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

FINANCIAL REPORT

June 30, 2019

BROWN EDWARDS
certified public accountants

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INTRODUCTORY SECTION

GREATER LYNCHBURG TRANSIT COMPANY, INC.

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2019

OFFICERS

Christian DePaul	President
Glenn McGrath	Vice President
Joel Morgan	Secretary/Treasurer

DIRECTORS

Mary Winston Deacon	Christos Carroll
Jack Hellewell	Margaret Whitaker
Antonio Davis	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, 2019 and 2018.

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 audit. 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.

2102 Langhorne Road, Suite 200 • Lynchburg, Virginia 24501 • 434-948-9000 • Fax: 434-948-9029 • www.BEcpas.com

Report on the Financial Statements (Continued)

Opinions

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, 2019 and 2018, 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 October 2, 2019 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
October 2, 2019

BASIC FINANCIAL STATEMENTS

GREATER LYNCHBURG TRANSIT COMPANY, INC.

STATEMENTS OF NET POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	$ 921,576	$ 666,660
Accounts receivable		
Federal and local capital grant funds	61,689	439,502
Federal and state aid funds	-	213,768
Other receivables	34,168	196,460
Inventories (Note 3)	314,732	309,457
Prepaid expenses	33,765	10,224
Total current assets	1,365,930	1,836,071
CAPITAL ASSETS, net (Note 4)	37,119,500	40,006,479
Total assets	38,485,430	41,842,550
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to other postemployment benefits (Note 10)	66,454	-
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
CURRENT LIABILITIES		
Accounts payable	104,853	138,297
Accounts payable, capital assets	50,274	364,002
Accrued salaries and wages	166,660	152,324
Local share payable to City of Lynchburg (Note 5)	137,689	324,742
Current portion of compensated absences (Note 7)	65,550	79,857
Total current liabilities	525,026	1,059,222
NONCURRENT LIABILITIES		
Net other postemployment benefit liability (Note 10)	552,260	411,267
Compensated absences (Note 7)	103,970	102,828
Total noncurrent liabilities	656,230	514,095
Total liabilities	1,181,256	1,573,317
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to other postemployment benefits (Note 10)	1,126	1,502
COMMITMENTS AND CONTINGENCIES (Note 8)	-	-
NET POSITION		
Net investment in capital assets	37,119,500	40,006,479
Unrestricted	250,002	261,252
Total net position	$ 37,369,502	$ 40,267,731

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, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Passenger fares	$ 603,084	$ 631,785
Universal bus pass	140,292	138,706
Special buses	20,174	18,280
Advertising	82,747	107,451
Registration fees	398	420
Non-transportation revenue	28,960	7,594
Total operating revenues	875,655	904,236
OPERATING EXPENSES		
Operations	7,021,115	6,695,891
Maintenance	2,491,178	2,624,419
General administration	1,899,081	2,261,387
Total operating expenses	11,411,374	11,581,697
Operating loss	(10,535,719)	(10,677,461)
NONOPERATING REVENUE		
Subsidies of operations:		
City of Lynchburg (Note 5)	1,591,096	1,451,063
Counties	74,780	73,313
Liberty University	1,435,415	1,660,504
State of Virginia aid for public transportation	2,004,931	1,682,106
Federal operating grant	1,953,526	2,274,007
Other	17,072	10,844
Gain (loss) on disposition of capital assets	-	(28,983)
Total nonoperating revenue	7,076,820	7,122,854
CAPITAL CONTRIBUTIONS (Note 11)	560,670	1,660,244
Change in net position	(2,898,229)	(1,894,363)
NET POSITION		
Beginning at July 1	40,267,731	42,162,094
Ending at June 30	$ 37,369,502	$ 40,267,731

