



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

**FINANCIAL REPORT**

**June 30, 2021**





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# INTRODUCTORY SECTION

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**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**DIRECTORY OF PRINCIPAL OFFICIALS**  
**June 30, 2021**

**OFFICERS**

Antonio Davis Sr.....President  
Cameron Howe ..... Vice President  
Mary Winston Deacon.....Secretary/Treasurer

**DIRECTORS**

Benjamin Blanks	John Hughes IV
Brian Landergan	Brenda Nash
H. Lester Reed, MD	Charles Spence

## **FINANCIAL SECTION**

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**The Financial Section contains  
the Basic Financial Statements.**

## 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, 2021 and 2020.

#### *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, 2021 and 2020, 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 11, 2021 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  
October 11, 2021

# **BASIC FINANCIAL STATEMENTS**

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**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**STATEMENTS OF NET POSITION**

**June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 640,629	\$ 584,389
Accounts receivable		
Federal and local capital grant funds	52,515	103,157
Federal and state aid funds	350,000	590,317
Other receivables	31,569	33,546
Inventories (Note 2)	308,182	293,416
Prepaid expenses	302,384	198,155
	<u>1,685,279</u>	<u>1,802,980</u>
Total current assets		
	<u>1,685,279</u>	<u>1,802,980</u>
<b>CAPITAL ASSETS, net (Note 3)</b>	<u>35,554,427</u>	<u>34,133,648</u>
Total assets	<u>37,239,706</u>	<u>35,936,628</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to other postemployment benefits (Note 9)	<u>15,680</u>	<u>64,588</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	104,611	92,300
Accounts payable, capital assets	49,514	95,302
Accrued salaries and wages	163,207	190,067
Local share payable to City of Lynchburg (Note 4)	625,319	420,922
Current portion of compensated absences (Note 6)	71,316	73,045
	<u>1,013,967</u>	<u>871,636</u>
Total current liabilities		
	<u>1,013,967</u>	<u>871,636</u>
<b>NONCURRENT LIABILITIES</b>		
Net other postemployment benefit liability (Note 9)	201,653	648,234
Compensated absences (Note 6)	109,094	96,935
	<u>310,747</u>	<u>745,169</u>
Total noncurrent liabilities		
	<u>310,747</u>	<u>745,169</u>
Total liabilities	<u>1,324,714</u>	<u>1,616,805</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to other postemployment benefits (Note 9)	<u>149,376</u>	<u>750</u>
<b>COMMITMENTS AND CONTINGENCIES (Note 7)</b>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	35,554,427	34,133,648
Unrestricted	226,869	250,013
	<u>35,781,296</u>	<u>34,383,661</u>
Total net position		
	<u>\$ 35,781,296</u>	<u>\$ 34,383,661</u>

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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Passenger fares	\$ 259,486	\$ 412,615
Universal bus pass	126,795	176,628
Special buses	2,008	4,015
Advertising	55,933	72,160
Registration fees	-	20
Non-transportation revenue	43,746	9,609
	<u>487,968</u>	<u>675,047</u>
Total operating revenues		
OPERATING EXPENSES		
Operations	5,294,097	6,043,109
Maintenance	2,181,891	2,191,198
General administration	1,918,012	1,919,940
	<u>9,394,000</u>	<u>10,154,247</u>
Total operating expenses		
Operating loss	<u>(8,906,032)</u>	<u>(9,479,200)</u>
NONOPERATING REVENUE		
Subsidies of operations:		
City of Lynchburg (Note 4)	(125,319)	1,307,863
Counties	77,800	76,275
Liberty University	293,964	249,690
State of Virginia aid for public transportation	2,198,620	2,277,390
Federal operating grant	3,676,764	2,357,625
Other	75,434	23,110
Gain on disposition of capital assets	34,012	-
	<u>6,231,275</u>	<u>6,291,953</u>
Total nonoperating revenue		
CAPITAL CONTRIBUTIONS (Note 10)	<u>4,072,392</u>	<u>201,406</u>
Change in net position	1,397,635	(2,985,841)
NET POSITION		
Beginning at July 1	<u>34,383,661</u>	<u>37,369,502</u>
Ending at June 30	<u>\$ 35,781,296</u>	<u>\$ 34,383,661</u>

