

CITY OF LYNCHBURG, VIRGINIA

Compliance Reports

Year Ended June 30, 2020

Prepared by:

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CITY OF LYNCHBURG, VIRGINIA
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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *the Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia (the “City”), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 1, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed instances of noncompliance or other matters identified as item 2020-001 in the accompanying schedule of findings and questioned costs, that are required to be reported under *Government Auditing Standards*.**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
January 25, 2021



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Lynchburg, Virginia’s (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2020. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the federal statutes, regulations, the terms and conditions to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Lynchburg, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 1, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
January 25, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PASSENGER FACILITY
CHARGE PROGRAM AUDIT GUIDE**

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

Report on Compliance

We have audited the City of Lynchburg, Virginia’s (the “City”) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the “Guide”), issued by the Federal Aviation Administration, for its passenger facility program (the “Program”) for the year ended June 30, 2020.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Program.

Auditor’s Responsibility

Our responsibility is to express an opinion on the City’s compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Compliance

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that are applicable to the Program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the Program. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the Program to determine the auditing procedures for the purpose of expressing an opinion on compliance, and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Report on the Schedules of Passenger Facility Charges and Expenditures Required by the Passenger Facility Charge Program Audit Guide

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 1, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of passenger facility charges and expenditures are presented for purposes of additional analysis as required by the Passenger Facility Charge Program Audit Guide 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 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 schedules of passenger facility charges and expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
January 25, 2021

CITY OF LYNCHBURG, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2020

As more fully described in the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the City’s compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Comprehensive Services Act
Uniform Disposition of Unclaimed Property Act
Sheriff Internal Controls
Stormwater Utility Program
Fire Programs Aid to Localities

State Agency Requirements

Education
Social Services
Urban Highway Maintenance

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

FEDERAL AVIATION ADMINISTRATION COMPLIANCE MATTERS

Passenger Facility Charge Audit Guide for Public Agencies

Requirements of laws and regulations required by the Federal Aviation Administration in relation to the passenger facility charge program.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
<u>Primary Government</u>					
Department of Agriculture					
Passed through Commonwealth of Virginia:					
Department of Social Services:					
Supplemental Nutrition Assistance Program	10.561	171VA407S2514		\$ 1,655,858	
Supplemental Nutrition Assistance Program - Community Market	10.561	171VA407S2514		11,273	\$ 1,667,131
National School Lunch Program	10.555	16161VA347N2535		42,833	42,833
National School Breakfast Program	10.553	16161VA347N2535		32,313	32,313
Department of Parks & Recreation:					
Food Insecurity Nutritional Incentive (FINI) Double-Dollars Grant	10.331	2015-70018-2330		11,619	11,619
Total Department of Agriculture				\$ 1,753,896	
Department of Health and Human Services					
Passed through Commonwealth of Virginia:					
Department of Social Services:					
Family Preservation and Support	93.556	1801VAFPSS		\$ 43,582	\$ 43,582
TANF Block Grant	93.558	1901VATANF		938,874	938,874
Refugee and Entrant Assistance State - Administered Programs	93.566	1801VARSOC		1,624	1,624
Low Income Energy Assistance	93.568	18B1VALIEA		163,517	163,517
Child Care Assistance	93.575	1801VACCDF		(110)	(110)
Child Care Development Fund	93.596	1801VACCDF		151,968	151,968
Chafee Education and Training Vouchers Program (ETV)	93.599	1801VACETV		2,894	2,894
Adoption and Legal Guardian Incentive Payments	93.603	1801VAAIPP		2,324	2,324
Child Welfare Services	93.645	1801VACWSS		1,610	1,610
Foster Care - Title IV-E	93.658	1901VAFOST		1,500,840	1,500,840
Adoption Assistance	93.659	1901VAADPT		2,847,641	2,847,641
Social Services Block Grant	93.667	1801VASOSR		860,275	860,275
Independent Living	93.674	1801VACILP		16,240	16,240
Children's Insurance Program	93.767	1905VA0301		24,878	24,878
Medicaid Assistance	93.778	1805VA5MAP		1,665,636	1,665,636
Total Department of Health and Human Services				\$ 8,221,793	

