,804,645                | 5,423,269,645    | 1.11     | 676,603,014 <sup>(4)</sup>       | 31,249,795                 | 707,852,809    | 3.80     | 169,680,373 <sup>(4)</sup>         | 3.00     | 6,300,802,827                          | 7.91                                 |
| 2019        | 3,512,791,000                             | 1,794,312,500                            | 205,907,581                | 5,513,011,081    | 1.11     | 718,416,481 <sup>(4)</sup>       | 26,991,933                 | 745,408,414    | 3.80     | 175,657,733 <sup>(4)</sup>         | 3.00     | 6,434,077,228                          | 7.91                                 |
| 2020        | 3,717,218,400                             | 1,888,443,300                            | 200,755,250                | 5,806,416,950    | 1.11     | 723,862,510 <sup>(4)</sup>       | 33,531,033                 | 757,393,543    | 3.80     | 157,661,606 <sup>(4)</sup>         | 3.00     | 6,721,472,099                          | 7.91                                 |
| 2021        | 3,782,129,600                             | 1,914,776,500                            | 214,754,922                | 5,911,661,022    | 1.11     | 795,541,727 <sup>(4)</sup>       | 31,097,593                 | 826,639,320    | 3.80     | 158,532,445 <sup>(4)</sup>         | 3.00     | 6,896,832,787                          | 7.91                                 |
| 2022        | 4,196,685,300                             | 1,970,242,400                            | 209,009,697                | 6,375,937,397    | 1.11     | 812,007,960 <sup>(4)</sup>       | 29,459,641                 | 841,467,601    | 3.80     | 165,805,534 <sup>(4)</sup>         | 3.00     | 7,383,210,532                          | 7.91                                 |
| 2023        | 4,265,721,000                             | 1,982,311,800                            | 220,176,366                | 6,468,209,166    | 1.11     | 863,955,841 <sup>(4)</sup>       | 29,353,165                 | 893,309,006    | 3.80     | 173,660,754 <sup>(4)</sup>         | 3.00     | 7,535,178,926                          | 7.91                                 |
| 2024        | 5,362,079,900                             | 2,227,372,700                            | 228,209,953                | 7,817,662,553    | 0.89     | 931,774,688 <sup>(4)</sup>       | 31,428,197                 | 963,202,885    | 3.80     | 164,377,147 <sup>(4)</sup>         | 3.00     | 8,945,242,585                          | 7.69                                 |
| 2025        | 5,522,167,900                             | 2,265,466,200                            | 286,072,524                | 8,073,706,624    | 0.89     | 829,862,749 <sup>(5)</sup>       | 38,354,266                 | 868,217,015    | 3.80     | 165,136,428 <sup>(5)</sup>         | 3.00     | 9,107,060,067                          | 7.69                                 |

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

1. Assessed value is as of July 1 of the fiscal year noted.
2. Real estate and machinery and tools are assessed at 100% of fair market value.
3. Personal property tax is assessed according to the National Automobile Dealers Association (NADA) pricing guide. Tax year 2022 was assessed at 75% of the NADA value and tax year 2023 was assessed at 90% of the NADA value. All other tax years were assessed at 100% value
4. These figures have been updated to reflect all billings associated with the levy.
5. 2025 Personal Property Tax Levy in FY 2025. These figures only reflect two of the four billings associated with this levy. These figures will be updated in FY 2026 to reflect all four billings.
6. These figures are net of land use exemptions. Title 58.1-3230 through 3244 of the Code of Virginia provides for the assessment of land based on use value rather than market value. Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by the City of Lynchburg.
7. Commercial property also includes industrial property.
8. When a government's individual direct rates apply to the same proportion of the revenue base and does not apply to only a portion (such as residential, commercial, industrial) the Total Direct Rate is the sum of individual direct rates.
9. Fiscal Years 2016 – 2024 were restated in FY 2025 due to correction of prior year's data.

## Percentage of Total Locally Assessed Real Estate

### In Business and Industrial Use

| <b>Fiscal<br/>Year</b> | <b>Percent</b> |
|------------------------|----------------|
| 2017                   | 33.93%         |
| 2018                   | 33.74%         |
| 2019                   | 33.89%         |
| 2020                   | 33.82%         |
| 2021                   | 33.68%         |
| 2022                   | 31.90%         |
| 2023                   | 31.81%         |
| 2024                   | 29.41%         |
| 2025                   | 29.09%         |
| 2026                   | 26.57%         |

Source: Real Estate Assessor, City of Lynchburg, Virginia.

### Certain Other Local Taxes

| Fiscal<br>Year | Local Sales<br>and Use Tax | Consumer<br>Utility Taxes | Communications<br>Sales & Use Tax | Business<br>License Taxes | Meals and<br>Lodging<br>Taxes |
|----------------|----------------------------|---------------------------|-----------------------------------|---------------------------|-------------------------------|
| 2016           | \$ 14,995,131              | \$ 4,660,389              | \$ 3,282,767                      | \$ 8,464,009              | \$ 16,181,590                 |
| 2017           | 15,351,346                 | 4,569,906                 | 3,202,076                         | 9,258,208                 | 16,608,218                    |
| 2018           | 15,282,741                 | 4,768,971                 | 3,101,975                         | 9,095,288                 | 17,282,753                    |
| 2019           | 15,913,730                 | 4,673,597                 | 2,877,715                         | 9,398,263                 | 17,541,395                    |
| 2020           | 16,478,533                 | 4,527,034                 | 2,812,099                         | 9,553,844                 | 15,556,756                    |
| 2021           | 18,586,355                 | 4,581,154                 | 2,497,779                         | 9,294,844                 | 17,294,065                    |
| 2022           | 20,685,254                 | 4,733,518                 | 2,424,362                         | 10,049,251                | 20,693,228                    |
| 2023           | 21,956,963                 | 4,452,987                 | 2,354,000                         | 11,058,315                | 22,695,455                    |
| 2024           | 21,856,033                 | 4,287,277                 | 2,212,151                         | 11,054,355                | 23,310,853                    |
| 2025           | 22,476,692                 | 4,550,156                 | 2,201,389                         | 11,302,241                | 23,782,863                    |

Source: Chief Financial Officer, City of Lynchburg, Virginia

**Tax Rates**  
(Per \$100 Assessment)

|                                               | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|-----------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Real Estate                                   |             |             |             |             |             |
| Locally Assessed                              | \$ 1.11     | \$ 1.11     | \$ 0.89     | \$ 0.89     | \$ 0.84     |
| Personal Property                             |             |             |             |             |             |
| Locally Assessed                              | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        |
| Machinery and Tools                           | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        |
| Automobiles, Trucks and<br>Business Equipment | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        |
| Public Service Corporations                   |             |             |             |             |             |
| Equalized                                     | 1.11        | 1.11        | 0.89        | 0.89        | 0.84        |
| Automobiles and Trucks                        | 3.80        | 3.80        | 3.80        | 3.80        | 3.80        |
| Total Direct Tax Rate                         | 7.91        | 7.91        | 7.69        | 7.69        | 7.64        |

Note: There is no overlapping government taxation.

Source: Chief Financial Officer, City of Lynchburg, Virginia

**Ten Largest Taxpayers**  
**June 30, 2025**

| <u>Taxpayer</u>                              | <u>Type of Business</u>     | <u>Taxable<br/>Assessed<br/>Value</u> | <u>Rank</u> | <u>Percentage of<br/>Total Taxable<br/>Assessed Value</u> | <u>2025<br/>Total<br/>Tax Levy</u> | <u>Percentage<br/>of Total<br/>Tax Levy</u> |
|----------------------------------------------|-----------------------------|---------------------------------------|-------------|-----------------------------------------------------------|------------------------------------|---------------------------------------------|
| AEP - American Electric Power                | Utility                     | \$ 155,372,190                        | 1           | 1.81%                                                     | \$ 1,391,055                       | 1.37%                                       |
| Frito-Lay, Inc.                              | Food manufacturer           | 64,217,103                            | 2           | 0.75%                                                     | 1,388,463                          | 1.37%                                       |
| Rosedale Investments LLC                     | Apartments/shopping         | 64,037,500                            | 3           | 0.75%                                                     | 526,700                            | 0.52%                                       |
| River Ridge, Ltd.                            | Shopping mall               | 62,959,683                            | 4           | 0.73%                                                     | 590,392                            | 0.58%                                       |
| Framatome (fmr Areva NP, Inc.)               | Nuclear power design & fuel | 54,053,760                            | 5           | 0.63%                                                     | 1,045,524                          | 1.03%                                       |
| Triangle West Edge (fmr TPB Enterprises LLC) | Apartments                  | 51,804,619                            | 6           | 0.60%                                                     | 461,463                            | 0.45%                                       |
| Columbia Gas of Virginia, Inc.               | Utility                     | 48,962,348                            | 7           | 0.57%                                                     | 435,810                            | 0.43%                                       |
| REA Lynchburg LLC                            | Apartments                  | 43,431,942                            | 8           | 0.51%                                                     | 389,834                            | 0.38%                                       |
| C.B. Fleet Co.                               | Pharmaceuticals             | 36,671,503                            | 9           | 0.43%                                                     | 672,870                            | 0.66%                                       |
| Wal-Mart Real Estate Business Trust          | Retail                      | 36,554,800                            | 10          | 0.43%                                                     | 392,972                            | 0.39%                                       |
| Total                                        |                             | <u>\$ 618,065,448</u>                 |             | <u>7.21%</u>                                              | <u>\$7,295,083</u>                 | <u>7.18%</u>                                |

Total Assessed Valuation: \$ 8,583,846,012

Tax Levy:

|                             |                              |
|-----------------------------|------------------------------|
| Real Estate                 | \$ 69,493,261                |
| Railroads and Pipelines     | 247,699                      |
| Public Service Corporations | 2,651,396                    |
| Personal Property           | 29,280,842                   |
| Total Tax Levy:             | <u><u>\$ 101,673,198</u></u> |

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

## Tax Levies and Tax Collections

| Fiscal Year | Tax Levied for the Fiscal Year (1) | Adjustments (2) | Adjusted Levy | Collected within the Fiscal Year of the Levy |                        | Delinquent Tax Collections (4) | Total Collections to Date |                        |
|-------------|------------------------------------|-----------------|---------------|----------------------------------------------|------------------------|--------------------------------|---------------------------|------------------------|
|             |                                    |                 |               | Amount                                       | Percentage of Levy (3) |                                | Amount                    | Percentage of Levy (3) |
| 2016        | \$ 82,721,284                      | \$ 179,324      | \$ 82,900,608 | \$ 80,478,895                                | 97.29%                 | \$ 2,401,930                   | \$ 82,880,825             | 99.98%                 |
| 2017        | 83,923,034                         | 617,042         | 84,540,076    | 81,750,492                                   | 97.41%                 | 2,756,974                      | 84,507,466                | 99.96%                 |
| 2018        | 85,534,487                         | 659,490         | 86,193,977    | 83,113,348                                   | 97.17%                 | 3,057,193                      | 86,170,541                | 99.97%                 |
| 2019        | 87,349,894                         | 824,347         | 88,174,241    | 84,635,267                                   | 96.89%                 | 3,506,503                      | 88,141,770                | 99.96%                 |
| 2020        | 90,985,488                         | 497,805         | 91,483,293    | 88,831,389                                   | 97.63%                 | 2,511,364                      | 91,342,753                | 99.85%                 |
| 2021        | 94,112,716                         | 689,758         | 94,802,474    | 90,819,949                                   | 96.50%                 | 3,773,868                      | 94,593,817                | 99.78%                 |
| 2022        | 100,695,312                        | 524,227         | 101,219,539   | 97,067,294                                   | 96.40%                 | 3,819,203                      | 100,886,497               | 99.67%                 |
| 2023        | 102,967,953                        | 708,003         | 103,675,956   | 99,601,117                                   | 96.73%                 | 3,488,374                      | 103,089,491               | 99.43%                 |
| 2024        | 102,307,038                        | 978,626         | 103,285,664   | 98,227,848                                   | 96.01%                 | 3,759,040                      | 101,986,888               | 98.74%                 |
| 2025        | 105,622,399                        | (796,085)       | 104,826,314   | 101,834,825                                  | 96.41%                 | -                              | 101,834,825               | 97.15%                 |

Source: Chief Financial Officer, City of Lynchburg, Virginia

1. Total tax levy is calculated based on the sum of the initial Real Estate Tax and Personal Property Tax levies.
2. Adjustments include supplemental billings and exonerations attributable to the year the tax was levied. The current year only includes exonerations.
3. These columns represent the amount and percentage of the tax levy within the respective tax year reporting period.
4. These columns represent collections in subsequent years for the tax levied in the noted fiscal year.

## **Litigation**

During the normal course of business, the City, its departments, officers, and/or employees have been named as defendants in claims for various types of damages, injuries, and liabilities which are defended by the City Attorney or associated counsel. The City's potential liability, where applicable, is protected partially by indemnification agreements, various insurance policies, and the City's Self-Insurance Program. The City Attorney is of the opinion that there is no litigation pending or threatened in either state or federal courts which would in any way affect the validity of the Bonds or the ability of the City to levy or collect ad valorem taxes for payment of the Bonds or the interest thereon.

## **Selected Financial Information**

The financial data shown in the following tables represent a summary for the years ended June 30, 2016 through 2025, for the funds which represent significant operations of the City.

**City of Lynchburg, Virginia**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**General Fund**  
**Last Ten Fiscal Years**

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

**City of Lynchburg, Virginia**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

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

**City of Lynchburg, Virginia**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balance**  
**School Fund**  
**Last Ten Fiscal Years**

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

**City of Lynchburg, Virginia**  
**Comparative Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Water Fund**  
**Last Ten Fiscal Years**

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

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

**City of Lynchburg, Virginia**  
**Comparative Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Sewer Fund**  
**Last Ten Fiscal Years**

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

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

**City of Lynchburg, Virginia**  
**Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Stormwater Fund**  
**Last Ten Fiscal Years**

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

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

**City of Lynchburg, Virginia**  
**Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Airport Fund**  
**Last Ten Fiscal Years**

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

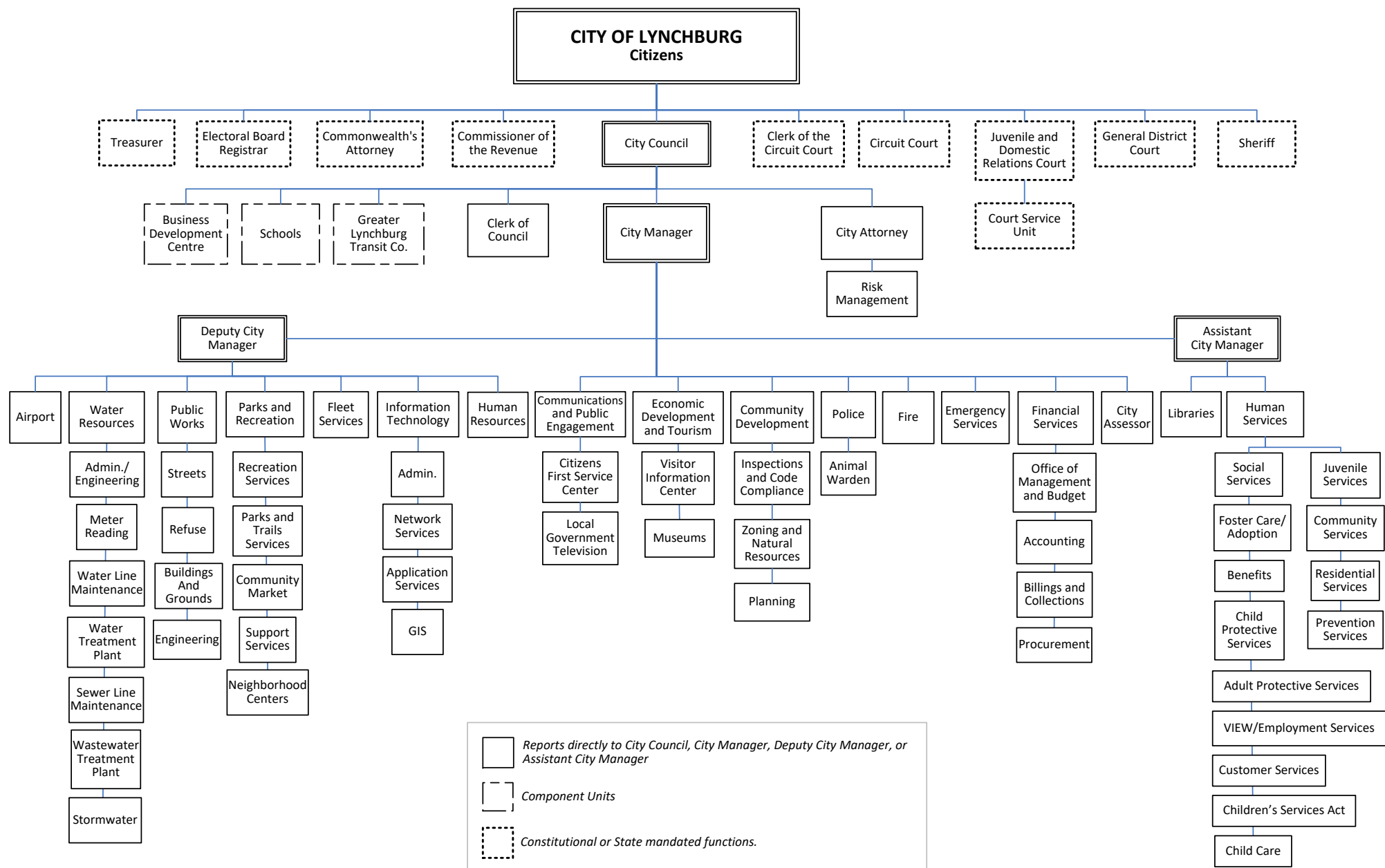
(1) Total net position - beginning, was restated as of June 30, 2017. See Note 25, City of Lynchburg's Annual Comprehensive Financial Report for FY 2018 for an explanation.

