GREATER LYNCHBURG TRANSIT COMPANY, INC.
(A Component Unit of the City of Lynchburg, Virginia)

FINANCIAL REPORT

June 30, 2020

BROWNEDWARDS
certified public accountants

CONTENTS

INTRODUCTORY SECTION

GREATER LYNCHBURG TRANSIT COMPANY, INC.

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2020

OFFICERS

Antonio Davis Sr. .... President

Cameron Howe...Vice President

Mary Winston Deacon .... Secretary/Treasurer

DIRECTORS

Benjamin Blanks	John Hughes IV
Dan Deter	Brenda Nash
Bonnie Svrcek	

FINANCIAL SECTION

The Financial Section contains the Basic Financial Statements.

BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greater Lynchburg Transit Company, Inc.
Lynchburg, Virginia

Report on the Financial Statements

We have audited the accompanying basic financial statements, and the related notes to the financial statements, as listed in the table of contents, of the Greater Lynchburg Transit Company, Inc. (the "Company"), a component unit of the City of Lynchburg, Virginia, as of and for the years ended June 30, 2020 and 2019.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Report on the Financial Statements (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Company's basic financial statements. The introductory section and the schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2020 on our consideration of the Company'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 Company'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 Company's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 11, 2020

BASIC FINANCIAL STATEMENTS

GREATER LYNCHBURG TRANSIT COMPANY, INC.

STATEMENTS OF NET POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	$ 584,389	$ 921,576
Accounts receivable		
Federal and local capital grant funds	103,157	61,689
Federal and state aid funds	590,317	-
Other receivables	33,546	34,168
Inventories (Note 2)	293,416	314,732
Prepaid expenses	198,155	33,765
Total current assets	1,802,980	1,365,930
CAPITAL ASSETS, net (Note 3)	34,133,648	37,119,500
Total assets	35,936,628	38,485,430
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to other postemployment benefits (Note 9)	64,588	66,454
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
CURRENT LIABILITIES		
Accounts payable	92,300	104,853
Accounts payable, capital assets	95,302	50,274
Accrued salaries and wages	190,067	166,660
Local share payable to City of Lynchburg (Note 4)	420,922	137,689
Current portion of compensated absences (Note 6)	73,045	65,550
Total current liabilities	871,636	525,026
NONCURRENT LIABILITIES		
Net other postemployment benefit liability (Note 9)	648,234	552,260
Compensated absences (Note 6)	96,935	103,970
Total noncurrent liabilities	745,169	656,230
Total liabilities	1,616,805	1,181,256
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to other postemployment benefits (Note 9)	750	1,126
COMMITMENTS AND CONTINGENCIES (Note 7)	-	-
NET POSITION		
Net investment in capital assets	34,133,648	37,119,500
Unrestricted	250,013	250,002
Total net position	$ 34,383,661	$ 37,369,502

The Notes to Financial Statements are an integral part of these statements.

GREATER LYNCHBURG TRANSIT COMPANY, INC.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Passenger fares	$ 412,615	$ 603,084
Universal bus pass	176,628	140,292
Special buses	4,015	20,174
Advertising	72,160	82,747
Registration fees	20	398
Non-transportation revenue	9,609	28,960
Total operating revenues	675,047	875,655
OPERATING EXPENSES		
Operations	6,043,109	7,021,115
Maintenance	2,191,198	2,491,178
General administration	1,919,940	1,899,081
Total operating expenses	10,154,247	11,411,374
Operating loss	(9,479,200)	(10,535,719)
NONOPERATING REVENUE		
Subsidies of operations:		
City of Lynchburg (Note 4)	1,307,863	1,591,096
Counties	76,275	74,780
Liberty University	249,690	1,435,415
State of Virginia aid for public transportation	2,277,390	2,004,931
Federal operating grant	2,357,625	1,953,526
Other	23,110	17,072
Total nonoperating revenue	6,291,953	7,076,820
CAPITAL CONTRIBUTIONS (Note 10)	201,406	560,670
Change in net position	(2,985,841)	(2,898,229)
NET POSITION		
Beginning at July 1	37,369,502	40,267,731
Ending at June 30	$ 34,383,661	$ 37,369,502

The Notes to Financial Statements are an integral part of these statements.