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
Primary Government (Continued)					
Department of Housing and Urban Development					
Direct Payments:					
Community Development Block Grant Program, Entitlement Grants					
Community Development Block Grant FY16	14.218	B-15-MC-51-0014			
Passed through to:					
Lynchburg Redevelopment and Housing Authority	14.218	B-15-MC-51-0014	\$ 3,288	\$ 3,288	
Community Development Block Grant FY17	14.218	B-16-MC-51-0014			
Passed through to:					
Lynchburg Redevelopment and Housing Authority	14.218	B-16-MC-51-0014	7,191	7,191	
Lynchburg Community Action Group	14.218	B-16-MC-51-0014			
Community Development Block Grant FY18	14.218	B-17-MC-51-0014			
Passed through to:					
Lynchburg Redevelopment and Housing Authority	14.218	B-17-MC-51-0014	107,917	107,917	
Boys and Girls Club	14.218	B-17-MC-51-0014			
Community Development Block Grant FY19	14.218	B-18-MC-51-0014			
Passed through to:					
Lynchburg Redevelopment and Housing Authority	14.218	B-18-MC-51-0014	69,731	69,731	
Lynchburg Community Action Group	14.218	B-18-MC-51-0014	6,935	6,935	
Community Development Block Grant FY20	14.218	B-19-MC-51-0014			
Passed through to:					
Lynchburg Redevelopment and Housing Authority	14.218	B-19-MC-51-0014	5,761	5,761	
					\$ 792,676
Home Investment Partnership Program					
Home Investment Partnership Program FY17	14.239	M-16-MC-51-0211		173	
Passed through to:					
Lynchburg Community Action Group	14.239	M-16-MC-51-0211	35,726	35,726	
Home Investment Partnership Program FY18	14.239	M-17-MC-51-0211		9,973	
Passed through to:					
Habitat for Humanity	14.239	M-17-MC-51-0211			
Lynchburg Community Action Group	14.239	M-17-MC-51-0211	39,333	39,333	
Home Investment Partnership Program FY19	14.239	M-18-MC-51-0211		23,039	
Passed through to:					
Habitat for Humanity	14.239	M-18-MC-51-0211	70,000	70,000	
Home Investment Partnership Program FY20	14.239	M-19-MC-51-0211			
Passed through to:					
Habitat for Humanity	14.239	M-19-MC-51-0211	5,480	5,480	183,724
Total Department of Housing and Urban Development					\$ 976,400

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
Primary Government (Continued)					
Department of Justice					
Direct Payments:					
Office of Violence Against Women - Improving Criminal Responses Program	16.590	2016-WE-AX-0020		\$ 73,507	\$ 73,507
Bulletproof Vest Partnership 2019	16.607	2019-BUBX-1608-2768		31,398	
Bulletproof Vest Partnership 2020	16.607	2020-BUBX-1608-2768		1,364	32,762
Edward Byrne Memorial Justice Assistance Grant Program - Equipment 2020	16.738	2019-DJ-BX-0351		34,259	
JAG FY20 DCJS - Funding for Equipment from DCJS leftover Funds	16.738			49,210	83,469
Federal Asset Forfeiture	16.922			4,888	4,888
Passed through Commonwealth of Virginia:					
Department of Criminal Justice Services:					
Victim-Witness Services	16.575	20-X9267VW18		278,648	278,648
Violence Against Women Formula Grant	16.588	19-J6141VA18		29,741	
Violence Against Women Formula Grant	16.588	20-K141VA19		32,228	61,969
Coronavirus Emergency Supplemental Funding	16.034			64,164	64,164
Total Department of Justice					\$ 599,407
Department of Labor					
Passed through Commonwealth of Virginia:					
Virginia Community College System (VCCS):					
WIA Adult Program	17.258	AA-32183-18-55-A-51	\$ 150,067	\$ 150,067	
WIA Adult Program	17.258	AA-33260-19-55-A-51	199,192	199,192	\$ 349,259
WIA Youth Activities	17.259	AA-32183-18-55-A-51	163,935	163,935	
WIA Youth Activities	17.259	AA-33260-19-55-A-51	379,254	379,254	543,189
WIA Dislocated Workers	17.278	AA-32183-18-55-A-51	253,225	253,225	
WIA Dislocated Workers - CARES	17.278	AA-33260-19-55-A-51	38,390	38,390	
WIA Dislocated Workers	17.278	AA-33260-19-55-A-51	98,796	98,796	
WIA Dislocated Workers	17.278	AA-33183-18-55-A-51	3,803	3,803	394,214
Total Department of Labor					\$ 1,286,662