**(This Page Intentionally Left Blank)**

**APPENDIX B**

**CITY OF LYNCHBURG, VIRGINIA  
ORGANIZATIONAL STRUCTURE**

**(This Page Intentionally Left Blank)**



**(This Page Intentionally Left Blank)**

**APPENDIX C**

**FINANCIAL STATEMENTS OF THE CITY OF LYNCHBURG, VIRGINIA,  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**(This Page Intentionally Left Blank)**



## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Change in Accounting Principle*

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



## *Responsibilities of Management for the Financial Statements*

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

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

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

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

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

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



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

### *Required Supplementary Information*

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

### *Supplementary Information*

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

### *Other Information*

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

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
December 2, 2025

## **CITY OF LYNCHBURG, VIRGINIA**

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

The Management's Discussion and Analysis (MD&A) of the City of Lynchburg's (City) financial statements offers readers a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2025. The Lynchburg City Schools (Schools) component unit is included in this narrative also. The information presented here should be considered in conjunction with additional information provided in the Letter of Transmittal.

### **FINANCIAL HIGHLIGHTS**

- The total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources at June 30, 2025 by \$659.4 million (net position). Unrestricted net position of \$39.3 million represented \$5.6 million for governmental activities, which included the general fund, and \$33.7 million for business-type activities, which included the enterprise funds (water, sewer, stormwater, and airport).
- The general fund's unassigned fund balance of \$47.4 million was 20.3% of total general fund revenues, which were \$233.4 million. This was \$24.1 million more than the City Council adopted unassigned fund balance policy requirement of 10%, or \$23.3 million.
- In comparison with the prior fiscal year, the City's total net position increased 7.7%, or \$47.4 million, from FY 2024. Net position of governmental activities increased 6.0 %, or \$18.1 million, from FY 2024; and, net position of business-type activities increased 9.4%, or \$29.3 million. The Schools' component unit total net position of (\$60.1) million increased 2.1%, or \$1.3 million from FY 2024.
- The City's total revenues of \$359.2 million increased 9.3%, or \$30.5 million, and total expenses of \$311.8 million increased 8.7%, or \$24.9 million, from FY 2024. General revenues of \$183.8 million were \$47.4 million more than the expenses net of program revenues of \$136.4 million.
- For the current fiscal year, the City's total liabilities and deferred inflows of resources of \$622.4 million decreased \$7.0 million from FY 2024.
- The City decreased its overall debt by \$0.9 million. Governmental activities decreased by \$3.2 million and business-type activities increased by \$2.3 million. This includes the issuance of new debt totaling \$21.1 million, of which \$8.6 million was for governmental activities and \$12.5 million was for business-type activities. Debt retirements, through a combination of planned retirements and lease payments, totaled \$22.0 million; of which \$11.8 million was for governmental activities and \$10.2 million was for business-type activities. The City's general obligation bonds continued to maintain an Aa2 rating from Moody's Investors Service; an AA+ rating from Fitch Ratings; and, an AA+ from Standard & Poor's Global Ratings Services.

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

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

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

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

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

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

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

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

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

## **FUND FINANCIAL STATEMENTS**

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

### **Governmental Funds**

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

### **Proprietary Funds**

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

### **Custodial Funds**

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

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

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

### **Other Information**

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

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

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

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

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

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

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

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

## Statement of Activities

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

### *Summary of Changes in Net Position For Fiscal Years Ended June 30, 2025/2024 (in millions)*

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

## **Governmental Activities**

The City's governmental activities are comprised of the general fund, fleet internal services fund, special revenue funds, and capital projects funds. Total net position of \$318.8 million increased 6.0%, or \$18.1 million from FY 2024.

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

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

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

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

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

General revenues, specifically property taxes of \$99.9 million, increased \$4.2 million. Property taxes are comprised mainly of real property and personal property taxes. The City's general reassessment of real property occurs biennially and is effective on July 1 of the fiscal year. Real Estate taxes (including delinquent taxes) increased \$1.9 million and personal property taxes (including delinquent taxes) increased \$1.6 million. Other property taxes increased \$0.7 million.

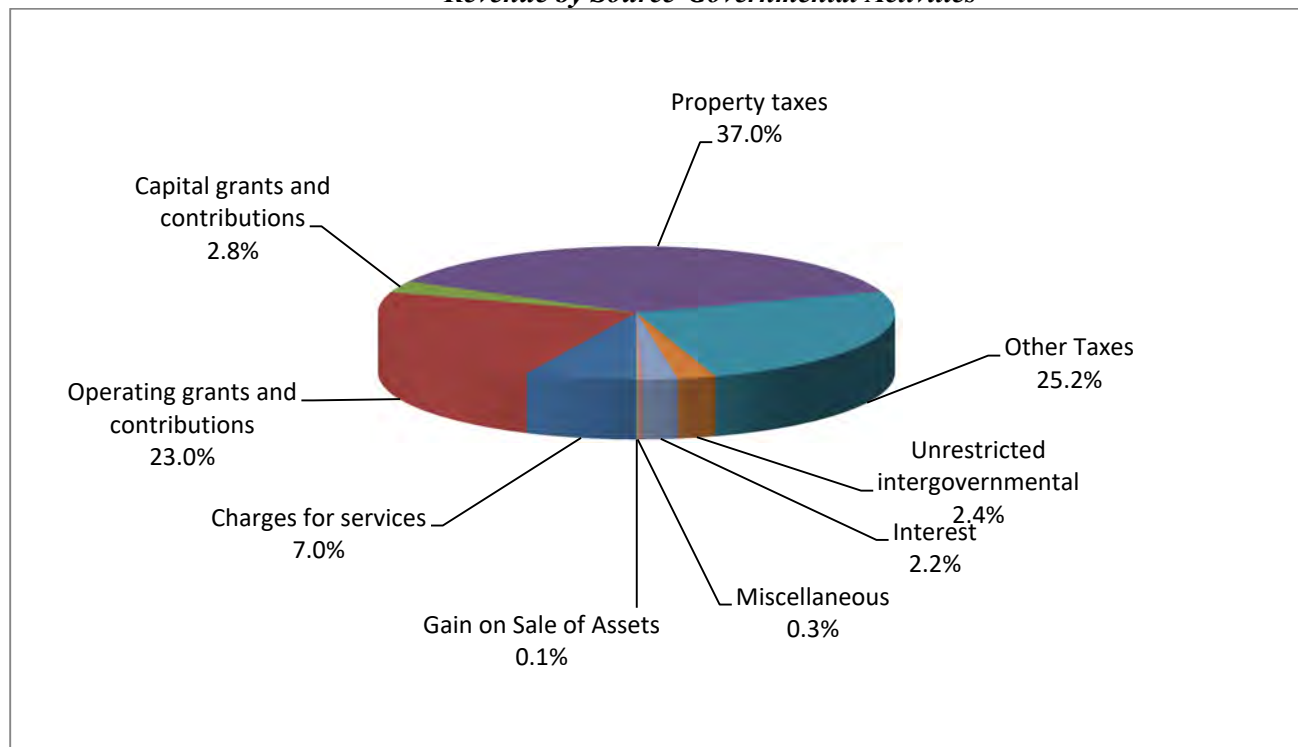
Other taxes revenue of \$68.0 million increased \$1.1 million. Other taxes are comprised mainly of revenue from local sales, meals, lodging, consumer utilities, business licenses, motor vehicle licenses, and communications sales and use taxes.

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

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

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

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



***Expense highlights:***

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

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

***Net Cost of Governmental Activities  
For Fiscal Years Ended FY 2025/2024  
(in millions)***

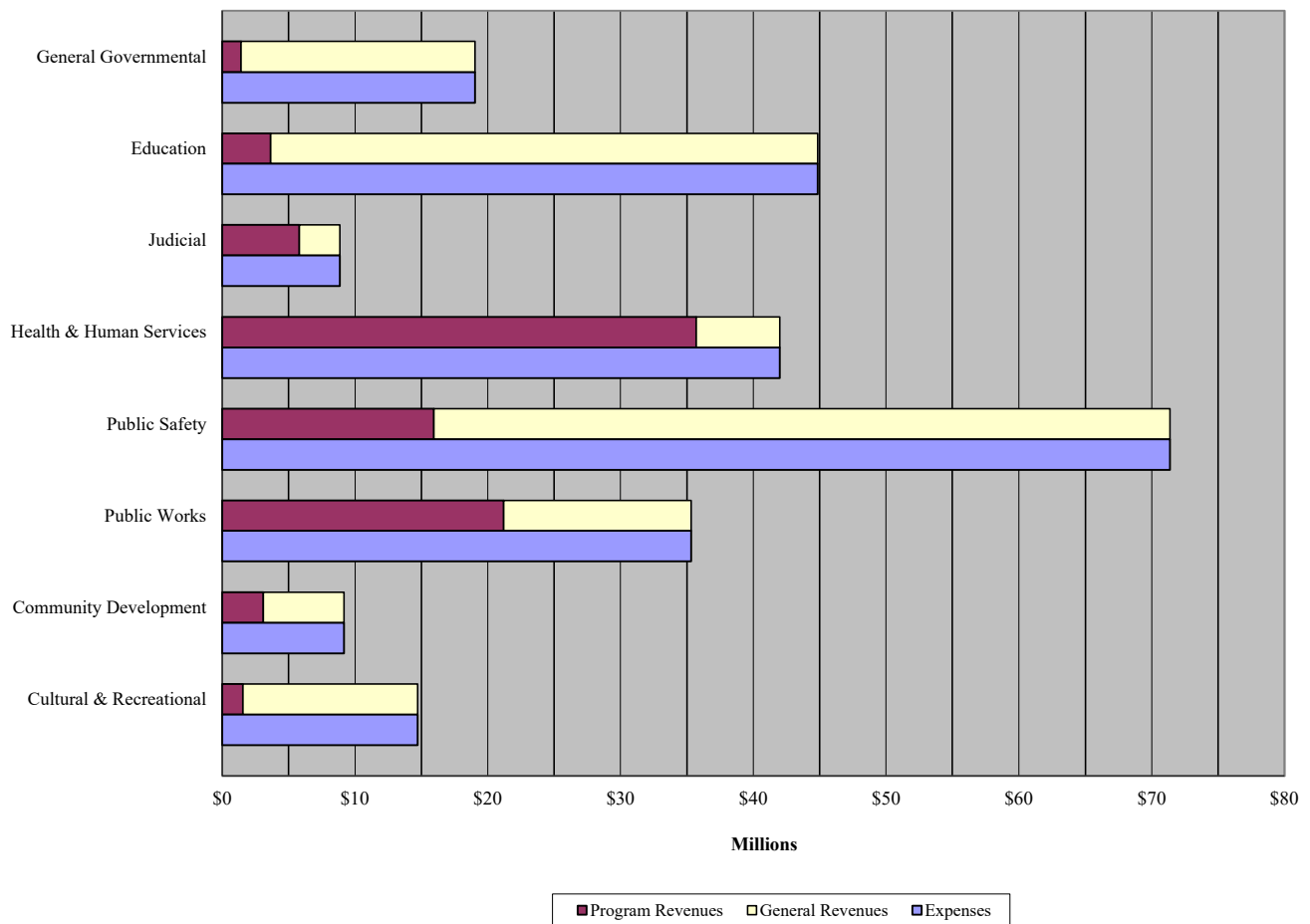
| Governmental Activity                    | Total Cost of Services |                 | Percentage          | Net Cost of Services |                 | Percentage          |
|------------------------------------------|------------------------|-----------------|---------------------|----------------------|-----------------|---------------------|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

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

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

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

***Program Expenses and Program Revenues - Governmental Activities***



**Business-type Activities**

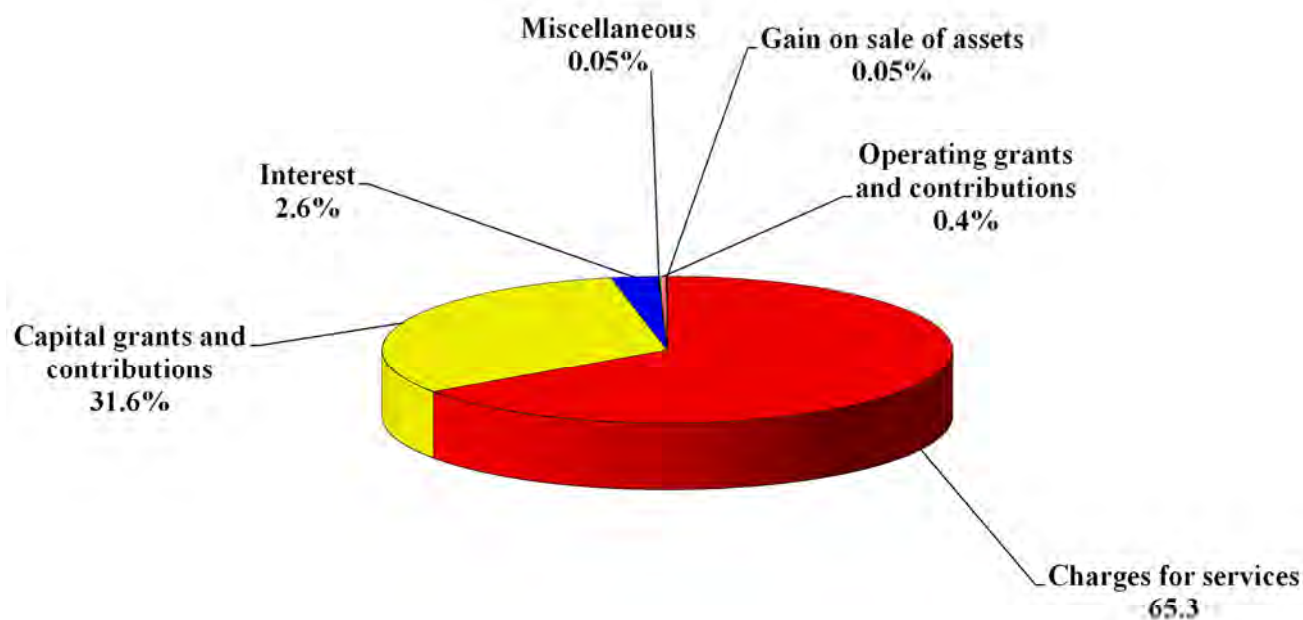
The business-type activities are comprised of enterprise funds for water, sewer, stormwater, and airport operations. Total net position of \$340.6 million increased 9.4%, or \$29.3 million from FY 2024.