GREATER LYNCHBURG TRANSIT COMPANY, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
OPERATING ACTIVITIES		
Cash received from customers	$ 675,669	$ 1,037,947
Cash paid to employees	(3,027,399)	(3,634,434)
Cash paid to suppliers for goods and services	(3,995,019)	(4,442,935)
Net cash used in operating activities	(6,346,749)	(7,039,422)
NONCAPITAL FINANCING ACTIVITIES		
Subsidies	5,984,869	7,103,535
CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions received	159,938	938,483
Purchases of capital assets	(135,245)	(747,680)
Net cash provided by capital and related financing activities	24,693	190,803
Net increase (decrease) in cash and cash equivalents	(337,187)	254,916
CASH AND CASH EQUIVALENTS		
Beginning at July 1	921,576	666,660
Ending at June 30	$ 584,389	$ 921,576
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (9,479,200)	$ (10,535,719)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	3,166,125	3,320,931
Decrease (increase) in:		
Other receivables	622	162,292
Prepaid expenses	(164,390)	(23,541)
Inventories	21,316	(5,275)
Increase (decrease) in:		
Accounts payable	(12,553)	(33,444)
Accrued salaries and wages	23,407	14,336
Compensated absences and other post-employment benefits	97,924	60,998
Net cash used in operating activities	$ (6,346,749)	$ (7,039,422)
NONCASH FINANCING TRANSACTION		
Capital assets acquired through accounts payable at year end	$ 95,302	$ 50,274

The Notes to Financial Statements are an integral part of these statements.

Note 1. Summary of Significant Accounting Policies

Organization and purpose

The Greater Lynchburg Transit Company, Inc. (the "Company") was created in 1974 to serve the greater Lynchburg area with public bus and paratransit transportation. The Company is organized as a not-for-profit stock corporation with the City of Lynchburg, Virginia (the "City") as the sole stockholder. The capital for the purchase of the Company's assets has been provided by federal, state, and local grants, and the Company is dependent on various operating grants to subsidize operations.

The Company is a component unit of the City. The financial statements include the Company's capital accounts and the accounts of the Central Virginia Transit Management Company (CVTMC), which has been organized for the purpose of managing the transit system under the direction of the Company's Board of Directors.

Measurement focus and basis of accounting

The Company's financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Company distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Company's principal ongoing operations. Operating revenues consist primarily of passenger fares and other charges for services. Operating expenses include the cost of vehicle operations, maintenance, and administration expenses. Nonoperating revenues consist primarily of subsidies and grants received from federal, state, and local governments, and other entities. Capital contributions consist of federal, state, and local grants for the acquisition of capital equipment. When both restricted and unrestricted resources are available for use, it is the Company's policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash and cash equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities three months or less from the date of acquisition. At times, cash balances may exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes that no significant credit risk exists with respect to these balances.

Inventories

Inventories are valued at the lower of cost or estimated net realizable market value; cost is determined using the average cost method.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets

Property acquisitions are recorded at cost and depreciation is computed on the straight-line method over the following estimated useful lives:

Land improvements and buildings	10-40 years
Buses and vans	4-12 years
Signs, shelters, and terminals	3-20 years
Shop and garage equipment	2-15 years
Office equipment and information systems	4-10 years

Compensated absences

The Company's policies allow for the accumulation and vesting of limited amounts of vacation leave until termination or retirement. Sick leave is awarded to certain employees and is paid out at 50% at retirement, subject to a limit of 720 hours. The liability for compensated absences reflects unused leave as of June 30, including applicable employer taxes, as well as estimated vested sick leave.