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
Primary Government (Continued)					
Department of Homeland Security					
Direct Payments:					
Transportation Security Administration:					
Airport LEO Cooperative Agreement	97.090	HSTS02-16-H-SLR753		\$ 87,740	\$ 87,740
Total Department of Homeland Security					<u>\$ 87,740</u>
Department of Transportation					
Passed through Commonwealth of Virginia:					
Virginia Department of Transportation					
Highway Planning and Construction					
Adaptive Signal Control - Rivermont Avenue	20.205	65001-118-274		\$ 344,719	
Transportation Alternative Program (TAP)					
Linkhorne Road Trail Extension	20.205	17045-EN17-118-282		903,205	\$ 1,247,924
Passed through Commonwealth of Virginia:					
VA Department of Motor Vehicles:					
DMV Selective Enforcement - Alcohol FY19	20.607	AL-2019-59318-9318		11,560	
DMV Selective Enforcement - Alcohol FY20	20.607	AL-2020-50031-20031		34,229	45,789
DMV Selective Enforcement - Speed FY19	20.600	SC-2019-59376-9376		3,335	
DMV Selective Enforcement - Speed FY20	20.600	SC-2020-50046-20046		16,978	20,313
Total Department of Transportation					<u>\$ 1,314,026</u>
Department of the Treasury					
Passed through Commonwealth of Virginia:					
Coronavirus Relief Fund - CARES Act	21.019			\$ 467,997	\$ 467,997
Total Department of Treasury					<u>\$ 467,997</u>
Environmental Protection Agency					
Passed through Commonwealth of Virginia:					
Virginia Resources Authority:					
Revolving Loan	66.458	972		\$ 10,908,416	\$ 10,908,416
Total Environmental Protection Agency					<u>\$ 10,908,416</u>

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
Primary Government (Continued)					
Federal Aviation Administration					
Direct Payments:					
Department of Aviation:					
Airport Improvement Program	20.106	3-51-0029-040-2018		\$ 282,004	
Airport Improvement Program	20.106	3-51-0029-041-2018		656,441	
Airport Improvement Program	20.106	3-51-0029-042-2019		285,226	
Airport Improvement Program - CARES	20.106	3-51-0029-045-2020		700,441	\$ 1,924,112
Total Federal Aviation Administration					\$ 1,924,112
Federal Emergency Management Agency					
Direct Payments:					
Department of Homeland Security:					
Assistance to Firefighters	97.044	EMW-2017-FO-02812		\$ 144,555	\$ 144,555
Passed through Commonwealth of Virginia:					
Virginia Department of Emergency Management:					
Emergency Management Performance Grants	97.042	7196		23,423	23,423
State Homeland Security Program Grant - Police	97.067	8,073		24,517	
State Homeland Security Program Grant - Fire	97.067	7966		87,019	
State Homeland Security Program Grant - Fire	97.067	8271		56,286	167,822
Total Federal Emergency Management Agency					\$ 335,800
Component Unit - Lynchburg Schools					
Department of Agriculture					
Passed through Commonwealth of Virginia:					
Department of Education:					
National School Lunch Program	10.555			\$ 2,119,527	
National School Lunch Program - CARES	10.555			137,802	\$ 2,257,329
National School Breakfast Program	10.553			854,356	
National School Breakfast Program - CARES	10.553			55,250	909,606
Summer Food Service Program	10.559			87,298	
Summer Food Service Program - CARES	10.559			1,223,829	1,311,127
Child Adult Care Food Program	10.558			131,288	
Child Adult Care Food Program - CARES	10.558			8,218	139,506
Total Department of Agriculture					\$ 4,617,568