***Revenue highlights:***

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

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

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



***Expense highlights:***

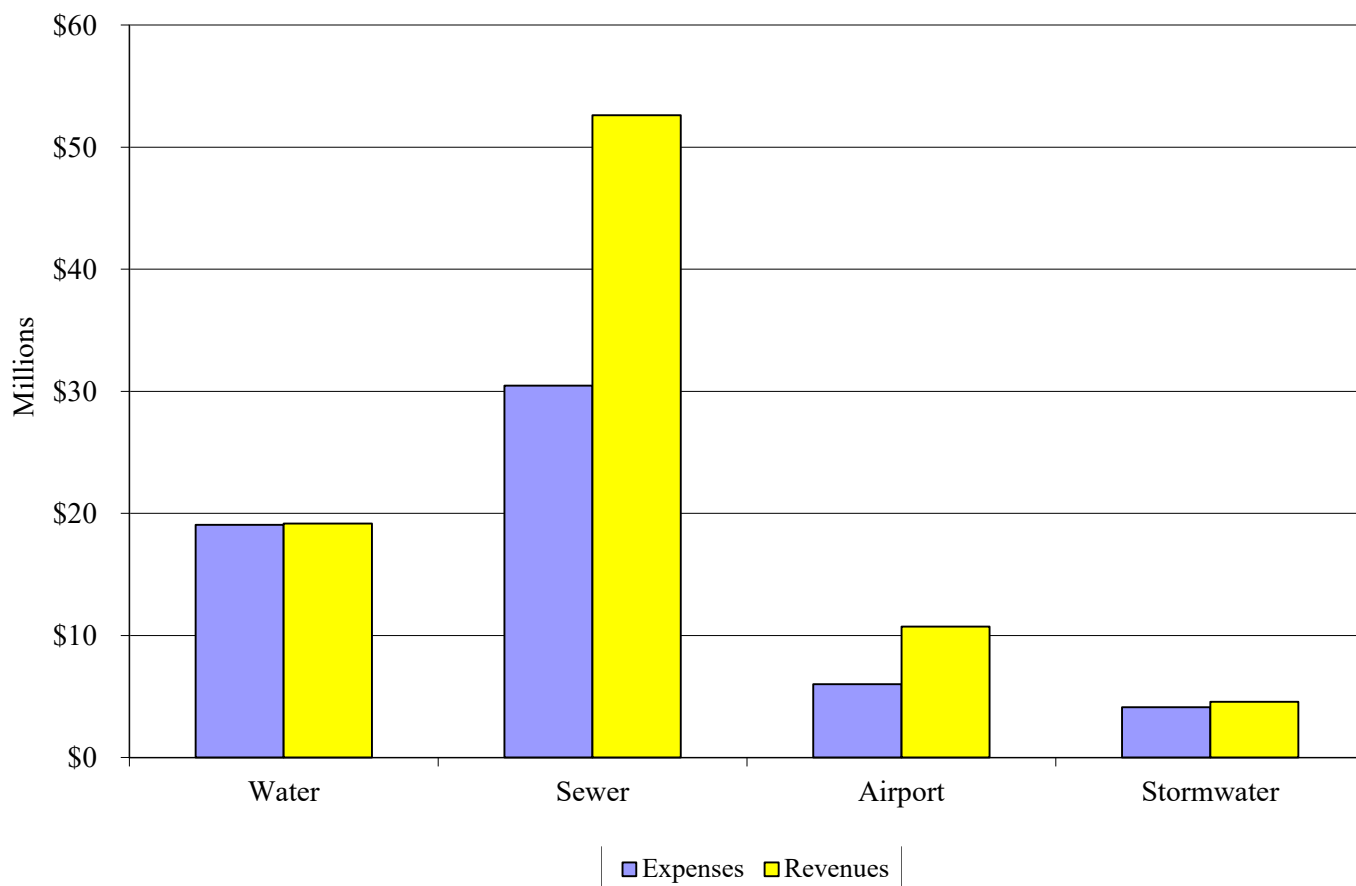
Business-type activities expenses of \$60.3 million increased \$5.7 million from the prior year.

Overall, business-type activities revenues of \$89.6 million were \$29.3 million more than expenses of \$60.3 million.

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

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

***Program Expenses and Program Revenues - Business-type Activities***



**Component Unit – Schools**

The Schools' component unit reported a total net position of (\$60.1) million, reflecting a modest increase of \$1.3 million from the prior year, attributable to the use of available local resources while leveraging grant funding to support operations. Unrestricted net position of (\$66.0) million increased 3.9% or \$2.7 million from FY 2024.

***Revenue Highlights***

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

***Expenditure Highlights***

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

## FUND FINANCIAL ANALYSIS

### Governmental Funds

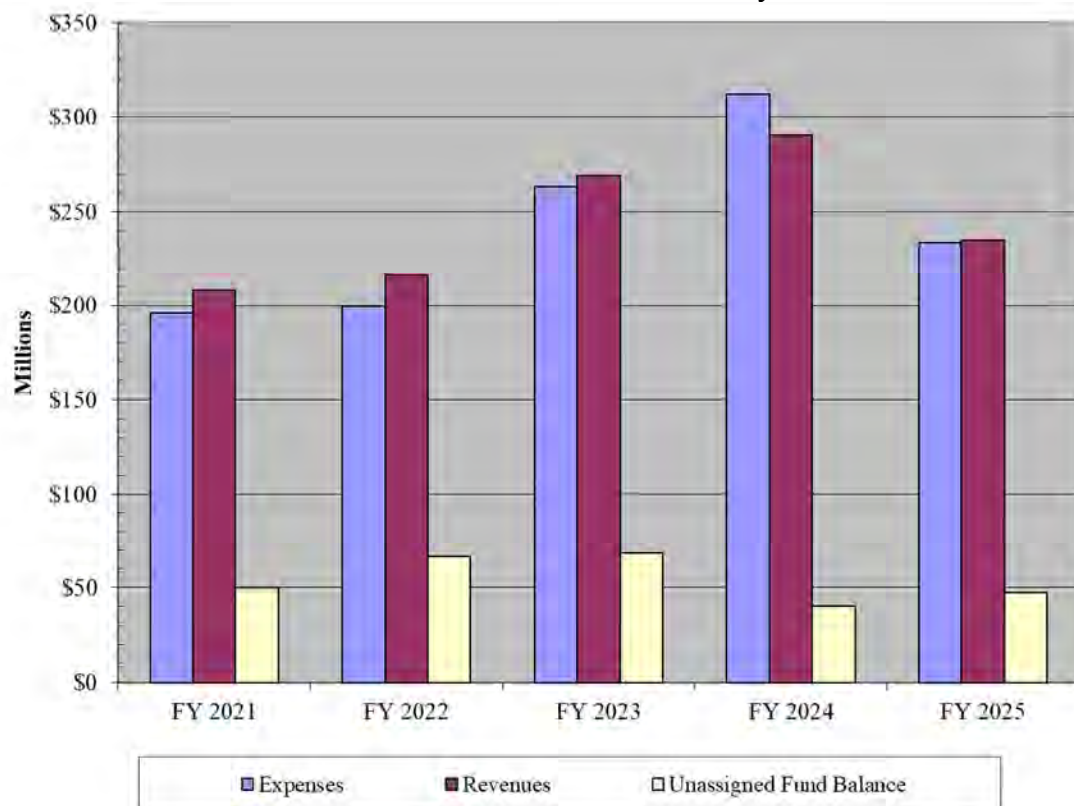
Governmental funds include the general fund, special revenue funds, and capital projects funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.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

- For FY 2025, the City's governmental funds reported combined fund balances of \$120.9 million, a decrease of \$21.3 million from FY 2024. Of that amount, \$7.7 million was restricted; \$50.5 million was committed; \$15.3 million was assigned; and \$47.4 million was unassigned. The general fund's decrease in fund balance was \$1.7 million. The City Capital Projects fund's decrease in fund balance was \$24.6 million. The decrease is due to the completion of several major projects. The School Capital Projects fund's decrease in fund balance was \$0.4 million, also due to the completion of several projects. Special revenue funds increase in fund balance was \$2.1 million.
- As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20.3% of total general fund expenditures (including transfers out), while total fund balance represents 32.8% of that same amount.

### General Fund

The general fund is the chief operating fund of the City. The following graph and table present a five-year summary of financial information for expenditures, revenues, and unassigned fund balance as well as a FY 2025 summarized comparison of amended budget versus actual information. In accordance with the implementation of GASB 54, the technology fund is utilized for internal reporting purposes only. For financial statement reporting, the technology fund is collapsed into the general fund. The five-year summary includes the technology fund while the budget comparison does not. See further information in Note 1 to the Financial Statements.

*Five-Year General Fund Financial Summary*



**General Fund Budgetary Highlights**

| <u>Description</u>                             | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>Actual</u> | <u>Amended<br/>versus<br/>Actual</u> |
|------------------------------------------------|----------------------------|---------------------------|---------------|--------------------------------------|
| <u>Revenues &amp; Other Financing Sources</u>  |                            |                           |               |                                      |
| Taxes                                          | \$ 165.8                   | \$ 166.3                  | \$ 167.6      | \$ 1.3                               |
| Intergovernmental                              | 43.4                       | 44.8                      | 43.9          | (0.9)                                |
| Other                                          | <u>20.6</u>                | <u>21.7</u>               | <u>23.7</u>   | <u>2.0</u>                           |
| Total                                          | <u>229.8</u>               | <u>232.8</u>              | <u>235.2</u>  | <u>2.4</u>                           |
| <u>Expenditures &amp; Other Financing Uses</u> |                            |                           |               |                                      |
| Expenditures                                   | 233.0                      | 237.5                     | 224.1         | 13.4                                 |
| Transfers                                      | <u>3.3</u>                 | <u>9.4</u>                | <u>9.4</u>    | <u>-</u>                             |
| Total                                          | <u>236.3</u>               | <u>246.9</u>              | <u>233.5</u>  | <u>13.4</u>                          |
| <u>Change in Fund Balance</u>                  | <u>\$ (6.5)</u>            | <u>\$ (14.1)</u>          | <u>\$ 1.7</u> | <u>\$ 15.8</u>                       |

Actual expenditures and other financing use of \$233.5 million was less than revenues and other financing sources of \$235.2 million by \$1.7 million, which resulted in a positive change in fund balance that was less than the amended budget projected decrease of \$14.1 million. The FY 2025 adopted budget included the use of \$6.5 million of the FY 2024 General Fund's unassigned fund balance primarily to resource a planned \$1.8 million transfer out for general government capital projects; \$0.4 million transfer to the technology fund for equipment purchases; \$0.7 million transfer out to Fleet fund for vehicle purchases and debt service; and \$0.4 million transfer to the City/Federal/State Aid fund for matching funds on grants. This transfer is in accordance with City Council's adopted Fund Balance Policy (reaffirmed in FY 2023) which states that funds in excess of the targeted fund balance of ten percent (10%) of general fund revenues may be considered to supplement "pay-as-you-go" capital outlay expenditures, with the goal of moving towards the target of fifteen percent (15%). In summary, actual revenues were above the amended budget by \$2.4 million and actual expenditures were below the amended budget by \$13.4 million, resulting in a \$15.8 million increase in fund balance for FY 2025.

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

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

- \$1.3 million for general government
- \$0.1 million for judicial
- \$0.7 million for public safety
- \$2.2 million for public works
- \$1.9 million for health and human services
- \$0.4 million for cultural and recreational
- \$0.3 million for community development
- \$4.9 million for education
- \$1.5 million for debt service

Keeping consistent with Council adopted Financial Policies, City Council appropriated \$1.2 million for a General Fund Reserve for Contingencies. City Council authorized 9.7%, or \$0.1 million in expenditures from this contingency for demolition of blighted properties.

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

- \$3.3 million net increase for third quarter budget amendment requests. Each fiscal year, management reviews current year expenditures and revenue collection patterns and presents to City Council a third quarter budget amendment. The FY 2025 amendment was primarily for \$2.0 million for health and human services; and \$1.2 million for additional Personal Property taxes and Interest on Investments.
- \$5.6 million increase to the budget for unexpended items requested to be re-appropriated in the current year to continue programs (first quarter carryforward).

#### **City Capital Projects Fund**

The City capital projects fund accounts for the major construction projects of the City other than those financed by proprietary funds or the school capital projects fund. Annually, the City adopts a five-year capital project plan. Year one of the plan is appropriated for current year expenditures. The fund balance of \$35.6 million decreased 40.9%, or \$24.6 million from FY 2024.

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

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

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

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

#### **School Capital Projects Fund**

The School capital projects fund accounts for the major construction projects of the Lynchburg City Schools. Annually, the City adopts a five-year capital project plan. Year one of the plan is appropriated for current year expenditures. The fund balance of \$4.2 million decreased 9.0%, or \$0.4 million, from FY 2024.

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

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

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

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

### **Proprietary Funds**

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

### **Water Fund**

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

### **Sewer Fund**

The sewer fund's total net position of \$230.5 million increased 11.1%, or \$23.1 million, from FY 2024. Net investment in capital assets of \$211.4 million increased 12.7%, or \$23.8 million, primarily due to federal grant revenue to fund capital projects and reduction of long-term debt. Net investment in capital assets was 91.7% of total net position. Unrestricted net position available to fund future expenditures decreased by 3.5%, or \$0.7 million. This was mostly related to capital expenditures waiting reimbursement from a federal grant. Unrestricted net position was 8.3%, or \$19.2 million of total net position. Operating revenues totaled \$31.6 million and increased 1.6 % or \$0.5 million from FY 2024. This was mostly attributable to a sewer rate increase effective July 1, 2024. Operating expenses totaled \$29.4 million and increased 8.1% or \$2.2 million. This was largely due to increases to personal services and benefits, supplies and materials and administration expenses. Investment earnings decreased \$0.2 million. For FY 2025, the fund balance ratio was 51% as compared to City Council's financial policy target range of 25% to 40%. The debt coverage ratio was 1.57 as compared to City Council's financial policy minimum target of 1.20 and was compliant with the Consent Special Order for Combined Sewer Overflows (CSO) Long Term Control Plan requirements. Please refer to Table 24 in the Statistical Section of this report for details.

### **Stormwater Fund**

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

### **Airport Fund**

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

### **Capital Assets**

The City's capital assets, net of depreciation, were \$823.3 million as reflected in the following schedule. The City of Lynchburg owns the land, buildings, and facilities used by Lynchburg City Schools. The Schools had \$5.6 million in capital assets exclusive of buildings and facilities, which were capitalized as the City's assets.

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

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

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

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

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

### **Long-term Debt**

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

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

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

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

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

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

- \$21.9 million in planned principal retirements, of which \$11.7 million was for governmental activities and \$10.2 million was for business-type activities.
- \$0.2 million in lease payments, all of which was for governmental activities.

The City's general obligation bonds continued to maintain an Aa2 rating from Moody's Investors Service, an AA+ rating from Fitch Ratings, and an AA+ from Standard & Poor's Global Ratings. These credit ratings were last affirmed in April 2024 for the City's issuance of \$69.3 million General Obligation Public Improvement Refunding Bonds, Series 2024 on May 7, 2024. The agencies noted the City's stable and mature economic base, strong financial management, strong reserves and liquidity, healthy revenue growth, and manageable liabilities and fixed cost when reaffirming the ratings.

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

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

The City's debt management policy states that tax-supported debt should not exceed 4.5% of net assessed valuation of taxable property in the City of Lynchburg. For the purposes of calculating this ratio, assessed value includes real property and personal property. As of June 30, 2025, debt to assessed value was 2.10%. The debt policy also states that the 10-year principal payout ratio shall not be less than 60% at the end of each adopted five-year Capital Improvement Program for tax-supported general obligation indebtedness. As of June 30, 2025, the 10-year principal payout ratio was 71.85%.

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

## **ECONOMIC FACTORS**

The City's unemployment rate increased from 3.6% in June 2024 to 4.2% in June 2025 reflecting the consistent year over year increase since the pandemic. The City's unemployment rate typically trends above the State rate, which was 3.5% in June 2025. For the first time in seven years, the City's unemployment rate has trended slightly above the National rate, which was 4.1% for the same period. The Lynchburg economy typically lags the nation in both recession and recovery.