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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 489,945	\$ 675,669
Cash paid to employees	(3,295,574)	(3,027,399)
Cash paid to suppliers for goods and services	(3,775,946)	(3,995,019)
	<u>(6,581,575)</u>	<u>(6,346,749)</u>
Net cash used in operating activities		
<b>NONCAPITAL FINANCING ACTIVITIES</b>		
Subsidies	<u>6,641,977</u>	<u>5,984,869</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributions received	4,123,034	159,938
Purchases of capital assets	(4,198,214)	(135,245)
Proceeds from sale of capital assets	<u>71,018</u>	<u>-</u>
	<u>(4,162)</u>	<u>24,693</u>
Net cash provided by (used in) capital and related financing activities		
Net increase (decrease) in cash and cash equivalents	56,240	(337,187)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning at July 1	<u>584,389</u>	<u>921,576</u>
Ending at June 30	<u><u>\$ 640,629</u></u>	<u><u>\$ 584,389</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Operating loss	\$ (8,906,032)	\$ (9,479,200)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,694,641	3,166,125
Decrease (increase) in:		
Other receivables	1,977	622
Prepaid expenses	(104,229)	(164,390)
Inventories	(14,766)	21,316
Increase (decrease) in:		
Accounts payable	12,311	(12,553)
Accrued salaries and wages	(26,860)	23,407
Compensated absences and other post-employment benefits	(238,617)	97,924
	<u>(6,581,575)</u>	<u>(6,346,749)</u>
Net cash used in operating activities		
<b>NONCASH FINANCING TRANSACTION</b>		
Capital assets acquired through accounts payable at year end	<u><u>\$ 49,514</u></u>	<u><u>\$ 95,302</u></u>

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

# GREATER LYNCHBURG TRANSIT COMPANY, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### 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)

# GREATER LYNCHBURG TRANSIT COMPANY, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### 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 two items that qualify for reporting in this category. The first is the change in assumptions related to mortality, disability, and termination rates. The second is the difference between expected and actual experience for economic/demographic factors in the measurement of the OPEB liability. Both differences 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 deferred outflows less liabilities and deferred inflows. Net investment in capital assets represents capital assets less accumulated depreciation less any outstanding debt related to the acquisition or improvement of those assets.

(Continued)



**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

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

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. Inventories**

Inventories consist of the following:

	<u>2021</u>	<u>2020</u>
Parts	\$ 258,780	\$ 260,441
Diesel fuel, motor oil, and transmission fluid	46,017	30,986
Tires	12,771	8,151
Allowance for obsolete inventory	(9,386)	(6,162)
	<u>\$ 308,182</u>	<u>\$ 293,416</u>

**Note 3. Capital Assets**

Capital asset activity was as follows:

	<u>2021</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, non-depreciable:				
Land	\$ 1,642,980	\$ -	\$ -	\$ 1,642,980
Construction in progress	26,550	-	-	26,550
Total capital assets, non-depreciable	<u>1,669,530</u>	<u>-</u>	<u>-</u>	<u>1,669,530</u>
Capital assets, depreciable:				
Land improvements and buildings	31,438,382	-	-	31,438,382
Buses and vans	24,179,375	4,149,938	(752,989)	27,576,324
Signs, shelters, and terminals	285,439	2,488	-	287,927
Shop and garage equipment	1,371,983	-	(33,160)	1,338,823
Office equipment and information systems	1,894,831	-	-	1,894,831
Total capital assets, depreciable	<u>59,170,010</u>	<u>4,152,426</u>	<u>(786,149)</u>	<u>62,536,287</u>

(Continued)

**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 3. Capital Assets (Continued)**

<b>2021</b>				
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Less accumulated depreciation for:				
Land improvements and buildings	\$ (3,542,487)	\$ (784,545)	\$ -	\$ (4,327,032)
Buses and vans	(20,770,475)	(1,595,058)	722,615	(21,642,918)
Signs, shelters, and terminals	(243,008)	(19,857)	-	(262,865)
Shop and garage equipment	(661,194)	(152,124)	26,528	(786,790)
Office equipment and information systems	(1,488,728)	(143,057)	-	(1,631,785)
Total accumulated depreciation	(26,705,892)	(2,694,641)	749,143	(28,651,390)
Total capital assets, depreciable, net	32,464,118	1,457,785	(37,006)	33,884,897
Total capital assets, net	<u>\$ 34,133,648</u>	<u>\$ 1,457,785</u>	<u>\$ (37,006)</u>	<u>\$ 35,554,427</u>
<b>2020</b>				
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
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

(Continued)

**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 3. Capital Assets (Continued)**

	<b>2020</b>			
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
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	<u>\$ 37,119,500</u>	<u>\$ (2,969,850)</u>	<u>\$ (16,002)</u>	<u>\$ 34,133,648</u>

**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:

	<b>2021</b>	<b>2020</b>
Payable to City at beginning of year	\$ (420,922)	\$ (137,689)
City subsidy (surplus)	(125,319)	1,307,863
Cash paid by the City to the Company	(500,000)	(1,728,785)
Cash paid by the Company to the City	420,922	137,689
Payable to City at end of year	<u>\$ (625,319)</u>	<u>\$ (420,922)</u>

**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 had no activity on the line of credit during 2020 and 2021. The balance owed to the City was \$-0- at both June 30, 2021 and 2020.