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
Component Unit - Lynchburg Schools (Continued)					
Department of Education					
Passed through Commonwealth of Virginia:					
Passed through Commonwealth of Virginia:					
Title I - Part A - Improving Basic Programs	84.010	S010A170046		\$ 489,921	
Title I - Part A - Improving Basic Programs	84.010	S010A180046		512,098	
Title I - Part A - Improving Basic Programs	84.010	S010A190046		3,127,996	
Title I Part A - School Improvement	84.010	S010A180046		486,702	\$ 4,616,717
Title I - Part D - Neglected or Delinquent	84.013	S010A180046		24,051	
Title I - Part D - Neglected or Delinquent	84.013	S010A190046		3,930	
Title I - Neglected and Delinquent Children	84.013	S013A180046		1,296	29,277
Elementary and Secondary Education Act (ESEA):					
Title IV-B - 21st Century	84.287	S287C170047		51,496	
Title IV-B - 21st Century	84.287	S287C180047		283,166	
Title IV-B - 21st Century	84.287	S287C190047		785,466	1,120,128
IDEA - Part B Section 611 - Special Education	84.027	H027A170107		7,664	
IDEA - Part B Section 611 - Special Education	84.027	H027A180107		385,595	
IDEA - Part B Section 611 - Special Education	84.027	H027A190107		1,114,775	1,508,034
IDEA - Part B Section 619 - Special Education Preschool	84.173	H173A170112		7,063	
IDEA - Part B Section 619 - Special Education Preschool	84.173	H173A180112		47,200	
IDEA - Part B Section 619 - Special Education Preschool	84.173	H173A190112		628	54,890
Title III Part A - Language Acquisition State Grant	84.365	S265A170046		1,591	
Title III Part A - Language Acquisition State Grant	84.365	S265A180046		6,797	
Title III Part A - Language Acquisition State Grant	84.365	S265A190046		10,913	19,301
Title II - Part A - Supporting Effective Instruction State Grants	84.367	S367A170044		24,808	
Title II - Part A - Supporting Effective Instruction State Grants	84.367	S367A180044		125,221	
Title II - Part A - Supporting Effective Instruction State Grants	84.367	S367A190044		259,614	409,644
Title IV - Student Support	84.424	S424A170048		33,430	
Title IV - Student Support	84.424	S424A180048		85,277	
Title IV - Student Support	84.424	S424A190048		88,824	207,531
Vocational Education:					
Basic Grants to States	84.048	V048A170046		1,286	
Basic Grants to States	84.048	V048A190046		240,886	242,172
McKenney - Vento Homeless Education Assistance Improvements Act of 2001:					
Title X-C - No Child Left Behind Act	84.000	S196A180048		5,454	
Title X-C - No Child Left Behind Act	84.000	S196A190048		8,783	14,237
Total Department of Education					\$ 8,221,930
TOTAL			\$ 1,638,024	\$ 40,715,748	\$ 40,715,747

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
Donated Food Received					
<u>Primary Government</u>					
Department of Agriculture					
Passed through Commonwealth of Virginia:					
Department of Social Services:					
Juvenile Detention Home (Commodities)	10.555	16161VA347N2535		\$ 3,144	
<u>Component Unit - Lynchburg Schools</u>					
Department of Agriculture					
Passed through Commonwealth of Virginia:					
Department of Education:					
National School Lunch Program (Commodities)	10.555	16161VA347N2535		358,169	\$ 361,313
TOTAL				\$ 361,313	\$ 361,313

CITY OF LYNCHBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
As of June 30, 2020

Note 1. Significant Accounting Policy

Basis of Accounting:

The accompanying schedule of federal awards is prepared on the modified accrual basis of accounting.

Note 2. Business Development Centre, Inc. – Revolving Loan Fund

The Centre administers the Economic Development Administration Special Economic Adjustment Assistance Revolving Loan Fund Program CFDA 11.307 (01-49-03245) on behalf of the City of Lynchburg. Loans under this program are subject to various restrictions as determined by the Economic Development Administration.

The Centre received the funds indicated as follows through the fiscal year ended June 30, 1998. No funds have been received since that date.

	<u>Federal</u>	<u>State</u>	<u>Local</u>
Amount received through June 30, 1993	\$ 45,000	\$ -	\$ 24,000
Amount received through June 30, 1994	127,836	-	33,612
Amount received through June 30, 1995	44,027	-	14,676
Amount received through June 30, 1996	108,201	-	36,067
Bad debt charged off for the year ended June 30, 1996	(3,005)	-	(1,002)
Amount received through June 30, 1997	10,268	-	3,423
Recapitalized from earnings for the year ended June 30, 1997	3,005	-	1,002
Amount received through June 30, 1998	159,668	40,000	13,222
	<u>\$ 495,000</u>	<u>\$ 40,000</u>	<u>\$ 125,000</u>

Note 3. Non-monetary Assistance

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

Note 4. Indirect Costs

The City has elected to use the de minimis 10% cost rate for certain grants.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
As of June 30, 2020

Note 5. Subgrantees

The federal expenditures for the Community Development Block Grant, the HOME Investment Partnerships Program, and the Workforce Investment Act Cluster programs include grants to subrecipients as follows:

<u>Subrecipient</u>	<u>Community Development Block Grant</u>	<u>HOME Investment Partnerships Program</u>	<u>Workforce Investment Act Cluster</u>
Habitat for Humanity	\$ -	\$ 75,480	\$ -
Lynchburg Community Action Group	6,935	75,059	-
Lynchburg Redevelopment & Housing Authority	193,888	-	-
Region 2000 Local Government Council	-	-	1,286,662
Rush Homes	-	-	-
	<u>\$ 200,823</u>	<u>\$ 150,539</u>	<u>\$ 1,286,662</u>

Note 6. Program Income

The City did not receive any program income during FY2020 for the Community Development Block grant.

Note 7. Virginia Revolving Loan Fund (CFDA 66.458)

As of June 30, 2020, the City had an outstanding balance through the Virginia Revolving Loan Fund in the amount of \$32,000,000 which includes federal funded loans. Expenditures associated with federally funded loans in FY 2020 totaled \$10,908,416.

SCHEDULE 2

CITY OF LYNCHBURG, VIRGINIA

Schedule of Passenger Facility Charges
As of June 30, 2020

Passenger Facility Charges:

Federal Agency/Program Name/Application Number	PFC Balance July 1, 2019	Adjustments	PFC Collected	Interest Earnings	Expenditures	PFC Balance June 30, 2020
FEDERAL AVIATION ADMINISTRATION						
Passenger facility charges (12-06-C-00-LYH)	\$ 462	\$ -	\$ 3,860	\$ -	\$ 4,322	\$ -
Passenger facility charges (17-07-C-00-LYH)	3,159	-	350,154	37	300,000	53,350
	<u>\$ 3,621</u>	<u>\$ -</u>	<u>\$ 354,014</u>	<u>\$ 37</u>	<u>\$ 304,322</u>	<u>\$ 53,350</u>

SCHEDULE 3

Schedule of Expenditures of Passenger Facility Charges
As of June 30, 2020

Expenditures of Passenger Facility Charges:

Project	PFC Expenditures
<u>Application 6 (12-06-C-00-LYH)</u>	
Local share reimbursement (non-AIP) PFC development and administrative costs	\$ 4,323
Local share reimbursement – “Local” expense	-
Local share reimbursement – “State Entitlements” expense	-
Total PFC expenditures	<u>\$ 4,323</u>
<u>Application 7 (17-07-C-00-LYH)</u>	
Local share reimbursement (non-AIP) PFC development and administrative costs	\$ -
Local share reimbursement – “Local” expense	-
Local share reimbursement – “State Entitlements” expense	-
Construct Air Traffic Control Tower (ATCT)	300,000
Total PFC expenditures	<u>\$ 300,000</u>

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

CITY OF LYNCHBURG, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to major programs**.
7. The major programs of the City are:

<u>Name of Program</u>	<u>CFDA #</u>
Capitalization Grants for Clean Water	66.458
Foster Care – Title IV-E	93.658
Highway Planning and Construction	20.205
Airport Improvement Program	20.106
Child Nutrition Cluster:	
National School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559

8. The **threshold for** distinguishing Type A and B programs was **\$1,232,312**.
9. The City of Lynchburg was **not** determined to be a **low-risk auditee**.

CITY OF LYNCHBURG, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

A. SUMMARY OF AUDITOR'S RESULTS (Continued)

10. Passenger Facility Charge Program:

- a. **No significant deficiencies** relating to the audit of the Passenger Facility Charge Program were reported in the Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance in Accordance with the *Passenger Facility Charge Program Audit Guide*.
- b. The auditor's report on compliance for the Passenger Facility Program expresses an **unmodified opinion**.
- c. The audit disclosed **no audit findings relating to the Passenger Facility Charge Program**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS – COMMONWEALTH OF VIRGINIA

2020-001: Stormwater Utility Program

Condition:

The Commonwealth of Virginia requires localities to report programs funded by these fees and the expected nutrient and sediment reductions of each program by October 1st of each year. We noted in our testing this report was filed late by the City.

Recommendation:

Steps should be taken to ensure it is filed in a timely manner each year.

Management's Response:

Management concurs with the recommendation.

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

None.

E. FINDINGS AND QUESTIONED COSTS – PASSENGER FACILITY CHARGE PROGRAM

None.