Although still an important sector, manufacturing no longer dominates the Lynchburg economy as it did in the past. American Electric Power (AEP), the region's electric utility provider, remains the City's largest property taxpayer with an 21% increase in taxable assessed value over FY 2024. The principal property taxpayers, as a whole, realized a significant increase of 25.7% in taxable assessed value when compared to FY 2024. The City remains the retail hub for the region. Other important sectors of the Lynchburg economy include wireless technology, engineering, finance, restaurants, and tourism.

## **REQUESTS FOR INFORMATION**

This report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, City of Lynchburg, 900 Church Street, Lynchburg, VA, 24504, or via telephone at 434-455-3968. This report, the FY 2025 Operating and Capital Budgets, and FY 2025-2029 Capital Improvement Program are on the City's website at [www.lyncburgva.gov](http://www.lyncburgva.gov).

## **BASIC FINANCIAL STATEMENTS**



Statement of Net Position  
June 30, 2025

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

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

Statement of Activities  
For the Year Ended June 30, 2025

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

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

Balance Sheet  
Governmental Funds  
June 30, 2025

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

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

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

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

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

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2025**

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

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

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

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

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

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

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

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

**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2025**

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

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, 2025

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

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

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

(Continued)

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

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

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

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

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

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

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

---

### **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 11286  
Lynchburg, Virginia 24506

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

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

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

**Region 2000 Services Authority:** During 2008, the City, in conjunction with the Counties of Campbell and Nelson and the City of Bedford, created the Region 2000 Services Authority (the "Authority"). Appomattox County joined soon thereafter. The City of Bedford withdrew in 2013. Each member jurisdiction pays a per-ton disposal charge based on the actual cost of operation (cost of service), which includes both an operating component and a debt service component. The governing Board is composed of one member from each of the participating localities. In accordance with the member use agreement, the City provided the Authority \$300,000 in initial startup costs. During FY2025, the City's General Fund paid \$695,449 to the Authority.

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

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

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

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

#### **B. Basis of Presentation**

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

The City reports the following non-major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

### **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 incorporate water quality compliance goals established by Total Maximum Daily Loads [TMDLs] which include the Chesapeake Bay and the James River Basin TMDLs.

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

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

Additionally, the City reports the following fund types:

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

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

### **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, 2025

---

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

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

|                                                       | <u>General Fund</u>        |
|-------------------------------------------------------|----------------------------|
| Net change in fund balance (non-GAAP budgetary basis) | \$ 1,709,140               |
| Less: Net change in fund balance for Technology Fund  | <u>(28,256)</u>            |
| Net change in fund balance (GAAP basis)               | <u><u>\$ 1,680,884</u></u> |

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

- **Cash and Cash Equivalents**

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

- **Investments**

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

- **Receivables**

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

|                                                     |              |
|-----------------------------------------------------|--------------|
| General Fund, property taxes, and other receivables | \$ 2,993,041 |
| General Fund, ambulance receivables                 | \$ 3,122,222 |
| Enterprise Funds                                    | \$ 734,944   |

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

### **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, 2025

---

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

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

- **Compensated Absences**

City employees accumulate either vacation/sick leave (VRS Plan 1 & 2 employees) or PTO (VRS Hybrid employees) depending upon their hire date. Upon termination of employment vacation leave for Plan 1&2 employees is paid out up to a maximum of 288 hours; PTO leave for Hybrid employees is paid out up to a maximum of 248 hours, depending on length of service. Sick leave for Plan 1&2 employees is not paid out at all. The current portions are recorded as liabilities in the governmental fund financial statements when they have matured as a result of employee resignations and retirements. In proprietary funds, both the expenses and the liabilities are recorded as benefits as earned. All vacation pay is accrued when incurred in the government-wide financial statements. Each operating fund is responsible for covering its share of vacation pay liability.

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

### **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, 2025

---

### **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 his designee, the Chief Financial Officer, in accordance with the Council adopted fund balance policy.
- Unassigned fund balance is the positive fund balance within the General fund which has not been classified as Restricted, Committed, or Assigned and negative fund balances in other governmental funds.

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

#### **F. Estimates**

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

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

---

#### **Deposits:**

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

#### **Investments:**

##### **Investment Policy:**

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

**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, 1% of the portfolio was invested in “F1+” rated obligations, 1% was invested in “Aaa” rated obligations; 39% was invested in “Aa1” rated obligations; 4% was invested in “Aa2”, and 55% was invested in an “AAAm” rated LGIP fund. The “Aa1” rated portion of the total portfolio included 23% of obligations guaranteed by the U.S. Government; 16% of Federal Agencies; and 6% of Municipal Bonds (percentages are based on the total portfolio). On August 5, 2011, Standard & Poor’s downgraded the long-term sovereign credit rating of the United States of America from “AAA” to “AA+” and affirmed the “A-1+” short-term rating. This downgrade relates to 39% of the City’s portfolio previously noted as “Aaa” by Moody’s Investors Service. All credit ratings presented in this paragraph are Moody’s or Standard & Poor’s as necessary.

Concentration of Credit Risk:

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

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

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

Interest Rate Risk:

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

## Note 2. Cash and Investments (Continued)

Investments: (Continued)

Interest Rate Risk: (Continued)

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

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

\* Weighted-average maturity in days.

Custodial Credit Risk:

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

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

The above items are reflected in the statements as follows:

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

### ***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 | \$ 39,701,777        | \$ -                 | \$ -        | \$ 39,701,777        |
| U.S. Debt Securities     | -                    | 27,006,410           | -           | 27,006,410           |
| Municipal Bonds          | -                    | 11,240,977           | -           | 11,240,977           |
|                          | <u>\$ 39,701,777</u> | <u>\$ 38,247,387</u> | <u>\$ -</u> | <u>\$ 77,949,164</u> |

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

---

### ***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, 2025

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

Interfund balances at June 30, were as follows:

|                                              | Interfund<br>Receivables | Interfund<br>Payables |
|----------------------------------------------|--------------------------|-----------------------|
| Major Fund:                                  |                          |                       |
| General                                      | \$ 2,353,829             | \$ 1,011,427          |
| Non-major Special Revenue Funds:             |                          |                       |
| City Federal/State Aid                       | 344,969                  | 850,108               |
| Children's Services Act                      | 524,851                  | 1,312,360             |
| Community Development Block Grant            | -                        | 29,525                |
| Forfeited Assets                             | 2,522                    | -                     |
| Lynchburg Regional Juvenile Detention Center | 139,084                  | 130,263               |
| HOME Investment Partnerships Program         | -                        | 29,884                |
| Major Proprietary Funds:                     |                          |                       |
| Water                                        | 38,218                   | -                     |
| Sewer                                        | -                        | 34,286                |
| Stormwater                                   | -                        | 5,620                 |
|                                              | <u>\$ 3,403,473</u>      | <u>\$ 3,403,473</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                          | \$ 1,600,000         | \$ 8,828,392         |
| Non-major Special Revenue Funds: |                      |                      |
| City Federal/State Aid           | 2,602,060            | -                    |
| Major Fund – Capital Projects    |                      |                      |
| City Capital Projects            | 5,429,382            | 1,600,000            |
| Major Proprietary Funds:         |                      |                      |
| Internal Services                | 796,950              | -                    |
| Total Fund Transfers             | <u>\$ 10,428,392</u> | <u>\$ 10,428,392</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, 2025

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

### **Component Unit – Lynchburg City Schools**

Interfund transfers were as follows:

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

Transfers between School funds were primarily to support cafeteria operations.

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

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

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

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

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

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

---

### ***Note 7. Receivables***

---

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

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

## Note 8. Capital Assets

### Primary Government:

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

#### Primary Government: (Continued)

Depreciation and amortization were charged to functions as follows:

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

The Fleet Internal Services Fund, whose assets are reported as a part of the City's governmental assets, purchases vehicles that are used by the City's Enterprise Funds. Depreciation related to those vehicles is allocated to the Enterprise Funds. In prior years, the City Capital Projects fund, on occasion, would construct assets that were used primarily by the Enterprise Funds. Depreciation on these assets is also allocated to the Enterprise Funds. The \$500,184 of business-type depreciation reflected above is the allocation of this depreciation and is not reflected on the business-type activities asset information reported below.

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

### Primary Government: (Continued)

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

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

## Note 8. Capital Assets (Continued)

### Component Units:

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

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

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

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

### Primary Government:

### General Obligation Debt:

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

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

As of June 30, the City's Primary Government had outstanding general obligation debt of \$280,211,179, including direct borrowings from commercial banks totaling \$2,664,000. For all general obligation debt, the full faith and credit of the City are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as the same become due. In each year while any Bonds are outstanding and unpaid, the Council shall be authorized and required to levy and collect annually, at the same time and in the same manner as other taxes of the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the City are not lawfully available and appropriated for such purpose.

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

Debt Management Policy:

The City’s Debt Management Policy, which was reaffirmed on January 24, 2023, limits tax-supported debt to four and a half percent (4.50%) of its net assessed valuation of taxable property (general obligation bonds issued for self-supporting enterprise funds are not included in this calculation). As shown in the Supplementary Statistical Table 21, outstanding tax-supported debt was 2.10% of net assessed valuation of taxable property. The Policy also states that the 10-Year Principal Payout Ratio shall not be less than 60% at the end of each adopted five-year Capital Improvement Program. The principal payout ratio for the year ended June 30 was 71.85%. There are no overlapping tax jurisdictions.

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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

#### **Revenue Debt:**

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

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

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

Pursuant to Chapter 23, Title 62.1 of the Code of Virginia (1950) as amended (the “Act”), the General Assembly created a fund known as the “Virginia Water Supply Revolving Fund” (the “Fund”). In conjunction with the Virginia Board of Health, the Authority administers and manages the Fund. From the Fund, the Authority from time to time makes loans to and acquires obligations of local governments in Virginia to finance the costs of water supply facilities within the meaning of Section 62.1-233 of the Act.

All of the indenture agreements require the City to pledge its Water, Sewer, and Stormwater Funds Revenues as collateral for the revenue bonds and to maintain a debt coverage ratio at least equal to 1.15. As shown in Supplementary Statistical Tables 23, 24 and 25, the Water Fund’s debt coverage ratio for the year ended June 30 was 1.46, the Sewer Fund’s debt coverage ratio was 1.57 and the Stormwater Fund’s debt coverage ratio was 2.70.

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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

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

| <u>Governmental Activities</u>           | <u>Beginning<br/>Balance</u> | <u>Additions</u>     | <u>Deletions</u>     | <u>Ending<br/>Balance</u> | <u>Current<br/>Portion</u> |
|------------------------------------------|------------------------------|----------------------|----------------------|---------------------------|----------------------------|
| Bond anticipation notes                  | \$ 448,654                   | \$ 8,466,997         | \$ -                 | \$ 8,915,651              | \$ -                       |
| General obligation bonds                 | 175,507,558                  | -                    | 10,637,136           | 164,870,422               | 11,323,856                 |
| General obligation- Direct<br>borrowings | 3,330,000                    | -                    | 666,000              | 2,664,000                 | 666,000                    |
| Lease obligations                        | 2,668,212                    | 259,023              | 122,720              | 2,804,515                 | 129,803                    |
| Other long-term payable *                | 1,312,667                    | -                    | 437,555              | 875,112                   | 437,555                    |
| Adjust for deferred amounts:             |                              |                      |                      |                           |                            |
| Issuance discounts                       | (159,926)                    | -                    | (53,309)             | (106,617)                 | -                          |
| Issuance premiums                        | 15,969,997                   | -                    | 1,510,226            | 14,459,771                | -                          |
| Total bonds and notes                    | 199,077,162                  | 8,726,020            | 13,320,328           | 194,482,854               | 12,557,214                 |
| Workers' compensation**                  | 3,235,475                    | (251,264)            | 945,130              | 2,039,081                 | 244,690                    |
| Compensated absences**                   | 6,276,079                    | 1,834,631            | -                    | 8,110,710                 | 973,283                    |
|                                          | <u>\$ 208,588,716</u>        | <u>\$ 10,309,387</u> | <u>\$ 14,265,458</u> | <u>\$ 204,632,645</u>     | <u>\$ 13,775,187</u>       |

| <u>Business-Type Activities</u> | <u>Beginning<br/>Balance</u> | <u>Additions</u>     | <u>Deletions</u>     | <u>Ending<br/>Balance</u> | <u>Current<br/>Portion</u> |
|---------------------------------|------------------------------|----------------------|----------------------|---------------------------|----------------------------|
| Bond anticipation notes         | \$ 11,532,062                | \$ 12,487,667        | \$ -                 | \$ 24,019,729             | \$ -                       |
| General obligation bonds        | 83,399,861                   | -                    | 3,658,484            | 79,741,377                | 3,561,269                  |
| Public utility revenue bonds    | 90,341,586                   | -                    | 6,536,641            | 83,804,945                | 6,572,825                  |
| Lease obligations               | 66,069                       | 9,822                | 18,068               | 57,823                    | 17,628                     |
| Adjust for deferred amounts:    |                              |                      |                      |                           |                            |
| Issuance premiums               | 5,969,538                    | -                    | 371,963              | 5,597,575                 | -                          |
| Total bonds and notes           | 191,309,116                  | 12,497,489           | 10,585,156           | 193,221,449               | 10,151,722                 |
| Workers' compensation**         | 93,715                       | 202,137              | 95,374               | 200,478                   | 24,058                     |
| Compensated absences**          | 549,598                      | 482,826              | -                    | 1,032,424                 | 123,891                    |
|                                 | <u>\$ 191,952,429</u>        | <u>\$ 13,182,452</u> | <u>\$ 10,680,530</u> | <u>\$ 194,454,351</u>     | <u>\$ 10,299,671</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.

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

Primary Government: (Continued)

Debt Service to Maturity:

| Year<br>Ending<br>June 30 | Governmental Activities  |                      |                                   |                   |                             |
|---------------------------|--------------------------|----------------------|-----------------------------------|-------------------|-----------------------------|
|                           | General Obligation Bonds |                      | General Obligation-<br>Borrowings | Direct            | Other Long-<br>Term Payable |
|                           | Principal                | Interest             | Principal                         | Interest          | Principal                   |
| 2026                      | \$ 11,323,856            | \$ 6,581,381         | \$ 666,000                        | \$ 64,103         | \$ 437,555                  |
| 2027                      | 10,790,362               | 5,992,883            | 666,000                           | 45,788            | 437,557                     |
| 2028                      | 9,353,243                | 5,556,165            | 666,000                           | 27,473            | -                           |
| 2029                      | 9,504,072                | 5,134,617            | 666,000                           | 9,158             | -                           |
| 2030                      | 9,484,384                | 4,713,587            | -                                 | -                 | -                           |
| 2031-2035                 | 46,124,845               | 17,421,670           | -                                 | -                 | -                           |
| 2036-2040                 | 42,657,391               | 8,645,873            | -                                 | -                 | -                           |
| 2041-2045                 | 25,632,269               | 1,661,365            | -                                 | -                 | -                           |
|                           | <u>\$ 164,870,422</u>    | <u>\$ 55,707,541</u> | <u>\$ 2,664,000</u>               | <u>\$ 146,522</u> | <u>\$ 875,112</u>           |

| Year<br>Ending<br>June 30 | Business-Type Activities |                      |                      |                      |                     |                     |                    |                   |
|---------------------------|--------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|--------------------|-------------------|
|                           | General Obligation Bonds |                      |                      |                      |                     |                     |                    |                   |
|                           | Water Fund               |                      | Sewer Fund           |                      | Stormwater Fund     |                     | Airport Fund       |                   |
|                           | Principal                | Interest             | Principal            | Interest             | Principal           | Interest            | Principal          | Interest          |
| 2026                      | \$ 1,954,221             | \$ 1,675,248         | \$ 1,395,185         | \$ 1,077,454         | \$ 100,000          | \$ 219,950          | \$ 111,863         | \$ 57,841         |
| 2027                      | 2,012,142                | 1,572,274            | 1,303,046            | 1,013,481            | 100,000             | 214,950             | 72,476             | 52,248            |
| 2028                      | 2,051,836                | 1,482,251            | 1,321,536            | 960,155              | 110,000             | 209,700             | 78,253             | 49,774            |
| 2029                      | 2,086,278                | 1,394,274            | 1,327,340            | 906,993              | 115,000             | 204,075             | 79,030             | 47,158            |
| 2030                      | 2,057,934                | 1,309,459            | 1,281,197            | 855,237              | 120,000             | 198,200             | 80,066             | 44,473            |
| 31-35                     | 10,683,779               | 5,206,201            | 6,331,553            | 3,472,421            | 700,000             | 895,325             | 470,971            | 166,274           |
| 36-40                     | 10,791,715               | 3,176,684            | 6,095,185            | 2,342,195            | 870,000             | 715,247             | 329,798            | 74,822            |
| 41-45                     | 5,997,292                | 1,645,967            | 5,148,681            | 1,390,859            | 1,080,000           | 519,456             | 200,000            | 12,200            |
| 46-50                     | 3,975,000                | 730,897              | 3,985,000            | 607,713              | 1,300,000           | 293,966             | -                  | -                 |
| 51-53                     | 1,845,000                | 116,222              | 1,380,000            | 87,038               | 800,000             | 50,531              | -                  | -                 |
|                           | <u>\$ 43,455,197</u>     | <u>\$ 18,309,477</u> | <u>\$ 29,568,723</u> | <u>\$ 12,713,546</u> | <u>\$ 5,295,000</u> | <u>\$ 3,521,400</u> | <u>\$1,422,457</u> | <u>\$ 504,790</u> |