Deferred outflows/inflows of resources

In addition to assets, the statement that presents net position reports a separate section for deferred outflows of resources. These items represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then. The Company has two items that qualify for reporting in this category. The first is the difference between expected and actual experience for economic/demographic factors in the measurement of the OPEB liability. The second is for changes in assumptions related to mortality, disability, and termination rates. Both differences will be recognized in OPEB expense over the estimated remaining service life of employees subject to the plan.

In addition to liabilities, the statement that presents financial position reports a separate section for deferred inflows of resources. These items represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Company has one type of item to report – change in assumptions related to mortality, disability, and termination rates. This difference will be recognized in OPEB expense over the estimated remaining service life of employees subject to the plan.

Net position

Net position is the difference between assets and liabilities. Net investment in capital assets represents capital assets less accumulated depreciation less any outstanding debt related to the acquisition or improvement of those assets.

Income taxes

As an instrumentality of the City, the Company is exempt from all federal, state, and local income taxes.

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

Management uses estimates and assumptions in preparing the financial statements. Actual results could differ from those estimates.

Note 2. Inventories

Inventories consist of the following:

	2020	2019
Parts	$ 260,441	$ 261,751
Diesel fuel, motor oil, and transmission fluid	30,986	45,268
Tires	8,151	12,836
Allowance for obsolete inventory	(6,162)	(5,123)
	$ 293,416	$ 314,732

Note 3. Capital Assets

Capital asset activity was as follows:

	2020			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	$ 1,642,980	$ -	$ -	$ 1,642,980
Construction in progress	42,552	-	(16,002)	26,550
Total capital assets, non-depreciable	1,685,532	-	(16,002)	1,669,530
Capital assets, depreciable:				
Land improvements and buildings	31,438,382	-	-	31,438,382
Buses and vans	24,059,571	177,785	(57,981)	24,179,375
Signs, shelters, and terminals	302,984	18,490	(36,035)	285,439
Shop and garage equipment	1,371,983	-	-	1,371,983
Office equipment and information systems	1,898,682	-	(3,851)	1,894,831
Total capital assets, depreciable	59,071,602	196,275	(97,867)	59,170,010

Note 3. Capital Assets (Continued)

	2020			
	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Land improvements and buildings	$ (2,757,942)	$ (784,545)	$ -	$ (3,542,487)
Buses and vans	(18,791,110)	(2,037,346)	57,981	(20,770,475)
Signs, shelters, and terminals	(252,664)	(26,379)	36,035	(243,008)
Shop and garage equipment	(505,754)	(155,440)	-	(661,194)
Office equipment and information systems	(1,330,164)	(162,415)	3,851	(1,488,728)
Total accumulated depreciation	(23,637,634)	(3,166,125)	97,867	(26,705,892)
Total capital assets, depreciable, net	35,433,968	(2,969,850)	-	32,464,118
Total capital assets, net	$ 37,119,500	$ (2,969,850)	$ (16,002)	$ 34,133,648

	2019			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	$ 1,642,980	$ -	$ -	$ 1,642,980
Construction in progress	42,552	-	-	42,552
Total capital assets, non-depreciable	1,685,532	-	-	1,685,532
Capital assets, depreciable:				
Land improvements and buildings	31,438,382	-	-	31,438,382
Buses and vans	23,792,802	266,769	-	24,059,571
Signs, shelters, and terminals	302,984	-	-	302,984
Shop and garage equipment	1,310,165	61,818	-	1,371,983
Office equipment and information systems	1,793,317	105,365	-	1,898,682
Total capital assets, depreciable	58,637,650	433,952	-	59,071,602

Note 3. Capital Assets (Continued)