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, 2019 and 2018

	2019	2018
OPERATING ACTIVITIES		
Cash received from customers	$ 1,037,947	$ 1,185,036
Cash paid to employees	(3,634,434)	(3,572,022)
Cash paid to suppliers for goods and services	(4,442,935)	(4,553,056)
Net cash used in operating activities	(7,039,422)	(6,940,042)
NONCAPITAL FINANCING ACTIVITIES		
Subsidies	7,103,535	6,904,669
CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions received	938,483	2,848,261
Purchases of capital assets	(747,680)	(2,608,459)
Proceeds from sale of capital assets	-	79,128
Net cash provided by capital and related financing activities	190,803	318,930
Net increase in cash and cash equivalents	254,916	283,557
CASH AND CASH EQUIVALENTS		
Beginning at July 1	666,660	383,103
Ending at June 30	$ 921,576	$ 666,660
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (10,535,719)	$ (10,677,461)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	3,320,931	3,245,964
Decrease (increase) in:		
Other receivables	162,292	276,375
Prepaid expenses	(23,541)	8,169
Other state operating grant funds	-	4,425
Inventories	(5,275)	(75,894)
Increase (decrease) in:		
Accounts payable	(33,444)	33,964
Accrued salaries and wages	14,336	20,681
Compensated absences and other post-employment benefits	60,998	223,735
Net cash used in operating activities	$ (7,039,422)	$ (6,940,042)
NONCASH FINANCING TRANSACTION		
Capital assets acquired through accounts payable at year end	$ 50,274	$ 364,002

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.

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	10-12 years
Vans	4-5 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. This difference will be recognized in OPEB expense over the closed five year period. The second is for changes 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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Estimates

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

Note 2. Deposits

All cash of the Company is maintained in accounts covered by the FDIC, although at times, such amounts may exceed FDIC insured limits.

Note 3. Inventories

Inventories consist of the following:

	2019	2018
Parts	$ 261,751	$ 236,267
Diesel fuel, motor oil, and transmission fluid	45,268	32,664
Tires	12,836	42,453
Allowance for obsolete inventory	(5,123)	(1,927)
	$ 314,732	$ 309,457

Note 4. Capital Assets

Capital asset activity was as follows:

	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
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

(Continued)

Note 4. Capital Assets (Continued)

	2018			
	Beginning Balance	**Increases**	**Decreases**	**Ending Balance**
Capital assets, non-depreciable:				
Land	$ 1,696,013	$ -	$ (53,033)	$ 1,642,980
Construction in progress	42,552	76,662	(76,662)	42,552
Total capital assets, non-depreciable	1,738,565	76,662	(129,695)	1,685,532
Capital assets, depreciable:				
Land improvements and buildings	34,753,980	(1,120,854)	(2,194,744)	31,438,382
Buses and vans	22,772,660	1,201,752	(181,610)	23,792,802
Signs, shelters, and terminals	279,359	23,625	-	302,984
Shop and garage equipment	1,026,566	558,095	(274,496)	1,310,165
Office equipment and information systems	1,279,878	688,962	(175,523)	1,793,317
Total capital assets, depreciable	60,112,443	1,351,580	(2,826,373)	58,637,650
Less accumulated depreciation for:				
Land improvements and buildings	(3,326,255)	(786,807)	2,139,665	(1,973,397)
Buses and vans	(14,729,219)	(2,058,024)	181,610	(16,605,633)
Signs, shelters, and terminals	(184,258)	(35,634)	-	(219,892)
Shop and garage equipment	(465,891)	(161,371)	274,496	(352,766)
Office equipment and information systems	(1,136,409)	(204,129)	175,523	(1,165,015)
Total accumulated depreciation	(19,842,032)	(3,245,965)	2,771,294	(20,316,703)
Total capital assets, depreciable, net	40,270,411	(1,894,385)	(55,079)	38,320,947
Total capital assets, net	$ 42,008,976	$ (1,817,723)	$ (184,774)	$ 40,006,479

(Continued)

Note 5. Local Share Amounts Payable to or Receivable from 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:

	2019	2018
Payable to City at beginning of year	$ (324,742)	$ (1,035,547)
Subsidy of operations – City of Lynchburg	1,591,096	1,451,063
Cash paid by the City to the Company	(1,728,785)	(1,775,805)
Cash paid by the Company to the City	324,742	1,035,547
Payable to City at end of year	$ (137,689)	$ (324,742)

Note 6. 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 2018. The balance owed to the City was $-0- at both June 30, 2019 and 2018.