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

Primary Government: (Continued)

Debt Service to Maturity: (Continued)

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

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

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

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

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

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

Primary Government: (Continued)

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

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

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

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

Component Unit – Lynchburg City Schools:

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

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

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

#### **GASB Statement No. 101**

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

Component Unit – Lynchburg City Schools: (Continued)

Debt Service to Maturity:

| Year Ending<br>June 30 | Subscription Liabilities |                  |
|------------------------|--------------------------|------------------|
|                        | Principal                | Interest         |
| 2026                   | \$ 368,768               | \$ 13,026        |
| 2027                   | 2,355                    | 44               |
|                        | <u>\$ 371,123</u>        | <u>\$ 13,070</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 2025 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, 2025

|                                                | MAJOR FUNDS          |                          |                               | NON MAJOR SPECIAL REVENUE FUNDS |                                            |                                                |                     |
|------------------------------------------------|----------------------|--------------------------|-------------------------------|---------------------------------|--------------------------------------------|------------------------------------------------|---------------------|
|                                                | GENERAL<br>FUND      | CITY CAPITAL<br>PROJECTS | SCHOOL<br>CAPITAL<br>PROJECTS | CITY<br>FEDERAL<br>STATE AID    | COMMUNITY<br>DEVELOPMENT<br>BLOCK<br>GRANT | LYNCHBURG<br>BUSINESS<br>DEVELOPMENT<br>CENTRE | FORFEITED<br>ASSETS |
| <b>FUND BALANCES</b>                           |                      |                          |                               |                                 |                                            |                                                |                     |
| <b>Restricted for:</b>                         |                      |                          |                               |                                 |                                            |                                                |                     |
| Fire Department                                | \$ -                 | \$ -                     | \$ -                          | \$ 336,422                      | \$ -                                       | \$ -                                           | \$ -                |
| Public Safety                                  | -                    | -                        | -                             | 507,929                         | -                                          | -                                              | -                   |
| Economic Development                           | -                    | -                        | -                             | 94,764                          | -                                          | -                                              | -                   |
| Opioid Abatement                               | -                    | -                        | -                             | 2,382,494                       | -                                          | -                                              | -                   |
| Grants                                         | -                    | 2,601,530                | -                             | 231,733                         | -                                          | -                                              | -                   |
| Transportation Projects                        | -                    | 691,146                  | -                             | -                               | -                                          | -                                              | -                   |
| State Asset Forfeiture - Commonwealth Attorney | -                    | -                        | -                             | -                               | -                                          | -                                              | 64,996              |
| Federal Asset Forfeiture - Police              | -                    | -                        | -                             | -                               | -                                          | -                                              | 264,486             |
| State Asset Forfeiture - Police                | -                    | -                        | -                             | -                               | -                                          | -                                              | 66,293              |
| Health and Human Services                      | -                    | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Lynchburg Expressway beautification            | -                    | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Juvenile Detention Center                      | -                    | -                        | -                             | -                               | -                                          | -                                              | -                   |
| <b>Committed to:</b>                           |                      |                          |                               |                                 |                                            |                                                |                     |
| Technology                                     | 1,713,043            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Detention Home Workers Compensation            | 100,000              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Schools for Textbooks                          | 408,265              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Schools for Health Insurance Reserve           | 1,066,925            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Other Postemployment Benefits                  | 3,393,636            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Solid Waste Debt Retirement                    | 82,728               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Schools Special Education                      | 321,000              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| GLTC Special Reserve                           | 1,759,811            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Self Insurance (5001)                          | 701,805              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Fuel                                           | 300,000              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Concord Turnpike Landfill Maintenance          | 240,000              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Airline Service                                | 400,000              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Debt Service                                   | 1,726,735            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| General Government                             | 831                  | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Health and Welfare                             | 300                  | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Public Works                                   | 185,958              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Building projects                              | -                    | 11,105,845               | -                             | -                               | -                                          | -                                              | -                   |
| Transportation projects                        | -                    | 13,938,041               | -                             | -                               | -                                          | -                                              | -                   |
| Economic Development projects                  | -                    | 3,786,102                | -                             | -                               | -                                          | -                                              | -                   |
| Parks and Recreation projects                  | -                    | 2,892,661                | -                             | -                               | -                                          | -                                              | -                   |
| Other                                          | -                    | 540,453                  | -                             | -                               | -                                          | -                                              | -                   |
| School Construction and Maintenance            | -                    | -                        | 4,158,359                     | -                               | -                                          | -                                              | -                   |
| Schools non-closure                            | 1,600,000            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Provision of loan funds for small businesses   | -                    | -                        | -                             | -                               | -                                          | 125,384                                        | -                   |
| <b>Assigned to:</b>                            |                      |                          |                               |                                 |                                            |                                                |                     |
| Return of School Fund Balance                  | 3,401,927            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Law Library                                    | 79,611               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Museum                                         | 50,028               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Recreation Programs                            | 462,826              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Pier Program                                   | 1,535                | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Health Insurance Reserve                       | 3,176,470            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Line of Duty Death Benefit                     | 501,440              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Future Landfill Needs                          | 260,998              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Parking Operations                             | 261,703              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Point of Honor                                 | 2,653                | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Fire Restitution                               | 100                  | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Juvenile Detention Center                      | -                    | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Adopt-A-Red                                    | 1,085                | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Virginia Land Conservancy                      | 2,314                | -                        | -                             | -                               | -                                          | -                                              | -                   |
| General Government                             | 498,180              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Health and Welfare                             | 40,788               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Judicial                                       | 9,892                | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Public Safety                                  | 2,684,838            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Public Works                                   | 3,562,208            | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Community Development                          | 135,158              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Community Diversion                            | 113,528              | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Cultural & Recreational                        | 54,744               | -                        | -                             | -                               | -                                          | -                                              | -                   |
| Fire Training Center                           | 5,850                | -                        | -                             | -                               | -                                          | -                                              | -                   |
| <b>Unassigned:</b>                             | 47,419,842           | -                        | -                             | -                               | -                                          | -                                              | -                   |
| <b>Total Fund Balance</b>                      | <b>\$ 76,648,755</b> | <b>\$ 35,555,778</b>     | <b>\$ 4,158,359</b>           | <b>\$ 3,553,342</b>             | <b>\$ -</b>                                | <b>\$ 125,384</b>                              | <b>\$ 395,775</b>   |

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

## Notes to Financial Statements as of June 30, 2025

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

|                         | <b>Number</b> |
|-------------------------|---------------|
| Active members          | 1,182         |
| Inactive members        | 2,270         |
| Total covered employees | 3,452         |

#### **Contributions**

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

The political subdivision’s contractually required contribution rate for the year ended June 30, 2025 was 20.96% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

**Net Pension Liability**

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

**Actuarial Assumptions**

The total pension liability for General Employees in the Political Subdivision’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

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

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

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

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

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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

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

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

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

### **Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate used is 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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

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

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

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

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

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

The \$16,893,841 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

#### **Pension Plan Data**

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

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

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

#### **School Non-professionals**

##### **Plan Description**

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

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

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|                                                                      | <b><u>Number</u></b> |
|----------------------------------------------------------------------|----------------------|
| Inactive members or their beneficiaries currently receiving benefits | <u>116</u>           |
| Inactive members:                                                    |                      |
| Vested inactive members                                              | 21                   |
| Non-vested inactive members                                          | 89                   |
| Inactive members active elsewhere in VRS                             | <u>36</u>            |
| Total inactive members                                               | <u>146</u>           |
| Active members                                                       | <u>133</u>           |
| Total covered employees                                              | <u><u>395</u></u>    |

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

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

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

#### **Net Pension Liability**

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

#### **Actuarial Assumptions**

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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

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

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

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

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

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

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

### **Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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

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

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

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

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

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

The \$264,284 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

#### **Pension Plan Data**

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

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

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

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

#### **General Information about the Teacher Cost Sharing Plan**

##### **Plan Description**

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

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

##### **Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$9,405,158 and \$10,416,976 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

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

For the year ended June 30, 2025, the School Division recognized pension expense of \$5,076,877. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between the expected and actual contributions is included with the pension expense calculation.

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

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

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

#### **Net Pension Liability**

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

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

##### **Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia Page 15 of 20 Create 7/1/2025 General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2024, on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

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

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

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

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

A summary of pension financial statement elements are as follows:

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

### ***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.

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

### ***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, 2024, was as follows:

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

##### **Total OPEB Liability**

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

##### **Actuarial Assumptions**

In the January 1, 2024 actuarial valuation, the Entry Age actuarial cost method was used to develop the AAL and the Normal Cost. Under this method, the postretirement health costs are assumed to be earned ratably from date of hire to the participant's full retirement eligibility age (age 50 or older with 15 or more years of service). The actuarial assumptions used a 4.81% discount rate, and an initial annual healthcare cost trend of 6.0% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 4.25%. Mortality rates were PUB-2010 for Males and Females projected generationally to 2020 with Scale SSA.

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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

#### **Changes in OPEB Liability**

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

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

The following presents the net OPEB liability of the plans, calculated using the discount rate of 4.81%, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

|                                                          | <b>1.00%<br/>Decrease<br/>(3.81%)</b> | <b>Current<br/>Discount Rate<br/>(4.81%)</b> | <b>1.00%<br/>Increase<br/>(5.81%)</b> |
|----------------------------------------------------------|---------------------------------------|----------------------------------------------|---------------------------------------|
| Total OPEB Liability                                     | \$ 32,649,242                         | \$ 28,773,558                                | \$ 25,629,859                         |
| Net OPEB Liability                                       | <u>\$ 32,649,242</u>                  | <u>\$ 28,773,558</u>                         | <u>\$ 25,629,859</u>                  |
| Ratio of Plan Net<br>Position to Total<br>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:

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

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

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

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

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

#### **Lynchburg City Schools**

##### **Plan Description**

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

##### **Benefits Provided**

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

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

|                                                                     |              |
|---------------------------------------------------------------------|--------------|
| Inactive employees or beneficiaries<br>currently receiving benefits | 33           |
| Active plan members                                                 | <u>2,120</u> |
| Total participants                                                  | <u>2.153</u> |

##### **Total OPEB Liability**

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

##### **Actuarial Assumptions and Other Inputs**

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

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

Mortality rates: Pub-2010 Teachers Headcounted – Weighted Mortality Table with projections Scale MP-2021.

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

##### **Changes in the Total OPEB Liability**

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

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**Lynchburg City Schools (Continued)**

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

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

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

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

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

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

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

The \$326,317 reported as deferred outflows of resources related to OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

---

### **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.

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

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

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

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

##### **Contributions**

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

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

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

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

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**City of Lynchburg (Continued)**

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

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

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

\$378,079 reported as deferred outflows of resources related to the GLI OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

##### **Actuarial Assumptions**

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

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

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

##### **Net GLI OPEB Liability**

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

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

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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

#### **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:

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

##### **Discount Rate**

The discount rate used to measure the total GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB Liability.

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

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

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

##### **Group Life Insurance Program Fiduciary Net Position**

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

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

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

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

###### **Plan Descriptions**

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

##### **Contributions**

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the Schools General plan were \$23,592 and \$26,390 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the Group Life Insurance Program from the Schools Teachers plan were \$314,024 and \$357,917 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

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

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

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

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

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**Lynchburg City Schools (Continued)**

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

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

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

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

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

#### Lynchburg City Schools (Continued)

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

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

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

#### **Actuarial Assumptions**

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

|                                        |                                                           |
|----------------------------------------|-----------------------------------------------------------|
| Inflation                              | 2.50%                                                     |
| Salary increases, including inflation: |                                                           |
| • Locality – General employees         | 3.50 – 5.35 %                                             |
| • Teachers                             | 3.50 – 5.95 %                                             |
| Healthcare cost trend rates:           |                                                           |
| • Under age 65                         | 7.25 – 4.25%                                              |
| • Ages 65 and older                    | 6.50 – 4.25%                                              |
| Investment rate of return              | 6.75%, net of investment expenses,<br>including inflation |

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

#### **Net OPEB Liability**

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

|                                           | <b>GLI OPEB<br/>Program</b> |
|-------------------------------------------|-----------------------------|
| Total GLI OPEB Liability                  | \$ 4,196,055                |
| Plan Fiduciary Net Position               | 3,080,133                   |
| Employers' Net GLI OPEB Liability (Asset) | <u>\$ 1,115,922</u>         |

Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability 73.41%

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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

#### **Net OPEB Liability (Continued)**

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

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

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

##### **Discount Rate**

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2024 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

|                                     | <b>1.00%<br/>Decrease<br/>(5.75%)</b> | <b>Current<br/>Discount Rate<br/>(6.75%)</b> | <b>1.00%<br/>Increase<br/>(7.75%)</b> |
|-------------------------------------|---------------------------------------|----------------------------------------------|---------------------------------------|
| Total GLI OPEB Liability – General  | <u>\$ 333,143</u>                     | <u>\$ 214,222</u>                            | <u>\$ 118,146</u>                     |
| Total GLI OPEB Liability – Teachers | <u>\$ 4,522,073</u>                   | <u>\$ 2,907,842</u>                          | <u>\$ 1,603,756</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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

### **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>

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

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

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

##### **Contributions**

The contribution requirement for active employees is governed by § 51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025, was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Teacher Employee Health Insurance Credit Program from the Schools were \$803,197 and \$807,175 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the General Employee Health Insurance Credit Program from the Schools were \$34,386 and \$33,937 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

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

For the year ended June 30, 2025, the School's recognized Teacher HIC OPEB expense of \$417,671. Since there was a change in proportionate share between measurement dates, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion.

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

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

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**Lynchburg City Schools (Continued)**

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

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

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

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

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

##### **Actuarial Assumptions**

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

|                                        |                                                           |
|----------------------------------------|-----------------------------------------------------------|
| Inflation                              | 2.50%                                                     |
| Salary increases, including inflation: |                                                           |
| • Locality – General employees         | 3.50 – 5.35 %                                             |
| • Locality – Teachers                  | 3.50 – 5.95 %                                             |
| Healthcare cost trend rates:           |                                                           |
| • Under age 65                         | 7.25 – 4.25%                                              |
| • Ages 65 and older                    | 6.50 – 4.25%                                              |
| Investment rate of return              | 6.75%, net of investment expenses,<br>including inflation |

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

##### **Net OPEB Liability**

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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

#### **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:

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

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

#### **Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2024 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

### Lynchburg City Schools (Continued)

#### Changes in Net OPEB Liability

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

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

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

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

|                                         | 1.00%<br>Decrease<br>(5.75%) | Current<br>Discount Rate<br>(6.75%) | 1.00%<br>Increase<br>(7.75%) |
|-----------------------------------------|------------------------------|-------------------------------------|------------------------------|
| Teacher HIC Net OPEB Liability          | \$ 8,195,451                 | \$ 7,206,379                        | \$ 6,368,051                 |
| General Employee HIC Net OPEB Liability | 165,066                      | 139,506                             | 117,782                      |

#### Health Insurance Credit Program Fiduciary Net Position

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

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

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

##### **Payables to the VRS HIC OPEB Plan**

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

---

### **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 in a single-employer plan. Public safety employees and volunteers of the City who are disabled or killed in the line of duty and their eligible family members are eligible.