	2019			
	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Land improvements and buildings	$ (1,973,397)	$ (784,545)	$ -	$ (2,757,942)
Buses and vans	(16,605,633)	(2,185,477)	-	(18,791,110)
Signs, shelters, and terminals	(219,892)	(32,772)	-	(252,664)
Shop and garage equipment	(352,766)	(152,988)	-	(505,754)
Office equipment and information systems	(1,165,015)	(165,149)	-	(1,330,164)
Total accumulated depreciation	(20,316,703)	(3,320,931)	-	(23,637,634)
Total capital assets, depreciable, net	38,320,947	(2,886,979)	-	35,433,968
Total capital assets, net	$ 40,006,479	$ (2,886,979)	$ -	$ 37,119,500

Note 4. Local Share Amounts Payable to City of Lynchburg

The City's policy is to provide sufficient funds to meet the required local share (level of effort) as defined by the Federal Transit Administration, and is reflected on the accrual basis as the local subsidy of operations. Any deficiency is reflected as a receivable from or any surplus as a payable to the City. Activity in this account was as follows:

	2020	2019
Payable to City at beginning of year	$ (137,689)	$ (324,742)
Subsidy of operations – City of Lynchburg	1,307,863	1,591,096
Cash paid by the City to the Company	(1,728,785)	(1,728,785)
Cash paid by the Company to the City	137,689	324,742
Payable to City at end of year	$ (420,922)	$ (137,689)

Note 5. Line of Credit

The City has created a special fund to support transit operations. The Company may draw on this fund interest free with amounts to be repaid within 90 days, up to a maximum of $500,000. The Company drew and repaid $500,000 from this line of credit during 2019 and had no activity on the line of credit during 2020. The balance owed to the City was $-0- at both June 30, 2020 and 2019.

Note 6. Compensated Absences

Following is a summary of changes in compensated absences:

	2020	2019
Beginning balance	$ 169,520	$ 182,685
Increases	220,523	213,834
Decreases	(220,063)	(226,999)
Ending balance	169,980	169,520
Less current portion	(73,045)	(65,550)
	$ 96,935	$ 103,970

Note 7. Commitments and Contingencies

Contingent grant rebate

Pursuant to receiving certain federal grants, the Company has agreed to use any asset purchased with grant funds for the provision of mass transportation service within its urban area for the asset's useful life. If, during such period the asset is not used in this manner, the Company must remit to the federal government a proportionate amount of the fair market value, if any, of such property. No grant amounts were required to be remitted during 2020 and 2019.

Management contract

The Company has engaged First Transit, Inc. to manage its transit system; the current four-year contract began January 2019. Management fees to First Transit, Inc. were $275,510 and $274,140 for 2020 and 2019, respectively. The Company did not pay First Transit, Inc. for any other services during 2020 and 2019.

Union contract

CVTMC's union agreement was ratified September 1, 2016 with Local 1493 of the Amalgamated Transit Union, AFL-CIO for the period September 1, 2016 through August 31, 2019, for the services of bus operators and maintenance employees. As of the date these financial statements were available to be issued, a new union contract had not been ratified, and the Company was operating under an extension agreement keeping the previous contract in place until a renegotiated contract can be completed.

Note 8. Defined Contribution Pension Plan

As part of its union agreement, CVTMC provides a defined contribution pension program for all employees. The Company's contribution consists of a match of up to four percent of each covered employee's pay. The Company's required and actual contributions for covered union and nonunion employees were $119,088 and $142,308 for 2020 and 2019, respectively. Employees contributed equal amounts through payroll withholding.

Note 9. Other Postemployment Benefits Liability – Local Plan

Plan Description

The Company has a Retiree Healthcare Plan. However, no funds have yet been contributed to a trust fund. The plan provides medical, dental, vision and life insurance to certain salaried employees and is closed to new entrants.

Benefits Provided

The Company provides only one choice of medical, dental, and vison plans. At retirement, for employees who take retirement at age 62 but are not eligible for Medicare, the Company pays 80% of the cost of medical elections prior to retirement for a period of one month for each year of service.