Note 7. Compensated Absences

Following is a summary of changes in compensated absences:

	2019	2018
Beginning balance	$ 182,685	$ 171,549
Increases	213,834	244,411
Decreases	(226,999)	(233,275)
Ending balance	$ 169,520	$ 182,685

Note 8. Commitments and Contingencies

<u>Contingent grant rebate</u>

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 2019 and 2018.

(Continued)

Note 8. Commitments and Contingencies (Continued)

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 $274,140 and $271,453 for 2019 and 2018, respectively. The Company did not pay First Transit, Inc. for any other services during 2019 and 2018.

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 the terms of the last contract.

Note 9. 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 $142,308 and $137,516 for 2019 and 2018, respectively. Employees contributed equal amounts through payroll withholding.

Note 10. 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.

(Continued)

Note 10. Other Postemployment Benefits Liability – Local Plan (Continued)

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:

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

Total OPEB Liability

The Company's total OPEB liability of $552,260 was measured as of June 30, 2019 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	4.0%
Healthcare cost trend rates	6.75% initially, grading down to 4.25% ultimate

Mortality rates were PUB2010G headcount for males and females with generational improvements with Scale SSA18. For those on disability, PUB2010G disabled headcount for males and 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.

Since the prior GASB report the mortality, disability and termination rates have been updated.

(Continued)

Note 10. Other Postemployment Benefits Liability – Local Plan (Continued)

Changes in the Total OPEB Liability

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 (2.13%) or one percentage point higher (4.13%) than the current discount rate:

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

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	$ 540,342	$ 552,260	$ 565,228

(Continued)

Note 10. Other Postemployment Benefits Liability – Local Plan (Continued)

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

For the year ended June 30, 2019, the Company recognized OPEB expense of $78,074. At June 30, 2018, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 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 will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2020	$ 32,851
2021	32,851
2022	(374)
2023	-
2024	-
Thereafter	-

Note 11. Capital Contributions

Capital contributions consist of the following:

	2019	2018
Federal	$ 449,170	$ 1,285,776
State	90,557	304,248
Local	20,943	70,220
	$ 560,670	$ 1,660,244

Note 12. 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 July 3, 2018, addendums to the agreement were finalized for the period of July 2018 through June 2019. As part of this and previous agreements, the University paid the Company $1,495,475 in 2019 and $1,720,564 in 2018, respectively. The Company has budgeted an anticipated 45% decrease in revenue from Liberty University for fiscal year 2020.

Note 13. 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 14. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

The GASB issued **Statement No. 84**, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.

The GASB issued **Statement No. 87**, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

(Continued)

Note 14. New Accounting Standards (Continued)

The GASB issued **Statement No. 89**, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. 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, 2019. The requirements of this Statement should be applied prospectively.

The GASB issued **Statement No. 90**, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61* in August 2018. 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.

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 periods beginning after December 15, 2018.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.

The GASB issued **Statement No. 91**, *Conduit Debt Obligations* in May 2019. 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, 2020.

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

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, 2019

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

This schedule is intended to show information for 10 years. Since fiscal year 2018 was the first year for this presentation, only two years of data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

GREATER LYNCHBURG TRANSIT COMPANY, INC.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – LOCAL PLAN
June 30, 2019

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
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, only two years of data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year – i.e. the covered payroll on which required contributions were based for the same year.