##### **Benefits Provided**

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

##### **Membership**

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

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

##### **Total OPEB Liability**

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

##### **Actuarial Assumptions**

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

### City of Lynchburg (Continued)

#### General Information about the Line of Duty Act (Continued)

##### Changes in OPEB Liability

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

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

The following presents the net OPEB liability of the plans, calculated using the discount rate of 4.81%, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

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

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

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

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

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

---

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

---

**City of Lynchburg (Continued)**

**General Information about the Line of Duty Act (Continued)**

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

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

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

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

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

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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

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

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

#### Primary Government:

#### Lessee:

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

#### Governmental Activities:

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

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

#### Business-type Activities:

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

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

#### Lessor:

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

#### Governmental Activities:

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

#### Business-type Activities:

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

#### **Lynchburg City Schools**

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

---

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

General Liability and Other: The City is contingently liable with respect to lawsuits and other claims that arise in the normal course of operations. The City is self-insured for general liability and automobile liability claims and purchases insurance coverage for risks related to property, boiler and machinery, surety bonds, and airport liability. City property is insured up to a limit of approximately \$695 million per occurrence. Other liability policies provide up to \$60,000,000 coverage in the aggregate. Police professional liability and public officials' liability claims with a \$500,000 deductible per claim are covered through a policy with the Virginia Association of Counties Group Self-Insurance Risk Pool (VaCorp). Total premiums for purchased coverage for the year ended June 30 were \$1,252,558. The City has designated a portion of its fund balance in the General Fund to fund future general liability claims. City management believes any incurred but not reported claims at June 30 would be insignificant.

(Continued)

# CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

## Note 20. Risk Management (Continued)

The Risk Management Programs of the City are as follows:

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

Changes in aggregate liabilities were as follows:

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

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

The Risk Management Programs of the Schools are as follows:

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

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

Healthcare: The Schools' professionally administered self-insurance program provides healthcare coverage for employees and retirees of the Schools on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the Schools. Under the program, the Schools are obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$400,000 per covered individual per contract year. Total claims expense of \$16,110,829 was incurred in the current year, and there were no claims above the per individual limit that would have been covered by the stop loss policy. Administrative fees, affordable care act fees, and stop loss premiums for the current year totaled \$1,167,694. Estimated incurred, but not reported, claims at June 30 based on prior experience totaled \$381,644 and have been recorded as a liability by the Schools and is included with accrued payroll and related liabilities on the statement of net position.

Changes in aggregate liabilities were as follows:

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

---

#### Combined Sewer Overflow (CSO):

In 1994, the Virginia Department of Environmental Quality (VDEQ) and the State Water Control Board entered into a Consent Special Order with the City to address its combined sewers. That Consent Special Order required the City to implement a CSO Long-Term Control Plan and to undertake certain combined sewer management practices designed to minimize CSO discharge until the sewer system was completely separated. The order established a project priority listing for implementation of the CSO control plan.

On July 31, 2015 VDEQ and State Water Control Board issued a revised Consent Special Order which significantly changed the CSO Long-Term Control Plan. The revised plan includes an alternate list of new projects designed to integrate the CSO program with overarching water quality standards that encompass both CSO and stormwater management impacts. As of June 30, 2025, the revised program has an estimated remaining cost \$96.5 million.

The Consent Special Order does not contain a strict compliance schedule for implementing the CSO Long-Term Control Plan, but rather provides for implementation based on criteria reflecting the limits of the City’s financial capability. The current Consent Special Order requires the City to meet several specific criteria such as: maintain a sewer operating fund debt coverage ratio within a range of 1.1 to 1.5 computed on a rolling three year average; ensure sewer fund reserves equal no more than 40 percent of the subsequent years’ budgeted operating expenditures; and at least every other year adjust sewer rates and fees so that the annual sewer billing for a residential customer equals or exceeds 1.25% of the median household income (MHI) based on 7 hcf (hundred cubic feet) of use per month. The City has successfully implemented its CSO Long-Term Control Plan since 1994 in accordance with the requirements of its permit and Consent Special Order. The City is also required by the current Special Order of Consent to submit an annual report by December 10 of each year to VDEQ on its compliance with the order and its progress with the CSO Long-Term Control Plan implementation. The report includes a review of the required financial targets by an independent consultant. VDEQ has not cited the City for any noncompliance on our original Consent Special Order or our current (revised) Consent Special Order.

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

#### **Grant Programs:**

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as to being appropriate expenditures under terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, related to such audits would not be material to the financial position of the City at June 30, 2025.

#### **Arbitrage:**

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

#### **Encumbrance Commitments:**

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

##### **MAJOR FUNDS**

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

##### **NONMAJOR FUNDS**

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

|                           |                             |
|---------------------------|-----------------------------|
| <b>TOTAL ENCUMBRANCES</b> | <b><u>\$ 37,158,525</u></b> |
|---------------------------|-----------------------------|

#### **Construction Commitments:**

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

---

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

---

The City provides tax abatements through Economic Development for two grants. The grants are provided to local developers through the Economic Development Authority (EDA) of the City of Lynchburg. To qualify for the grant, local developers must complete projects that promote economic development within the City. The projects must generate additional tax revenue; as well as create new jobs, and services that will benefit the City. Performance agreements between the City, the developer, and EDA are approved by City Council. Local taxes collected from the businesses located in these developments are used to fund the grants. The applicable taxes include real estate, business personal property, business license, sales and use, meals, and lodging tax. Total taxes abated for the two grants during FY2025 were \$1,118,938.

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

---

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

---

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

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

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

---

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

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

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

## **REQUIRED SUPPLEMENTAL INFORMATION**



## Required Supplementary Information

## Primary Government

## Schedule of Changes in Net Pension Liability and Related Ratios

For the Year Ended June 30, 2025

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

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

## Required Supplementary Information

## Schools - Non Professional Employees

## Schedule of Changes in Net Pension Liability and Related Ratios

## For the Year Ended June 30, 2025

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

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

## Required Supplementary Information

## Schedule of Pension Contributions

For the Year Ended June 30, 2025

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

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

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

## Required Supplementary Information

## Schedule of Employer's Share of Net Pension Liability

## VRS Teacher Retirement Plan

For the Year Ended June 30, 2025

---

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

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the School Division's fiscal year.

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

---

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

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

## Required Supplementary Information

## Primary Government

## Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios

For the Year Ended June 30, 2025

|                                                                | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |
|----------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                | 2018                 | 2019                 | 2020                 | 2021                 | 2022                 | 2023                 | 2024                 | 2025                 |
| <b>Total OPEB Liability</b>                                    |                      |                      |                      |                      |                      |                      |                      |                      |
| Service cost                                                   | \$ 350,020           | \$ 360,521           | \$ 371,336           | \$ 356,717           | \$ 367,419           | \$ 258,665           | \$ 266,425           | \$ 239,461           |
| Interest on OPEB liability                                     | 3,559,674            | 2,771,030            | 2,600,222            | 1,148,518            | 930,937              | 1,412,267            | 1,410,943            | 1,271,919            |
| Difference between expected and actual experience              | (24,181,307)         | -                    | (38,403,363)         | -                    | (1,453,248)          | -                    | (5,022,789)          | -                    |
| Changes in assumptions                                         | (697,398)            | 5,999,406            | 2,100,461            | 2,879,001            | (7,077,885)          | (759,186)            | 1,404,750            | (2,826,939)          |
| Benefit payments, including refunds of member contributions    | (2,632,827)          | (2,333,984)          | (2,898,368)          | (2,796,080)          | (2,774,048)          | (2,983,684)          | (2,480,520)          | (2,910,236)          |
| Net change in total OPEB liability                             | (23,601,838)         | 6,796,973            | (36,229,712)         | 1,588,156            | (10,006,825)         | (2,071,938)          | (4,421,191)          | (4,225,795)          |
| <b>Total OPEB liability - beginning</b>                        | <u>100,945,728</u>   | <u>77,343,890</u>    | <u>84,140,863</u>    | <u>47,911,151</u>    | <u>49,499,307</u>    | <u>39,492,482</u>    | <u>37,420,544</u>    | <u>32,999,353</u>    |
| <b>Total OPEB liability - ending</b>                           | <u>\$ 77,343,890</u> | <u>\$ 84,140,863</u> | <u>\$ 47,911,151</u> | <u>\$ 49,499,307</u> | <u>\$ 39,492,482</u> | <u>\$ 37,420,544</u> | <u>\$ 32,999,353</u> | <u>\$ 28,773,558</u> |
| Covered employee payroll                                       | <u>\$ 55,870,874</u> | <u>\$ 60,897,864</u> | <u>\$ 63,032,343</u> | <u>\$ 64,452,592</u> | <u>\$ 68,360,485</u> | <u>\$ 75,162,775</u> | <u>\$ 82,412,912</u> | <u>\$ 87,016,516</u> |
| Net OPEB liability as a percentage of covered employee payroll | <u>138.4%</u>        | <u>138.2%</u>        | <u>76.0%</u>         | <u>76.8%</u>         | <u>57.8%</u>         | <u>49.8%</u>         | <u>40.0%</u>         | <u>33.1%</u>         |

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

## Required Supplementary Information

## Lynchburg City Schools

## Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios

## For the Year Ended June 30, 2025

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

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

## Required Supplementary Information

## Lynchburg City Schools

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

For the Year Ended June 30, 2025

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

Schedule is intended to show information for 10 years. Since 2022 was the first year for this presentation, only four years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

## Required Supplementary Information

## Primary Government

## Schedule of Changes in Net OPEB for Line of Duty Act (LODA)

For the Year Ended June 30, 2025

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

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

**Required Supplementary Information****Schedule of OPEB Contributions Group Life Insurance****For the Year Ended June 30, 2025**


---

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

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

**Required Supplementary Information****Schedule of OPEB Contributions Group Life Insurance - Schools General Employees****For the Year Ended June 30, 2025**


---

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

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

**Required Supplementary Information****Schedule of OPEB Contributions Group Life Insurance - School Teachers****For the Year Ended June 30, 2025**


---

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

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

## Required Supplementary Information

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

For the Year Ended June 30, 2025

| Entity Fiscal<br>Year Ended<br>June 30 | Contractually<br>Required<br>Contribution | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Employer's<br>Covered Payroll | Contributions as<br>a Percentage of<br>Covered Payroll |
|----------------------------------------|-------------------------------------------|------------------------------------------------------------------------------|----------------------------------------|-------------------------------|--------------------------------------------------------|
| <b>School Teachers</b>                 |                                           |                                                                              |                                        |                               |                                                        |
| 2025                                   | \$ 829,706                                | \$ 829,706                                                                   | \$ -                                   | \$ 68,559,009                 | 1.21%                                                  |
| 2024                                   | \$ 834,660                                | \$ 834,660                                                                   | \$ -                                   | \$ 68,980,189                 | 1.21%                                                  |
| 2023                                   | \$ 756,265                                | \$ 756,265                                                                   | \$ -                                   | \$ 62,501,211                 | 1.21%                                                  |
| 2022                                   | \$ 701,169                                | \$ 701,169                                                                   | \$ -                                   | \$ 57,947,892                 | 1.21%                                                  |
| 2021                                   | \$ 654,498                                | \$ 654,498                                                                   | \$ -                                   | \$ 54,503,956                 | 1.20%                                                  |
| 2020                                   | \$ 677,727                                | \$ 677,727                                                                   | \$ -                                   | \$ 54,925,031                 | 1.23%                                                  |
| 2019                                   | \$ 659,100                                | \$ 659,100                                                                   | \$ -                                   | \$ 55,019,401                 | 1.20%                                                  |
| 2018                                   | \$ 688,326                                | \$ 688,326                                                                   | \$ -                                   | \$ 53,104,064                 | 1.30%                                                  |

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

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

Schedule is intended to show information for 10 years. Since 2022 was the first year for this presentation, only four years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

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

**Required Supplementary Information****Schedule of Employer's Share of Net OPEB Liability - Group Life Insurance****City of Lynchburg****For the Year Ended June 30, 2025**


---

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

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only eight years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

**Required Supplementary Information****Schedule of Employer's Share of Net OPEB Liability Group Life Insurance - Schools General Employees****Lynchburg City Schools****For the Year Ended June 30, 2025**


---

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

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only eight years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

**Required Supplementary Information****Schedule of Employer's Share of Net OPEB Liability Group Life Insurance - School Teachers****Lynchburg City Schools****For the Year Ended June 30, 2025**


---

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

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only eight years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

**Required Supplementary Information****Schedule of Employer's Share of Net OPEB Liability Health Insurance Credit - School Teachers****Lynchburg City Schools****For the Year Ended June 30, 2025**


---

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

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only eight years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

## CITY OF LYNCHBURG, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

#### Note 1. Changes of Benefit Terms

##### Pension

There have been no actuarially material changes to the Virginia Retirement System (the "System") benefit provisions since the prior actuarial valuation.

##### Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

#### Note 2. Changes of Assumptions

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

##### Largest 10 – Non-Hazardous Duty:

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

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

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

(Continued)

## **CITY OF LYNCHBURG, VIRGINIA**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2025**

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

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

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

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

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

Teacher cost-sharing pool

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

**(This Page Intentionally Left Blank)**

## **APPENDIX D**

### **PROPOSED FORM OF OPINION OF BOND COUNSEL**

**(This Page Intentionally Left Blank)**

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

May \_\_, 2026

Council of the City of Lynchburg,  
Virginia  
Lynchburg, Virginia

Dear Councilmembers:

\$ \_\_\_\_\_  
CITY OF LYNCHBURG, VIRGINIA,  
GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS,  
SERIES 2026

At your request we have examined into the validity of an issue of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) principal amount of General Obligation Public Improvement Bonds, Series 2026 (the "Bonds"), of the City of Lynchburg, Virginia (the "City"). The Bonds are dated the date of their delivery, are issued in fully registered form in the denomination of \$5,000 or any whole multiple thereof and are numbered from R-2026-1 upwards in order of issuance. The Bonds mature on February 1 in each of the years and in the principal amounts set forth below, with the Bonds maturing in a particular year bearing interest from their date payable on August 1, 2026 and semiannually on each February 1 and August 1 thereafter at the rate per annum set forth opposite such year, to wit:

| <u>Year</u><br><u>(February 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Year</u><br><u>(February 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> |
|------------------------------------|-----------------------------------|--------------------------------|------------------------------------|-----------------------------------|--------------------------------|
|                                    | \$                                | %                              |                                    | \$                                | %                              |

The Bonds maturing on and after February 1, 20[ ] are subject to redemption at the option of the City prior to their stated maturities on or after August 1, 20[ ] upon the terms and conditions and at the prices stated therein.

The Bonds recite that they are issued under and pursuant to and in full compliance with the Constitution and statutes of the Commonwealth of Virginia, including Chapter 26 of Title 15.2 of the Code of Virginia, 1950 (the same being the Public Finance Act of 1991), the Charter of the City and resolutions and other proceedings of the Council of the City duly adopted and taken under the Public Finance Act of 1991, for the purpose of providing funds to finance the costs of the acquisition, construction, reconstruction, improvement, extension, enlargement and equipping of various public improvement projects of and for the City, refund a portion of certain outstanding general obligation bonds of the City and to pay the outstanding principal amount of a general obligation public improvement bond anticipation note issued for the purpose of providing funds to finance the costs of the acquisition, construction, reconstruction, improvement, extension, enlargement and equipping of various public improvement projects of and for the City, together with the interest accrued thereon.

We have examined (i) the Constitution and statutes of the Commonwealth of Virginia, (ii) the Charter of the City, (iii) certified copies of the aforementioned resolutions and other proceedings of the Council of the City in connection with the authorization, issuance, sale and delivery of the Bonds, (iv) such other papers, instruments, documents and proceedings as we have deemed to be necessary or advisable and (v) an executed and authenticated Bond of such issue.

In our opinion, the Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia and constitute valid and legally binding obligations of the City, and the City Council of the City is 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.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to judicial discretion, to the exercise of the sovereign police powers of the Commonwealth of Virginia and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium and other laws affecting the relief of debtors.