(Continued)

**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 6.      Compensated Absences**

Following is a summary of changes in compensated absences:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 169,980	\$ 169,520
Increases	246,028	220,523
Decreases	<u>(235,598)</u>	<u>(220,063)</u>
Ending balance	180,410	169,980
Less current portion	<u>(71,316)</u>	<u>(73,045)</u>
	<u>\$ 109,094</u>	<u>\$ 96,935</u>

**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 2021 and 2020.

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 \$279,650 and \$275,510 for 2021 and 2020, respectively. The Company did not pay First Transit, Inc. for any other services during 2021 and 2020.

Union contract

CVTMC's union agreement was ratified September 1, 2019 with Local 1493 of the Amalgamated Transit Union, AFL-CIO for the period September 1, 2019 through August 31, 2022, 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.

(Continued)

**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**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 \$125,612 and \$119,088 for 2021 and 2020, 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 vision 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 July 1, 2020 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<b><u>Number</u></b>
Inactive employees or beneficiaries:	
Currently receiving benefits	6
Entitled to but not yet receiving benefits	-
Total inactive employees	6
Active plan members	18
	<u>24</u>

**Total OPEB Liability**

The Company's total OPEB liability of \$201,653 was measured as of June 30, 2021 and was determined based on an actuarial valuation performed as of July 1, 2020.

(Continued)

**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

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

**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:

Discount rate	2.16%
Actual 2020-2021 premium rate increase	0.00%
2021-2022 Trend	7.00%
Ultimate Inflation Rate	4.04%

Mortality assumptions changed from PUB2010G headcount for males/females with generational improvements with Scale SSA18 to SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Rate 2006).

The actuarial assumptions used in the July 1, 2020 valuation were based on July 1, 2020 census data.

Changes in assumptions and other inputs reflect:

Decreasing the discount rate from 2.45% to 2.16%.

Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzen Model as updated through September 2020.

Morbidity factors were adjusted to reflect rates that better reflect expected underlying costs.

Withdrawal and disability rates used in the valuation are from the Virginia Retirement System rates published in the June 30, 2020 actuarial valuation.

**Changes in the Total OPEB Liability**

	<u><b>2021</b></u>
Balance at June 30, 2020	\$ 648,234
Changes for the year:	
Service cost	20,111
Interest	4,152
Benefit changes	-
Differences between expected and actual experience	(360,468)
Assumption or other input changes	(80,695)
Benefit payments	(29,681)
Net changes	(446,581)
Balance at June 30, 2021	\$ 201,653

(Continued)

**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

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

**Changes in the Total OPEB Liability (Continued)**

	<u><b>2020</b></u>
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	<u>(3,432)</u>
Net changes	<u>95,974</u>
Balance at June 30, 2020	<u><u>\$ 648,234</u></u>

**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 (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	<u><b>1.00% Decrease (1.16%)</b></u>	<u><b>Current Discount Rate (2.16%)</b></u>	<u><b>1.00% Increase (3.16%)</b></u>
Total OPEB liability at June 30, 2021	<u>\$ 219,151</u>	<u>\$ 201,653</u>	<u>\$ 185,830</u>
	<u><b>1.00% Decrease (1.45%)</b></u>	<u><b>Current Discount Rate (2.45%)</b></u>	<u><b>1.00% Increase (3.45%)</b></u>
Total OPEB liability at June 30, 2020	<u>\$ 732,650</u>	<u>\$ 648,234</u>	<u>\$ 580,252</u>

(Continued)

**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**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 (-1.00%) or one percentage point higher (1.00%) than the current healthcare cost trend rates:

	<b>1.00% Decrease (-1.00%)</b>	<b>Current Healthcare Cost Trend Rates (0.00%)</b>	<b>1.00% Increase (1.00%)</b>
Total OPEB liability at June 30, 2021	\$ 192,771	\$ 201,653	\$ 211,017

  

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

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

For the year ended June 30, 2021, the Company recognized an OPEB gain of \$219,366. At June 30, 2021, the Company reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>June 30, 2021</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (121,747)
Change in assumptions	15,680	(27,629)
Employer contributions subsequent to the measurement date	-	-
Total	\$ 15,680	\$ (149,376)