Note 1. Changes of Benefit Terms

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:

- Update mortality table
- Lowered in rates of service retirement
- Update withdrawal rates to better fit experience
- Lowered in rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates
- Applicable to: Pension, GLI OPEB, and LODA OPEB

(Continued)

Note 2. Changes of Assumptions (Continued)

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Update mortality table
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rates.
- Applicable to: Pension, GLI OPEB, and HIC OPEB

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate
- Applicable to: Pension, GLI OPEB, and LODA OPEB

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OTHER
SUPPLEMENTARY INFORMATION

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 1

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 damage	-	-	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
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

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2018

	Operations	Maintenance	General Administration	Total
Labor				
Operators' salaries and wages	$ 2,176,106	$ -	$ -	$ 2,176,106
Other salaries and wages	357,516	651,830	418,387	1,427,733
Total labor	2,533,622	651,830	418,387	3,603,839
Fringe benefits	1,298,558	334,083	214,436	1,847,077
Services				
Management services	-	-	271,453	271,453
Professional and technical services	-	-	40,445	40,445
Contract services	300	-	112,851	113,151
Medical services	7,827	-	-	7,827
Total services	8,127	-	424,749	432,876
Materials and supplies				
Diesel fuel	466,173	-	-	466,173
Motor oil	8,270	-	-	8,270
Lubricants and coolants	13,939	-	-	13,939
Gasoline	109,695	-	-	109,695
Tires and tubes	60,217	-	-	60,217
Shop and garage equipment maintenance	-	8,032	-	8,032
Shop and garage building maintenance	-	10,562	-	10,562
Other shop and garage expense	-	-	113,742	113,742
Repair parts for revenue vehicles	-	683,498	-	683,498
Servicing supplies	-	15,140	-	15,140
Schedules	6,487	-	-	6,487
Tickets and transfers	7,134	-	-	7,134
General office supplies	-	-	13,942	13,942
Safety and security	-	-	2,557	2,557
Shelters and signs	2,653	-	-	2,653
Total materials and supplies	674,568	717,232	130,241	1,522,041
Utilities				
Light, heat, power, and water	-	-	163,515	163,515
Communications	-	-	200,000	200,000
Total utilities	-	-	363,515	363,515

(Continued)

SCHEDULE 2

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2018

	Operations	Maintenance	General Administration	Total
Insurance				
Premiums for physical damage	$ -	$ 61,251	$ -	$ 61,251
Premiums for liability and property damage	-	-	216,914	216,914
Premiums for other insurance	-	-	211,545	211,545
Total insurance	-	61,251	428,459	489,710
Miscellaneous expenses				
Dues and subscriptions	-	-	9,575	9,575
Training, local staff	-	-	15,289	15,289
Travel expense, local staff	-	-	11,956	11,956
Advertising	-	-	8,458	8,458
Registration fees, employees	-	-	80	80
Registration fees, local staff	-	-	2,700	2,700
Other miscellaneous expenses	-	-	28,617	28,617
Total miscellaneous expenses	-	-	76,675	76,675
Total operating expenses before depreciation	4,514,875	1,764,396	2,056,462	8,335,733
Depreciation	2,181,016	860,023	204,925	3,245,964
Total operating expenses	$ 6,695,891	$ 2,624,419	$ 2,261,387	$ 11,581,697

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COMPLIANCE SECTION

BROWN EDWARDS
certified public accountants

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, 2019, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated October 2, 2019.

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) to determine the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed no 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
October 2, 2019

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, 2019. 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, 2019.

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
October 2, 2019

SCHEDULE 3

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

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: Virginia Department of Rail and Public Transportation: Federal Transit Cluster:					
Urbanized Area Formula Program	09/30/2018	20.507	VA-2018-002-00		$ 1,953,526
Capital Investment Grants	09/20/2012	20.507	VA-95-X122	$ 2,534	
	07/07/2014		VA-95-X110-01	3,830	
	09/23/2016		VA-2016-022-00	156,131	
	03/13/2018		VA-2018-005-00	286,675	
					449,170
					$ 2,402,696

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, 2019, the Greater Lynchburg Transit Company had no outstanding loan balances requiring continuing disclosure.

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SUMMARY OF COMPLIANCE MATTERS
June 30, 2019

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, 2019

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	20.507

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.