In our opinion, under existing statutes and court decisions, interest on the Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) is not treated as an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering our opinion, we have relied on certain representations, certifications of fact and statements of reasonable expectations made by the City in connection with the Bonds, and we have assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

[We are further of the opinion that, for any Bonds having original issue discount (a "Discount Bond"), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.]

It is also our opinion that under the existing statutes of the Commonwealth of Virginia, such interest is not includable in computing the Virginia income tax.

We express no opinion regarding other federal or Commonwealth of Virginia tax consequences arising with respect to the Bonds. We are rendering our opinion under existing statutes and court decisions as of the issue date of the Bonds, and we assume no obligation to update, revise or supplement

our opinion after the issue date of the Bonds to reflect any action thereafter taken or not taken, or any facts or circumstances that may thereafter come to our attention, or changes in law or interpretations thereof that may thereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

Very truly yours,

**(This Page Intentionally Left Blank)**

**APPENDIX E**

**PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**(This Page Intentionally Left Blank)**

**PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Certificate”), dated May 5, 2026, is executed and delivered in connection with the issuance by the City of Lynchburg, Virginia (the “City”), of \$ \_\_\_\_\_ aggregate principal amount of City of Lynchburg, Virginia, General Obligation Public Improvement Bonds, Series 2026, dated May 5, 2026 (the “Bonds”), and pursuant to Resolutions duly adopted by the City Council of the City on June 27, 2023 and March 10, 2026 (collectively, the “Resolution”). Capitalized terms used in this Certificate shall have the respective meanings specified above or in Article I hereof. Pursuant to the Resolution, the City agrees as follows:

**ARTICLE I**

**Definitions**

SECTION 1.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively, (i) the financial information and operating data with respect to the City for each fiscal year included in the City’s Annual Comprehensive Financial Report, which includes financial information and operating data with respect to the City necessary to update the material financial and operating information pertaining to the City of the general type contained in Appendix A to the Official Statement under the tables entitled “Legal Debt Margin”; “Ratio of Net Bonded Debt to Assessed Valuation and Net Bonded Debt Per Capita”; “Debt Service Requirements on General Obligation Debt”; “Assessed Value of All Taxable Property”; “Tax Rates”, “Ten Largest Taxpayers”; “Tax Levies and Tax Collections”; and “Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund”; and (ii) information regarding amendments to this Certificate required pursuant to Sections 4.2(d) and (e) of this Certificate. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 1.1(1)(i) above of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that is no longer regularly generated, updated or maintained by the City or that can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) “Audited Financial Statements” means the annual financial statements, if any, of the City, audited by such auditor as shall then be required or permitted by State law and the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP; *provided, however*, that, pursuant to Sections 4.2(a) and (e) hereof, the City may from time to time, if required by federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 4.2(a) hereof shall include a reference to the specific federal or State law or regulation requiring such accounting principles or other description thereof.

(3) “Counsel” means Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

(4) “Financial Obligation” means “financial obligation” as such term is defined in the Rule. The term financial obligation as defined in the Rule means (a) a debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or guarantee of the Financial Obligations described in clauses (a) and (b). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(5) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board or any successor to the duties and responsibilities of either of them.

(6) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934 or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

(7) “Notice Event” means any of the following events with respect to the Bonds, whether relating to the City or otherwise:

- (i) principal and interest payment delinquencies,
- (ii) nonpayment related defaults, if material,
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties,
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties,
- (v) substitution of credit or liquidity providers, or their failure to perform,
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds,
- (vii) modifications to rights of Bondholders, if material,
- (viii) Bond calls, if material, and tender offers,
- (ix) defeasances,
- (x) release, substitution or sale of property securing repayment of the Bonds, if material,
- (xi) rating changes,
- (xii) bankruptcy, insolvency, receivership or similar event of the City,

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the

assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

- (xiii) the consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material,
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties

(8) “Official Statement” means the Official Statement of the City relating to the Bonds.

(9) “Rule” means Rule 15c2 12 promulgated by the SEC under the Securities and Exchange Act of 1934 as amended (17 CFR Part 240, §240.15c2 12), as in effect on the date of this Certificate, including any official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

(10) “SEC” means the United States Securities and Exchange Commission.

(11) “State” means the Commonwealth of Virginia.

(12) “Unaudited Financial Statements” means the same as Audited Financial Statements, except the same shall not have been audited.

(13) “Underwriter” means the winning bidder of the Bonds as identified in the Official Statement.

## **ARTICLE II**

### **The Undertaking**

SECTION 2.1. Purpose. This Certificate is being executed and delivered solely to assist the Underwriter in complying with paragraph (b)(5) of the Rule.

SECTION 2.2. Annual Financial Information. (a) The City shall provide Annual Financial Information for the City with respect to each fiscal year of the City, commencing with fiscal year ended June 30, 2026, by no later than nine (9) months after the end of the respective fiscal year, to the MSRB.

(b) The City shall provide, in a timely manner, notice of any failure of the City to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

SECTION 2.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the dates required by Section 2.2(a) hereof, the City shall provide Audited Financial Statements, when and if available, to the MSRB.

SECTION 2.4. Notice Events. (a) If a Notice Event occurs, the City shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to the MSRB.

(b) Any such notice of a defeasance of the Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

SECTION 2.5. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information or Material Event Notice, in addition to that which is required by this Certificate. If the City chooses to do so, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information or Material Event Notice.

SECTION 2.6. Additional Disclosure Obligations. The City acknowledges and understands that other federal and State laws, including but not limited to the Securities Act of 1933 and SEC Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that under some circumstances compliance with this Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the City under such laws.

### **ARTICLE III**

#### **Operating Rules**

SECTION 3.1. Reference to Other Documents. It shall be sufficient for purposes of Section 2.2 hereof if the City provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet website (currently, [www.emma.msrb.org](http://www.emma.msrb.org)) or (ii) filed with the SEC. The provisions of this Section 3.1 shall not apply to notice of Notice Events pursuant to Section 2.4 hereof.

SECTION 3.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

SECTION 3.3. Dissemination Agents. The City may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the City under this Certificate, and revoke or modify any such designation.

SECTION 3.4. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is [www.emma.msrb.org](http://www.emma.msrb.org).

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 3.5. Fiscal Year. (a) The City's current fiscal year is July 1 to June 30, and the City shall promptly notify the MSRB of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than twelve (12) calendar months.

## **ARTICLE IV**

### **Effective Date, Termination, Amendment and Enforcement**

SECTION 4.1. Effective Date; Termination. (a) This Certificate shall be effective upon the issuance of the Bonds.

(b) The City's obligations under this Certificate with respect to the Bonds shall terminate upon legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Certificate, or any provision hereof, shall be null and void in the event that the City (i) shall have received an opinion of Counsel, addressed to the City, to the effect that those portions of the Rule which require this Certificate, or such provision, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed or otherwise, as shall be specified in such opinion, and (ii) the City shall have delivered copies of such opinion to the MSRB.

SECTION 4.2. Amendment. (a) This Certificate may be amended, by written certificate of the City Manager of the City, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the City or the type of business conducted thereby, (ii) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (iii) the City shall have received an opinion of Counsel addressed to the City, to the same effect as set forth in clause (ii) above, (iv) the City shall have received an opinion of Counsel, addressed to the City, or a determination by an entity, in each case unaffiliated with the City (such as Bond Counsel) and acceptable to the City to the effect that the amendment does not materially impair the interests of the holders of the Bonds, and (v) the City shall have delivered copies of such opinion and amendment to the MSRB.

(b) This Certificate may be amended, by written certificate of the City Manager of the City, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (i) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Certificate, (ii) the City shall have received an opinion of Counsel to the effect that performance by the City under this Certificate as so amended will not result in a violation of the Rule and (iii) the City shall have delivered copies of such opinion and amendment to the MSRB.

(c) This Certificate may be amended by written certificate of the City Manager of the City, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (i) the City shall have received an opinion of Counsel, addressed to the City, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of the Staff of the SEC and (ii) the City shall have delivered copies of such opinion and amendment to the MSRB.

(d) To the extent any amendment to this Certificate results in a change in the types of financial information or operating data provided pursuant to this Certificate, the first Annual Financial

Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of financial information or operating data being provided.

(e) If an amendment is made pursuant to Section 4.2(a) hereof to the accounting principles to be followed by the City in preparing financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 4.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of the Bonds shall be third-party beneficiaries of this Certificate. The provisions of this Certificate shall create no rights in any person or entity except as provided in this subsection (a) or subsection (b) of this Section 4.3.

(b) The obligations of the City to comply with the provisions of this Certificate shall be enforceable by the holders of the Bonds, including beneficial owners thereof. The rights of the holders of the Bonds to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the City's obligations under this Certificate and the Resolution. In consideration of the third-party beneficiary status of beneficial owners of the Bonds pursuant to subsection (a) of this Section 4.3, beneficial owners shall be deemed to be holders of the Bonds for purposes of this subsection (b).

(c) Any failure by the City to perform in accordance with this Certificate shall not constitute a default under the Resolution and any rights and remedies provided by the Resolution upon the occurrence of a default shall not apply to any such failure.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State; *provided, however*, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date first  
above written.

CITY OF LYNCHBURG, VIRGINIA

By: \_\_\_\_\_  
Title: City Manager

**(This Page Intentionally Left Blank)**

## **APPENDIX F**

### **DESCRIPTION OF THE DEPOSITORY TRUST COMPANY AND THE BOOK-ENTRY SYSTEM**

**(This Page Intentionally Left Blank)**

**DESCRIPTION OF THE DEPOSITORY TRUST COMPANY AND THE BOOK-ENTRY SYSTEM**

**The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal of and interest on the Bonds to The Depository Trust Company (“DTC”), New York, New York, its nominee, Participants, defined below, or Beneficial Owners, defined below, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and among DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.**

DTC will act as the securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued in the aggregate principal amount of each maturity of the Bonds and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for the physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is, in turn, to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect any change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s or such other DTC nominee's consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividends on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer (*i.e.*, the City) or the Registrar and Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer or the Registrar and Paying Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Registrar and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Bond certificates will be printed and delivered to DTC.

The information in this Appendix G concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

**APPENDIX G**

**OFFICIAL NOTICE OF SALE**

**(This Page Intentionally Left Blank)**

**OFFICIAL NOTICE OF SALE**

**NEW ISSUE – BOOK-ENTRY ONLY**

**OFFICIAL NOTICE OF SALE  
\$70,190,000\*  
CITY OF LYNCHBURG, VIRGINIA,  
GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS,  
SERIES 2026**

**Date and Time of Sale**

NOTICE IS HEREBY GIVEN that electronic bids for the purchase of all, but not less than all, of an issue of \$70,190,000\* aggregate principal amount of General Obligation Public Improvement Bonds, Series 2026 (the “Bonds”) of the City of Lynchburg, Virginia (the “City”), will be received by or on behalf of the City *via* the BiDCOMP/PARITY Competitive Bidding System, a service of Ipreo Holdings LLC (“PARITY”), at **10:30 A.M., Eastern Time, on Tuesday, April 21, 2026** (the “Date of Sale”). The City expects to award the Bonds to the successful bidder therefor at or before 3:00 P.M., Eastern Time, on the Date of Sale.

Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to PARITY is required in order to submit an electronic bid and the City will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe. No other form of electronic bid or provider of electronic bidding services will be accepted.

For the purposes of the electronic bidding process, the time as maintained by PARITY shall constitute the official time with respect to all electronic bids submitted.

If any provisions of this Official Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Information about PARITY, including any fees charged, may be obtained from PARITY, 1359 Broadway, Second Floor, New York, New York, 10018, Telephone (212) 849-5021.

**Purpose of and Security for the Payment of the Bonds**

The Bonds are to be issued for the purpose of providing funds (i) to pay the costs of various public improvement projects of and for the City, (ii) to refund all or a portion of the City’s outstanding General Obligation Public Improvement and Refunding Bonds, Series 2016 (the “Refunded Bonds”) and (iii) to pay the outstanding principal amount of the City’s Series 2023 Bond Anticipation Note issued to finance and refinance various public improvement projects for the City. The City is undertaking the refunding of the Refunded Bonds in order to reduce its annual debt service expenditures and to achieve debt service savings in such amount as shall be deemed sufficient by the City. The refunding of the Refunded Bonds is therefore subject to market conditions and the City may determine to refund all, some, or none of the Refunded Bonds.

The full faith and credit of the City shall be pledged to the payment of the principal of and interest on the Bonds as the same respectively become due and payable. The City Council of the City is

---

\* Preliminary, subject to adjustment in accordance with the provisions of this Official Notice of Sale.

authorized and will be 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.

### **Description of Bonds; Book-Entry System**

The Bonds will be dated the date of their issuance and will bear interest from their date payable on August 1, 2026 and semiannually on February 1 and August 1 of each year thereafter. Interest on the Bonds will be calculated on the basis of a three hundred and sixty (360) day year comprised of twelve (12) thirty (30)-day months.

The Bonds will mature on February 1 in each of the years and in the principal amounts set forth below:

| <u>Year</u><br><u>(February 1)*</u> | <u>Principal Amount*</u> | <u>Year</u><br><u>(February 1)*</u> | <u>Principal Amount*</u> |
|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
| 2027                                | \$1,525,000              | 2042                                | \$2,815,000              |
| 2028                                | 1,665,000                | 2043                                | 2,955,000                |
| 2029                                | 1,720,000                | 2044                                | 3,070,000                |
| 2030                                | 3,535,000                | 2045                                | 3,185,000                |
| 2031                                | 3,710,000                | 2046                                | 3,320,000                |
| 2032                                | 1,995,000                | 2047                                | 1,465,000                |
| 2033                                | 2,095,000                | 2048                                | 1,525,000                |
| 2034                                | 2,195,000                | 2049                                | 1,595,000                |
| 2035                                | 2,305,000                | 2050                                | 1,655,000                |
| 2036                                | 2,420,000                | 2051                                | 1,720,000                |
| 2037                                | 2,540,000                | 2052                                | 1,785,000                |
| 2038                                | 2,670,000                | 2053                                | 1,855,000                |
| 2039                                | 2,810,000                | 2054                                | 1,935,000                |
| 2040                                | 2,940,000                | 2055                                | 2,005,000                |
| 2041                                | 3,090,000                | 2056                                | 2,090,000                |

The Bonds will be issued only in fully-registered form. One Bond representing each maturity of the Bonds will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, and each such Bond will be immobilized in the custody of DTC. DTC will act as the securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates representing each maturity of the Bonds with DTC.

Principal and interest payments on the Bonds will be made on behalf of the City by wire transfer to DTC or its nominee, Cede & Co., as registered owner of the Bonds, which will in turn remit such payments to the DTC participants for subsequent disbursement to the beneficial owners of the Bonds. Transfers of principal and interest payments to DTC participants will be the responsibility of DTC. Transfers of such payments to beneficial owners of the Bonds by DTC participants will be the responsibility of such participants and other nominees of such beneficial owners. Transfers of ownership interests in the Bonds will be

---

\* Preliminary, subject to adjustment in accordance with the provisions of this Official Notice of Sale.

accomplished by book entries made by DTC and, in turn, by the DTC participants who act on behalf of the indirect participants of DTC and the beneficial owners of the Bonds.

The City will not be responsible or liable for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants or for transmitting payments to, communicating with, notifying or otherwise dealing with any beneficial owner of the Bonds. So long as the Bonds are in book-entry only form, the Chief Financial Officer of the City will serve as Registrar and Paying Agent for the Bonds. The City reserves the right to designate a successor Registrar and Paying Agent for the Bonds if the Bonds at any time cease to be in book-entry only form.

### **Optional Redemption**

The Bonds maturing on and after February 1, 2037 (or portions thereof in installments of \$5,000) are subject to redemption at the option of the City prior to their stated maturities on or after August 1, 2036, in whole or in part from time to time on any date, in such order as may be determined by the City (except that if at any time less than all of the Bonds of a given maturity are called for redemption, the particular Bonds or portions thereof in installments of \$5,000 of such maturity to be redeemed will be selected by lot), upon payment of a redemption price equal to the principal amount of the Bonds to be redeemed, together with the interest accrued thereon to the date fixed for the redemption thereof.