(Continued)



**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**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)**

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2021, will be recognized in OPEB expense as follows:

<b>Year Ending June 30,</b>	<b>Increase to OPEB Expense</b>
2022	\$ (133,696)
2023	-
2024	-
2025	-
2026	-
Thereafter	-

**Note 10. Capital Contributions**

Capital contributions consist of the following:

	<b>2021</b>	<b>2020</b>
Federal	\$ 3,235,133	\$ 161,126
State	670,597	32,222
Local	<u>166,662</u>	<u>8,058</u>
	<u>\$ 4,072,392</u>	<u>\$ 201,406</u>

(Continued)

# **GREATER LYNCHBURG TRANSIT COMPANY, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

### **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, 2020, addendums to the agreement were finalized for the period of July 2020 through June 2021. As part of this and previous agreements, the University paid the Company \$403,164 in 2021 and \$384,090 in 2020, 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, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. Fare collections were eliminated effective March 23, 2020 through November 16, 2020 due to the pandemic and requiring passengers to board from the side entrance until driver barriers could be ordered and installed. The Company received \$7,630,020 from the CARES Act in additional transit funding. These are section 5307 operating funds and will be used for the two year period of \$3,676,764 in fiscal year 2021 and \$3,953,256 for fiscal year 2022.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the 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.

(Continued)

GREATER LYNCHBURG TRANSIT COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

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

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

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

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.

(Continued)

**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**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.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – LOCAL PLAN  
June 30, 2021**

	<b>Plan Year</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>				
Service cost	\$ 20,111	\$ 34,065	\$ 29,344	\$ 27,137
Interest on total OPEB liability	4,152	18,299	15,879	13,601
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	(360,468)	-	68,503	-
Changes in assumptions	(80,695)	47,042	31,178	(1,878)
Benefit payments	(29,681)	(3,432)	(3,911)	(11,851)
<b>Net change in total OPEB liability</b>	<b>(446,581)</b>	<b>95,974</b>	<b>140,993</b>	<b>27,009</b>
<b>Total OPEB liability – beginning</b>	<b>648,234</b>	<b>552,260</b>	<b>411,267</b>	<b>384,258</b>
<b>Total OPEB liability – ending</b>	<b>201,653</b>	<b>648,234</b>	<b>552,260</b>	<b>411,267</b>
<b>Plan Fiduciary Net Position</b>				
Contributions – employer	29,681	3,432	3,911	11,851
Contributions – employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	(29,681)	(3,432)	(3,911)	(11,851)
Administrative expenses	-	-	-	-
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position – beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position – ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net OPEB liability – ending</b>	<b>\$ 201,653</b>	<b>\$ 648,234</b>	<b>\$ 552,260</b>	<b>\$ 411,267</b>
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%	0%
Covered payroll	\$ 794,496	\$ 781,100	\$ 767,462	\$ 755,427
Net OPEB liability as a percentage of covered payroll	25%	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, 2021**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Actuarially Determined Employer Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2021	\$ 29,561	\$ 29,681	\$ (120)	\$ 794,496	3.74 %
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**

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**SCHEDULE 1**

**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**SCHEDULE OF OPERATING EXPENSES**  
**Year Ended June 30, 2021**

	<b>Operations</b>	<b>Maintenance</b>	<b>General Administration</b>	<b>Total</b>
<b>Labor</b>				
Operators' salaries and wages	\$ 1,790,585	\$ -	\$ -	\$ 1,790,585
Other salaries and wages	409,696	690,308	388,555	1,488,559
Total labor	2,200,281	690,308	388,555	3,279,144
<b>Fringe benefits</b>	886,370	278,087	156,527	1,320,984
<b>Services</b>				
Management services	-	-	279,650	279,650
Professional and technical services	-	-	33,800	33,800
Contract services	25,320	-	106,189	131,509
Medical services	9,185	-	-	9,185
Total services	34,505	-	419,639	454,144
<b>Materials and supplies</b>				
Diesel fuel	320,347	-	-	320,347
Motor oil	10,169	-	-	10,169
Lubricants and coolants	21,170	-	-	21,170
Gasoline	53,294	-	-	53,294
Tires and tubes	61,185	-	-	61,185
Shop and garage equipment maintenance	-	21,189	-	21,189
Shop and garage building maintenance	-	57,674	-	57,674
Other shop and garage expense	-	-	187,465	187,465
Repair parts for revenue vehicles	-	261,140	-	261,140
Servicing supplies	-	14,285	-	14,285
Transportation administrative supplies	-	-	-	-
Schedules	-	-	-	-
Tickets and transfers	4,500	-	-	4,500
General office supplies	-	-	9,315	9,315
Safety and security	-	-	6,303	6,303
Total materials and supplies	470,665	354,288	203,083	1,028,036
<b>Utilities</b>				
Light, heat, power, and water	-	-	130,024	130,024
Communications	-	-	183,014	183,014
Total utilities	-	-	313,038	313,038