Employees with 15 years of service or more, the Company pays for the amount of life insurance the employee had prior to retirement, to a maximum of $50,000. Employees with more than 5 years of service and less than 15 years of service, the Company pays 75% of the amount the employee had prior to retirement, to a maximum of $50,000.

Employees Covered by Benefit Terms

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

	Members
Inactive employees or beneficiaries:	
Currently receiving benefits	6
Entitled to but not yet receiving benefits	-
Total inactive employees	6
Active plan members	19
	25

Note 9. Other Postemployment Benefits Liability – Local Plan (Continued)

Total OPEB Liability

The Company's total OPEB liability of $648,234 was measured as of June 30, 2020 and was determined based on an actuarial valuation performed as of June 30, 2019.

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:

Investment return	4.00%
Healthcare cost trend rates	6.75% initially, grading down to 4.25% ultimate

Mortality rates were PUB2010G headcount for males/females with generational improvements with Scale SSA18. For those on disability, PUB2010G disabled headcount for males/females with generational improvements with Scale SSA18. The disability and termination rates have been updated to those used in the most recent VRS OPEB valuation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2018 through June 30, 2019.

There have been no changes in assumptions since the prior year, except an update of the discount rate based on changes in the municipal bond index.

Changes in the Total OPEB Liability

	2020
Balance at June 30, 2019	$ 552,260
Changes for the year:	
Service cost	34,065
Interest	18,299
Benefit changes	-
Differences between expected and actual experience	-
Assumption or other input changes	47,042
Benefit payments	(3,432)
Net changes	95,974
Balance at June 30, 2020	$ 648,234

Note 9. Other Postemployment Benefits Liability – Local Plan (Continued)

Changes in the Total OPEB Liability (Continued)

	2019
Balance at June 30, 2018	$ 411,267
Changes for the year:	
Service cost	29,344
Interest	15,879
Benefit changes	-
Differences between expected and actual experience	68,503
Assumption or other input changes	31,178
Benefit payments	(3,911)
Net changes	140,993
Balance at June 30, 2019	$ 552,260

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

The following presents the total OPEB liability of the plan, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	1.00% Decrease (1.45%)	Current Discount Rate (2.45%)	1.00% Increase (3.45%)
Total OPEB liability at June 30, 2020	$ 732,650	$ 648,234	$ 580,252

	1.00% Decrease (2.13%)	Current Discount Rate (3.13%)	1.00% Increase (4.13%)
Total OPEB liability at June 30, 2019	$ 624,178	$ 552,260	$ 494,343

Note 9. Other Postemployment Benefits Liability – Local Plan (Continued)

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

The following presents the total OPEB liability of the plan, as well as what the plan's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.25%) or one percentage point higher (5.25%) than the current healthcare cost trend rates:

	1.00% Decrease (3.25%)	Current Healthcare Cost Trend Rates (4.25%)	1.00% Increase (5.25%)
Total OPEB liability at June 30, 2020	$ 634,244	$ 648,234	$ 663,455

	1.00% Decrease (3.25%)	Current Healthcare Cost Trend Rates (4.25%)	1.00% Increase (5.25%)
Total OPEB liability at June 30, 2019	$ 540,342	$ 552,260	$ 565,228

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

For the year ended June 30, 2020, the Company recognized OPEB expense of $100,896. At June 30, 2020, the Company reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 22,835	$ -
Change in assumptions	41,753	(750)
Employer contributions subsequent to the measurement date	-	-
Total	$ 64,588	$ (750)

Note 9. Other Postemployment Benefits Liability – Local Plan (Continued)

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

	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 45,669	$ -
Change in assumptions	20,785	(1,126)
Employer contributions subsequent to the measurement date	-	-
Total	$ 66,454	$ (1,126)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2020, will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase to OPEB Expense
2021	$ 48,532
2022	15,306
2023	-
2024	-
2025	-
Thereafter	-

Note 10. Capital Contributions

Capital contributions consist of the following:

	2020	2019
Federal	$ 161,126	$ 449,170
State	32,222	90,557
Local	8,058	20,943
	$ 201,406	$ 560,670

Note 11. Contract with Liberty University

In August of 2013, the Company entered into an initial agreement to provide bus service on the campus of Liberty University from August 2013 through May 2014. It also allowed students and employees to ride for free on other Company routes. The current agreement was entered into in July 2016. The current agreement provides for automatic annual renewals provided neither party gives notice of intention not to renew by April 30 each year. On November 4, 2019, addendums to the agreement were finalized for the period of July 2019 through June 2020. As part of this and previous agreements, the University paid the Company $384,090 in 2020 and $1,495,475 in 2019, respectively.

Note 12. Risk Management

The Company is a member of the Virginia Transit Liability Pool, (the "Pool") through which the Company is insured for operational liabilities and for its transit vehicles, in amounts up to $15 million per incident. The Pool is a local government self-insurance pool to which the Company pays an annual premium. The Company insures its other equipment and property through commercial insurance providers. The Company has not reduced its coverage from the prior year, and settlements have not exceeded insurance coverage for the past three years.

Note 13. COVID-19 Impact

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Company's operations are heavily dependent on the ability to assess fees, maintain grant funding, and access the capital markets. Access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation has depressed the tax bases of the governments and other areas in which the Company received revenue during fiscal year 2020. As such, the Company's financial condition and liquidity may be negatively impacted for the fiscal year 2021.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

(Continued)

Note 14. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95**, *Postponement of the Effective Dates of Certain Authoritative Guidance* due to the COVID-19 pandemic.

In January 2017, the GASB issued **Statement No. 84**, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, the GASB issued **Statement No. 87**, *Leases*. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In June 2018, the GASB issued **Statement No. 89**, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2020. The requirements of this Statement should be applied prospectively.

In August 2018, the GASB issued **Statement No. 90**, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

(Continued)

Note 14. New Accounting Standards (Continued)

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued **Statement No. 91**, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92**, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Note 14. New Accounting Standards (Continued)

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

GREATER LYNCHBURG TRANSIT COMPANY, INC.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – LOCAL PLAN
June 30, 2020

	Plan Year 2020	Plan Year 2019	Plan Year 2018
Total OPEB Liability			
Service cost	$ 34,065	$ 29,344	$ 27,137
Interest on total OPEB liability	18,299	15,879	13,601
Changes in benefit terms	-	-	-
Difference between expected and actual experience	-	68,503	-
Changes in assumptions	47,042	31,178	(1,878)
Benefit payments	(3,432)	(3,911)	(11,851)
Net change in total OPEB liability	95,974	140,993	27,009
Total OPEB liability – beginning	552,260	411,267	384,258
Total OPEB liability – ending	648,234	552,260	411,267
Plan Fiduciary Net Position			
Contributions – employer	3,432	3,911	11,851
Contributions – employee	-	-	-
Net investment income	-	-	-
Benefit payments	(3,432)	(3,911)	(11,851)
Administrative expenses	-	-	-
Other	-	-	-
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position – beginning	-	-	-
Plan fiduciary net position – ending	-	-	-
Net OPEB liability – ending	$ 648,234	$ 552,260	$ 411,267
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%
Covered payroll	$ 781,100	$ 767,462	$ 755,427
Net OPEB liability as a percentage of covered payroll	83%	72%	54%

This schedule is intended to show information for 10 years. Since fiscal year 2018 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

GREATER LYNCHBURG TRANSIT COMPANY, INC.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – LOCAL PLAN
June 30, 2020

Entity Fiscal Year Ended June 30,	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	$ 49,365	$ 3,432	$ 45,933	$ 781,100	0.44 %
2019	47,927	3,911	44,016	767,462	0.51
2018	38,280	11,851	26,429	755,427	1.57

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier 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.