### **Serial Bonds and/or Term Bonds; Mandatory Sinking Fund Redemption**

Bidders may provide that all the Bonds shall be issued as serial Bonds or may provide that any two or more consecutive annual principal amounts will be combined into one or more term Bonds.

If the successful bidder designates principal amounts to be combined into one or more term Bonds, each such term Bond will be subject to mandatory sinking fund redemption commencing on February 1 of the first year which has been combined to form such term Bond and continuing on February 1 in each year thereafter until the stated maturity date of that term Bond. The amount to be redeemed in any year will be equal to the principal amount of serial Bonds that would otherwise have matured in such year. Bonds to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par and will be selected by lot from among the Bonds then subject to redemption. The City, at its option, may credit against any mandatory sinking fund redemption requirement term Bonds of the maturity then subject to redemption which have been purchased and cancelled by the City or which have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

### **Notice of Redemption**

If any Bond (or any portion of the principal amount thereof in installments of \$5,000) shall be called for redemption, notice of the redemption thereof, specifying the date, number and maturity of such Bond, the date and place or places fixed for its redemption, and if less than the entire principal amount of such Bond is to be redeemed, that such Bond must be surrendered in exchange for the principal amount thereof to be redeemed and a new Bond or Bonds issued equaling in principal amount that portion of the principal amount thereof not to be redeemed, shall be mailed not less than thirty (30) days prior to the date fixed for redemption by first class mail, postage prepaid, to the registered owner of such Bond at his address as it appears on the books of registry kept by the Registrar for the Bonds as of the close of business on the forty-fifth (45th) day next preceding the date fixed for redemption. If notice of the redemption of any Bond (or portion thereof in installments of \$5,000) shall have been given as aforesaid, and payment of the principal amount of such Bond (or the portion of the principal amount thereof to be redeemed) and of the accrued interest shall have been duly made or provided for, interest on such Bond shall cease to accrue from and after the date so specified for redemption thereof.

Any notice of the optional redemption of the Bonds may state that it is conditioned upon there being on deposit with the City, or with the Registrar and Paying Agent for the Bonds or other agent designated by the City, on the date fixed for the redemption thereof an amount of money sufficient to pay the redemption price of such Bonds, together with the interest accrued thereon to the date fixed for the redemption thereof, and any conditional notice so given may be rescinded at any time before the payment of the redemption price of such Bonds, together with the interest accrued thereon, is due and payable if any such condition so specified is not satisfied. If a redemption of any Bonds does not occur after a conditional notice is given due to there not being on deposit with the City, or with the Registrar and Paying Agent for the Bonds or other agent designated by the City, a sufficient amount of money to pay the redemption price of such Bonds, together with the interest accrued thereon to the date fixed for the redemption thereof, the corresponding notice of redemption shall be deemed to be revoked.

So long as the Bonds are in book-entry only form, any notice of redemption shall be given only to DTC or to its nominee. The City shall not be responsible for providing any beneficial owner of the Bonds with any notice of redemption.

### **Adjustment of Principal and Amortization Schedule**

The preliminary aggregate principal amount of the Bonds and the preliminary amount of each maturity of the Bonds as set forth in this Official Notice of Sale (the “Preliminary Aggregate Principal Amount” and the “Preliminary Principal Amount”, respectively, and, collectively, the “Preliminary Amounts”) may be revised before the retrieval of the electronic bids. Any such revision made prior to the retrieval of the electronic bids (the “Revised Aggregate Principal Amount” and the “Revised Principal Amount”, and, collectively, the “Revised Amounts”) will be announced *via* TM3 at [www.tm3.com](http://www.tm3.com), not later than 4:30 P.M., Eastern Time, on the last business day prior to the Date of Sale. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit electronic bids based on the Revised Amounts and the Revised Amounts will be used to compare electronic bids and to select the winning bidder.

After selecting the winning bid, the City will determine the final aggregate principal amount and the final principal amount of each maturity of the Bonds (the “Final Aggregate Principal Amount” and the “Final Principal Amount”, and, collectively, the “Final Amounts”). The successful bidder may not withdraw its bid or change the interest rates bid or the initial reoffering terms as a result of any changes made to the principal amounts. The bid price bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriting discount, original issue discount/premium and any applicable insurance premium, but will not change the selling compensation per \$1,000 of par amount of the Bonds from the selling compensation that would have been received based on the bid price in the winning electronic bid and the initial reoffering prices. The Final Amounts and the adjusted bid price will be communicated to the successful bidder by 3:00 P.M., Eastern Time, on the Date of Sale.

### **Bid Parameters and Basis of Award**

Bidders shall specify the rate or rates of interest per annum which the Bonds shall bear, such rate or rates to be expressed in multiples of one-eighth ( $1/8^{\text{th}}$ ) or one-twentieth ( $1/20^{\text{th}}$ ) of one percent (1%); *provided* that no interest rate lower than 3.00% and no interest rate greater than 5.00% may be specified. In addition, the Bonds shall bear interest at a “true” interest cost not to exceed 5.00% (taking into account any original issue discount or premium). Bidders are not limited as to the number of rates which may be named, but the rate of interest on the Bonds of each separate maturity must be the same single rate for all Bonds of that maturity from their date to such maturity date. A bid for the purchase of less than all of the Bonds or a bid for less than 100% of the par will not be considered.

The Bonds will be awarded to the bidder offering to purchase the Bonds at the lowest true interest cost to the City, such cost being determined by doubling the semiannual interest rate (compounded semiannually) necessary to discount the principal and interest payments on the Bonds from the dates of payment thereof to the date of the Bonds and to the price bid. The City reserves the right to reject any and all bids or to waive any irregularities or informalities in any bid.

#### **Bid Submission; Good Faith Deposit**

**Each bid must be unconditional and must be submitted electronically via PARITY. Neither the City nor the City's Financial Advisor will be responsible for bids received by or on behalf of the City after 10:30 A.M., Eastern Time, on the Date of Sale, and all bids received after such time will be rejected.**

After receipt of bids and by no later than 2:00 p.m. on the Date of Sale, the apparent successful bidder indicated on PARITY must submit a good faith deposit (the "Good Faith Deposit") by wire transfer. Wire instructions for the payment of the Good Faith Deposit will be distributed by the City's Financial Advisor on the Date of Sale following receipt of bids. The Good Faith Deposit requirement is \$701,900. The award to the apparent successful bidder is contingent upon receipt of the Good Faith Deposit, and the Bonds will not be awarded to such bidder until the City has confirmation of the receipt of the Good Faith Deposit.

The proceeds of the Good Faith Deposit will be held as security for the performance by the successful bidder of its bid and applied to the purchase price of the Bonds, but, in the event the successful bidder shall fail to comply with the terms of its bid, the proceeds will be retained as and for full liquidated damages. No interest will be allowed thereon.

#### **Establishment of Issue Price and Certificate of Successful Bidder; 10% Test or Hold-the-Offering-Price Rule shall Apply if Competitive Sale Requirements are Not Satisfied.**

The successful bidder will be required to provide to the City within one-half (½) hour after the verbal award of the Bonds, the initial offering price/yields of the Bonds to the public (as defined hereinbelow).

The successful bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate, substantially in the form attached to this Official Notice of Sale, setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the City and bond counsel to the City.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because: (1) the City shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters; (2) all bidders shall have an equal opportunity to bid; (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the competitive sale requirements described above are not satisfied, the City shall so advise the successful bidder. The City shall treat (i) the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The successful bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The successful bidder shall promptly advise the City which of such maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the competitive sale requirements described above are not satisfied. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to either the 10% test or the hold-the-offering-price rule in order to establish the issue price of the Bonds.

By submitting a bid, the successful bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (1) the close of the fifth (5th) business day after the sale date or (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public. The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

If the competitive sale requirements are not satisfied and the successful bidder has elected the 10% test to apply to any maturity of the Bonds, then until the 10% test has been satisfied as to each such maturity of the Bonds, the successful bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the successful bidder’s reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel to the City.

The City acknowledges that, in making the representations set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its

corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable: (A)(1) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the successful bidder that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the successful bidder and (2) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the successful bidder and as set forth in the related pricing wires, (B) to promptly notify the successful bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the successful bidder or such underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the successful bidder or such underwriter and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the successful bidder or the underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale: (i) “public” means any person other than an underwriter or a related party, (ii) “underwriter” means (A) the successful bidder, (B) any person that agrees pursuant to a written contract with the successful bidder to form an underwriting syndicate to participate in the initial sale of the Bonds to the public and (C) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (B) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), (iii) “related party” means any entity if an underwriter and such entity are subject, directly or indirectly, to (I) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (II) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another) or (III) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and (iv) “sale date” means the date that the Bonds are awarded by the City to the successful bidder.

### **CUSIP Identification Numbers**

CUSIP identification numbers will be printed on the Bonds, but no such number shall constitute a part of the contract evidenced by the particular Bond upon which it is printed; no liability shall

attach to the City or any officer or agent thereof (including any paying agent for the Bonds) by reason of such numbers or any use made thereof (including any use thereof made by the City, any such officer or any such agent) or by reason of any inaccuracy, error or omission with respect thereto or in such use; and any inaccuracy, error or omission with respect to such numbers shall not constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of its bid. The City's Financial Advisor will be responsible for obtaining the CUSIP numbers for the Bonds.

### **Right to Postpone Sale; Change of Closing Date; Other Changes to Official Notice of Sale**

The City reserves the right, at any time prior to the date and time set forth above for the receipt of electronic bids for the purchase of the Bonds, to postpone the sale of the Bonds. Any such postponement will be announced on TM3 at *www.TM3.com or BidComp/Parity/www.i-dealprospectus.com*. If the date and time fixed for the receipt of electronic bids and the sale of the Bonds is postponed, an alternative sale date will be announced on TM3 at *www.TM3.com or BidComp/Parity/www.i-dealprospectus.com* at least 18 hours prior to such alternative sale date. On the alternative sale date, any bidder may submit an electronic bid for the purchase of the Bonds in conformity in all respects (except for the date of sale, time for bidding and other changes announced via TM3 or BidComp/Parity) with the provisions of this Official Notice of Sale. The City may change the scheduled delivery date for the Bonds by notice given in the same manner as set forth for a change in the date for the receipt of bids. The City reserves the right to otherwise change this Official Notice of Sale. The City anticipates that it would communicate any such changes via TM3 or BidComp/Parity/www.i-dealprospectus.com by 4:30 P.M., Lynchburg, Virginia Time, on the date prior to the scheduled date for receipt of bids.

### **Closing Documents and Opinions of Counsel**

The successful bidder will also be furnished with the usual closing documents, including a certificate to the effect that no litigation is pending or, to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds.

The City will furnish the approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the City, as to the validity and tax status of the Bonds substantially in the form provided in Appendix E of the Official Statement.

In the opinion of Bond Counsel, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed under the Code, however interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel, under the existing statutes of the Commonwealth of Virginia, interest on the Bonds is not includable in computing the Virginia income tax.

### **Delivery of Bonds**

The Bonds will be delivered to DTC in the City of New York, New York, on or about **May 5, 2026**, or as soon thereafter as the Bonds may be prepared. Payment of the balance of the purchase price, including any premium offered, must be made on such date in **FEDERAL FUNDS**.

### **Official Statement**

The Preliminary Official Statement and the information contained therein have been "deemed final" as of the date of the Preliminary Official Statement by the City for purposes of Rule 15c2-12

promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (“Rule 15c2-12”) with permitted omissions, but are subject to change without notice and to completion or amendment in a final Official Statement.

The City, at its expense, will make available to the successful bidder a reasonably sufficient supply of final Official Statements within seven (7) business days from the award of the Bonds; *provided* the successful bidder cooperates in providing the information required to complete the final Official Statement.

### **Continuing Disclosure**

The City will execute and deliver to the purchasers of the Bonds a Continuing Disclosure Certificate pursuant to which the City will covenant and agree, for the benefit of the holders of the Bonds, consistent with the Rule 15c2-12 to provide annual financial information and operating data for the City, including audited financial statements of the City, within nine (9) months after the end of each fiscal year, beginning with the fiscal year ending June 30, 2026, and, in a timely manner not in excess of ten (10) business days, notices of certain events with respect to the Bonds, whether relating to the City or otherwise, specified in Rule 15c2-12 and notice of any failure of the City to provide required annual financial information referred to in the Continuing Disclosure Certificate to the MSRB. The continuing obligation of the City to provide annual financial information and notices referred to above will terminate with respect to the Bonds when the Bonds are no longer outstanding. Any failure by the City to comply with the foregoing will not constitute a default with respect to the Bonds. See the caption “CONTINUING DISCLOSURE” in this Preliminary Official Statement for a more detailed description of matters pertaining to the City’s continuing disclosure undertakings.

### **Further Information**

For further information relating to the Bonds and the City, reference is made to the City’s Preliminary Official Statement, which will be available for review on and after April 14, 2026, through the internet facilities of Financial Press LLC at [finpressllc.com/customers/davenport](http://finpressllc.com/customers/davenport). Information about PARITY, including the fees charged, may be obtained from PARITY, 1359 Broadway, Second Floor, New York, New York, 10018, Telephone (212) 849-5021.

Dated: April 14, 2026

CITY OF LYNCHBURG, VIRGINIA

DONNA S. WITT  
Chief Financial Officer

**FORM OF RECEIPT FOR BONDS AND CERTIFICATE  
AS TO INITIAL PUBLIC OFFERING PRICES/YIELDS**

The undersigned \_\_\_\_\_, as winning bidder (the “Winning Bidder”), of \$\_\_\_\_\_ aggregate principal amount of General Obligation Public Improvement Bonds, Series 2026 (the “Bonds”), of the City of Lynchburg, Virginia (the “City”), DOES HEREBY ACKNOWLEDGE RECEIPT of the Bonds from the City on the date hereof. The Bonds are more particularly described in **Schedule A** attached hereto.

The undersigned DOES HEREBY CERTIFY as follows:

**[For use if competitive sale requirements are satisfied]** 1. [(a) The Winning Bidder reasonably expected to reoffer the Bonds on the date of Sale Date to the Public at the prices and/or yields set forth in Schedule A hereto.

(b) The Winning Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Winning Bidder constituted a firm offer to purchase the Bonds.]

**[For use if competitive sale requirements are not satisfied and “10% Test” applies]**

[1. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A hereto. As of the date hereof, the Winning Bidder has not sold at least 10% of the Bonds maturing in the years \_\_\_\_\_ to the Public and the Winning Bidder agrees to report to Bond Counsel to the City the actual sale price to the Public of each such unsold maturity as soon as practicable after at least 10% of such unsold maturity has been sold to the Public.]

**[For use if competitive sale requirements are not satisfied and “hold-the-offering-price” rule applies]**

[1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities (as defined below) the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A hereto.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Winning Bidder offered the Hold-the-Offering-Price Maturities (as defined below) to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on the Sale Date (as defined below). A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale, by submitting a bid, the Winning Bidder agreed that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-

offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

## 2. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities”.

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities”.

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(f) *Sale Date* means the date of award of the Bonds by the City to the Winning Bidder. The Sale Date of the Bonds is April 21, 2026.

(g) *Related Party* means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another) or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(h) *Underwriter* means (i) the Winning Bidder, (ii) any person that agrees pursuant to a written contract with the Winning Bidder to form an underwriting syndicate to participate in the initial sale of the Bonds to the Public and (iii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (ii) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or

a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

We understand that the representations contained herein may be relied upon by the City in making certain of the representations contained in its federal tax certificate relating to the Bonds, and we further understand that Hawkins Delafield & Wood LLP, as Bond Counsel to the City, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of interest on the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws; in particular the regulations under the Code, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this certificate has been derived from other purchasers who may be considered Related Parties to the Winning Bidder and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

[SIGNATURE FOLLOWS ON NEXT PAGE]

IN WITNESS WHEREOF, the undersigned has executed this Receipt and Certificate this 5th day of May, 2026.

[WINNING BIDDER]

By: \_\_\_\_\_  
Name:  
Title:

Attachment - Schedule A

[RECEIPT AND ISSUE PRICE CERTIFICATE]

SCHEDULE A

**City of Lynchburg, Virginia**  
**General Obligation Public Improvement Bonds, Series 2026**