(Continued)

**SCHEDULE 1**

**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**SCHEDULE OF OPERATING EXPENSES**  
**Year Ended June 30, 2021**

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total</u>
<b>Insurance</b>				
Premiums for physical damage	\$ -	\$ 9,900	\$ -	\$ 9,900
Premiums for liability and property dama	-	-	226,091	226,091
Premiums for other insurance	-	-	27,857	27,857
Total insurance	-	9,900	253,948	263,848
<b>Miscellaneous expenses</b>				
Dues and subscriptions	-	-	9,826	9,826
Training, local staff	-	-	6,788	6,788
Travel expense, local staff	-	-	258	258
Advertising	-	-	16,520	16,520
Other miscellaneous expenses	-	-	6,773	6,773
Total miscellaneous expenses	-	-	40,165	40,165
Total operating expenses before depreciation	3,591,821	1,332,583	1,774,955	6,699,359
<b>Depreciation</b>	1,702,276	849,308	143,057	2,694,641
Total operating expenses	<u>\$ 5,294,097</u>	<u>\$ 2,181,891</u>	<u>\$ 1,918,012</u>	<u>\$ 9,394,000</u>

## GREATER LYNCHBURG TRANSIT COMPANY, INC.

**SCHEDULE OF OPERATING EXPENSES**  
**Year Ended June 30, 2020**

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total</u>
<b>Labor</b>				
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	<u>2,095,695</u>	<u>596,441</u>	<u>359,130</u>	<u>3,051,266</u>
<b>Fringe benefits</b>	<u>1,161,775</u>	<u>330,645</u>	<u>199,088</u>	<u>1,691,508</u>
<b>Services</b>				
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	<u>36,676</u>	<u>-</u>	<u>410,172</u>	<u>446,848</u>
<b>Materials and supplies</b>				
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	<u>594,561</u>	<u>400,716</u>	<u>123,231</u>	<u>1,118,508</u>
<b>Utilities</b>				
Light, heat, power, and water	-	-	135,410	135,410
Communications	-	-	168,977	168,977
Total utilities	<u>-</u>	<u>-</u>	<u>304,387</u>	<u>304,387</u>

(Continued)

## GREATER LYNCHBURG TRANSIT COMPANY, INC.

**SCHEDULE OF OPERATING EXPENSES**  
**Year Ended June 30, 2020**

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total</u>
<b>Insurance</b>				
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
<b>Miscellaneous expenses</b>				
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
<b>Depreciation</b>	2,154,402	849,308	162,415	3,166,125
Total operating expenses	<u>\$ 6,043,109</u>	<u>\$ 2,191,198</u>	<u>\$ 1,919,940</u>	<u>\$ 10,154,247</u>

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## **COMPLIANCE SECTION**

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

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; and 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, 2021, 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 11, 2021.

**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.**



## 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  
October 11, 2021



**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, 2021. 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, 2021.**

## 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 11, 2021

**SCHEDULE 3**

**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2021**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Award Date</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Cluster Amounts</b>	<b>Federal Expenditures</b>
Department of Transportation – Federal Transit Administration: Direct Payments: Federal Transit Cluster: Urbanized Area Formula Program-Covid-19	05/05/2020	20.507	VA-2020-015-00		\$ 3,676,764
Capital Investment Grants	03/28/2019 12/27/2019	20.500	VA-2019-011-00 VA-2020-006-00	\$ 3,233,143 1,990	3,235,133
Department of Treasury: Pass Through Payments: Virginia Department of Accounts: City of Lynchburg, Virginia: Coronavirus, Aid, Relief and Economic Security (CARES) Act	02/05/2021	21.019	N/A		75,434
					<u>\$ 6,987,331</u>

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, 2021, the Greater Lynchburg Transit Company had no outstanding loan balances requiring continuing disclosure.

**GREATER LYNCHBURG TRANSIT COMPANY, INC.**

**SUMMARY OF COMPLIANCE MATTERS**

**June 30, 2021**

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the 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, 2021**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government 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.