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OTHER
SUPPLEMENTARY INFORMATION

SCHEDULE 1

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2020

	Operations	Maintenance	General Administration	Total
Labor				
Operators' salaries and wages	$ 1,720,082	$ -	$ -	$ 1,720,082
Other salaries and wages	375,613	596,441	359,130	1,331,184
Total labor	2,095,695	596,441	359,130	3,051,266
Fringe benefits	1,161,775	330,645	199,088	1,691,508
Services				
Management services	-	-	275,510	275,510
Professional and technical services	-	-	31,800	31,800
Contract services	27,496	-	102,862	130,358
Medical services	9,180	-	-	9,180
Total services	36,676	-	410,172	446,848
Materials and supplies				
Diesel fuel	385,014	-	-	385,014
Motor oil	9,481	-	-	9,481
Lubricants and coolants	21,230	-	-	21,230
Gasoline	67,375	-	-	67,375
Tires and tubes	90,381	-	-	90,381
Shop and garage equipment maintenance	-	21,384	-	21,384
Shop and garage building maintenance	-	26,624	-	26,624
Other shop and garage expense	-	-	109,099	109,099
Repair parts for revenue vehicles	-	342,778	-	342,778
Servicing supplies	-	9,930	-	9,930
Transportation administrative supplies	-	-	-	-
Schedules	7,044	-	-	7,044
Tickets and transfers	5,296	-	-	5,296
General office supplies	-	-	8,715	8,715
Safety and security	-	-	5,417	5,417
Shelters and signs	8,740	-	-	8,740
Total materials and supplies	594,561	400,716	123,231	1,118,508
Utilities				
Light, heat, power, and water	-	-	135,410	135,410
Communications	-	-	168,977	168,977
Total utilities	-	-	304,387	304,387

(Continued)

SCHEDULE 1

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2020

	Operations	Maintenance	General Administration	Total
Insurance				
Premiums for physical damage	$ -	$ 14,088	$ -	$ 14,088
Premiums for liability and property dama	-	-	267,659	267,659
Premiums for other insurance	-	-	26,065	26,065
Total insurance	-	14,088	293,724	307,812
Miscellaneous expenses				
Dues and subscriptions	-	-	9,106	9,106
Training, local staff	-	-	16,032	16,032
Travel expense, local staff	-	-	4,323	4,323
Advertising	-	-	9,436	9,436
Registration fees, employees	-	-	60	60
Other miscellaneous expenses	-	-	28,836	28,836
Total miscellaneous expenses	-	-	67,793	67,793
Total operating expenses before depreciation	3,888,707	1,341,890	1,757,525	6,988,122
Depreciation	2,154,402	849,308	162,415	3,166,125
Total operating expenses	$ 6,043,109	$ 2,191,198	$ 1,919,940	$ 10,154,247

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2019

	Operations	Maintenance	General Administration	Total
Labor				
Operators' salaries and wages	$ 2,167,404	$ -	$ -	$ 2,167,404
Other salaries and wages	392,198	682,581	393,422	1,468,201
Total labor	2,559,602	682,581	393,422	3,635,605
Fringe benefits	1,273,552	339,624	195,750	1,808,926
Services				
Management services	-	-	274,140	274,140
Professional and technical services	-	-	35,851	35,851
Contract services	29,683	-	125,749	155,432
Medical services	9,580	-	-	9,580
Total services	39,263	-	435,740	475,003
Materials and supplies				
Diesel fuel	538,359	-	-	538,359
Motor oil	10,460	-	-	10,460
Lubricants and coolants	30,220	-	-	30,220
Gasoline	81,504	-	-	81,504
Tires and tubes	137,647	-	-	137,647
Shop and garage equipment maintenance	-	17,148	-	17,148
Shop and garage building maintenance	-	36,498	-	36,498
Other shop and garage expense	-	-	70,277	70,277
Repair parts for revenue vehicles	-	498,167	-	498,167
Servicing supplies	-	11,518	-	11,518
Transportation administrative supplies	92	-	-	92
Schedules	22,995	-	-	22,995
Tickets and transfers	8,794	-	-	8,794
General office supplies	-	-	11,472	11,472
Safety and security	-	-	8,315	8,315
Shelters and signs	7,738	-	-	7,738
Total materials and supplies	837,809	563,331	90,064	1,491,204
Utilities				
Light, heat, power, and water	-	-	144,372	144,372
Communications	-	-	160,960	160,960
Total utilities	-	-	305,332	305,332

(Continued)

SCHEDULE 2

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2019

	Operations	Maintenance	General Administration	Total
Insurance				
Premiums for physical damage	$ -	$ 60,749	$ -	$ 60,749
Premiums for liability and property dama	-	-	280,755	280,755
Premiums for other insurance	-	-	21,956	21,956
Total insurance	-	60,749	302,711	363,460
Miscellaneous expenses				
Dues and subscriptions	-	-	8,408	8,408
Training, local staff	-	-	9,115	9,115
Travel expense, local staff	-	-	5,268	5,268
Advertising	-	-	12,614	12,614
Registration fees, employees	-	-	2,000	2,000
Registration fees, local staff	-	-	-	-
Other miscellaneous expenses	-	-	(26,492)	(26,492)
Total miscellaneous expenses	-	-	10,913	10,913
Total operating expenses before depreciation	4,710,226	1,646,285	1,733,932	8,090,443
Depreciation	2,310,889	844,893	165,149	3,320,931
Total operating expenses	$ 7,021,115	$ 2,491,178	$ 1,899,081	$ 11,411,374

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COMPLIANCE SECTION

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

Board of Directors
Greater Lynchburg Transit Company, Inc.
Lynchburg, Virginia

We have audited, 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, the financial statements of the Greater Lynchburg Transit Company, Inc. (the "Company"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated November 11, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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.**

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company'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 no instances of noncompliance or other matters 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 Company'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 Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 11, 2020

BROWN EDWARDS
certified public accountants

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

Board of Directors
Greater Lynchburg Transit Company, Inc.
Lynchburg, Virginia

Report on Compliance for Each Major Federal Program

We have audited the Greater Lynchburg Transit Company, Inc.'s (the "Company") 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 Company's major federal programs for the year ended June 30, 2020. The Company'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Company'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 Company'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 Company's compliance.

Opinion on Each Major Federal Program

In our opinion, the Company 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.

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Report on Internal Control over Compliance

Management of the Company 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 Company'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 Company's internal control over compliance.

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 11, 2020

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Award Date	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Amounts	Federal Expenditures
Department of Transportation –					
Federal Transit Administration:					
Direct Payments:					
Federal Transit Cluster:					
Urbanized Area Formula Program	09/30/2018	20.507	VA-2018-002-00		$ 2,357,625
Capital Investment Grants	09/20/2012	20.500	VA-95-X122	$ 11	
	03/13/2018		VA-2018-005-00	92,571	
	03/28/2019		VA-2019-011-02	66,554	
	01/02/2020		VA-2020-006	1,990	
					161,126
					$ 2,518,751

Notes to Schedule of Expenditures of Federal Awards:

1) This schedule is prepared on the accrual basis of accounting.
2) The Greater Lynchburg Transit Company did not elect to use the 10% de minimis indirect cost rate.
3) At June 30, 2020, the Greater Lynchburg Transit Company had no outstanding loan balances requiring continuing disclosure.

GREATER LYNCHBURG TRANSIT COMPANY, INC.

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 Company's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

LOCAL COMPLIANCE MATTERS

Company By-Laws

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.

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 G*overnment 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 program 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 program expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major program**.
7. The programs tested as a major program were:

Federal Transit Administration Grant Cluster:	
Federal Transit Operating Assistance	20.507
Federal Transit Capital Grants	20.500

8. The **threshold for** distinguishing Type A and B programs was **$750,000**.
9. The Company **was** determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None.