



# Greater Lynchburg Transit Company, Inc.

(A Component Unit of the City of Lynchburg, Virginia)

## Financial Report

June 30, 2024

# Greater Lynchburg Transit Company, Inc.

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# Introductory Section



# Greater Lynchburg Transit Company, Inc.

## Directory of Principal Officials

June 30, 2024

### Officers

Cameron Howe ..... President  
Randy Woods ..... Vice President  
Mary Winston Deacon ..... Secretary/Treasurer

### Directors

Benjamin Blanks  
Brian Landergan  
Vacant

Greg Patrick  
Tabitha Sprouse  
Gary DuPreist



# **Financial Section**

The Financial Section contains the  
Basic Financial Statements.

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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### *Opinion*

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, 2024 and 2023.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Company as of June 30, 2024 and 2023, and the respective 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.

#### *Basis for Opinion*

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 of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

## *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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing

the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

### *Supplementary 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 schedules of operating expenses and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 Information*

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

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2024 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 14, 2024



# **Basic Financial Statements**

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# Greater Lynchburg Transit Company, Inc.

## Statements of Net Position

June 30, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 939,521	\$ 500,450
Accounts receivable		
Federal and local capital grant funds	310,118	148,727
Federal and state aid funds	467,619	60,000
Other receivables	119,405	134,020
Inventories (Note 2)	284,168	289,369
Prepaid expenses	64,277	245,058
Total current assets	2,185,108	1,377,624
<b>CAPITAL ASSETS, net (Note 3)</b>	33,871,785	34,044,741
Total assets	36,056,893	35,422,365
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to other postemployment benefits (Note 10)	168,624	188,084
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	148,799	101,074
Accounts payable, capital assets	361,192	148,727
Accrued salaries and wages	99,389	79,081
Local share payable to City of Lynchburg (Note 4)	-	441,284
Current portion of compensated absences (Note 6)	116,157	99,840
Subscription liabilities, current portion (Note 7)	1,120	1,120
Line of credit and short term debt (Note 5)	941,284	-
Net other postemployment benefit liability, current portion (Note 10)	25,625	26,220
Total current liabilities	1,693,566	897,346
<b>NONCURRENT LIABILITIES</b>		
Net other postemployment benefit liability (Note 10)	230,626	235,982
Subscription liabilities, net of current portion (Note 7)	11,200	12,320
Compensated absences (Note 6)	152,967	147,485
Total noncurrent liabilities	394,793	395,787
Total liabilities	2,088,359	1,293,133
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to other postemployment benefits (Note 10)	67,954	78,203
<b>COMMITMENTS AND CONTINGENCIES (Note 8)</b>	-	-
<b>NET POSITION</b>		
Net investment in capital assets	34,169,583	34,180,028
Restricted	81,464	81,464
Unrestricted	(181,843)	(22,379)
Total net position	\$ 34,069,204	\$ 34,239,113

# Greater Lynchburg Transit Company, Inc.

## Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Passenger fares	\$ 518,211	\$ 511,362
Universal bus pass	51,036	47,256
Special buses	299	357
Advertising	92,705	32,134
Registration fees	2	8
Non-transportation revenue	48,594	7,092
Total operating revenues	<u>710,847</u>	<u>598,209</u>
OPERATING EXPENSES		
Operations	6,027,589	6,212,401
Maintenance	2,494,443	2,326,649
General administration	2,282,731	2,099,584
Total operating expenses	<u>10,804,763</u>	<u>10,638,634</u>
Operating loss	<u>(10,093,916)</u>	<u>(10,040,425)</u>
NONOPERATING REVENUE		
Subsidies of operations:		
City of Lynchburg (Note 4)	1,974,463	825,170
Counties	81,690	77,800
State of Virginia aid for public transportation	1,790,245	2,009,808
Federal operating grant	4,026,091	4,875,887
Other	349,181	289,913
Gain on disposition of capital assets	-	1,025
Total nonoperating revenue	<u>8,221,670</u>	<u>8,079,603</u>
CAPITAL CONTRIBUTIONS (Note 11)	<u>1,702,337</u>	<u>489,785</u>
Change in net position	<u>(169,909)</u>	<u>(1,471,037)</u>
NET POSITION		
Beginning at July 1	34,239,113	35,710,150
Ending at June 30	<u><u>\$ 34,069,204</u></u>	<u><u>\$ 34,239,113</u></u>

# Greater Lynchburg Transit Company, Inc.

## Statements of Cash Flows Years Ended June 30, 2024 and 2023

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 725,462	\$ 502,737
Cash paid to employees	(4,229,532)	(4,120,166)
Cash paid to suppliers for goods and services	(4,494,358)	(4,602,168)
Net cash used in operating activities	<u>(7,998,428)</u>	<u>(8,219,597)</u>
<b>NONCAPITAL FINANCING ACTIVITIES</b>		
Subsidies	<u>7,372,767</u>	<u>8,054,887</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributions received	1,540,946	347,936
Purchases of capital assets	(1,416,378)	(364,231)
Principal payments on long-term liabilities	(1,120)	(1,120)
Proceeds from sale of capital assets	-	1,025
Proceeds from short term City loan	<u>941,284</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>1,064,732</u>	<u>(16,390)</u>
Net increase (decrease) in cash and cash equivalents	439,071	(181,100)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning at July 1	<u>500,450</u>	<u>681,550</u>
Ending at June 30	<u><u>\$ 939,521</u></u>	<u><u>\$ 500,450</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Operating loss	\$ (10,093,916)	\$ (10,040,425)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,801,799	1,963,515
Decrease (increase) in:		
Other receivables	14,615	(95,472)
Prepaid expenses	180,781	24,864
Inventories	5,201	55,418
Increase (decrease) in:		
Accounts payable	47,725	(55,325)
Accrued salaries and wages	20,308	(96,110)
Compensated absences	21,799	38,827
Other post-employment benefits	<u>3,260</u>	<u>(14,889)</u>
Net cash used in operating activities	<u><u>\$ (7,998,428)</u></u>	<u><u>\$ (8,219,597)</u></u>
<b>NONCASH FINANCING TRANSACTION</b>		
Capital assets acquired through accounts payable at year end	<u><u>\$ 361,192</u></u>	<u><u>\$ 148,727</u></u>

# Greater Lynchburg Transit Company, Inc.

## Notes to Financial Statements

June 30, 2024

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### Note 1 – Summary of Significant Accounting Policies

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#### *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.

# Greater Lynchburg Transit Company, Inc.

## Notes to Financial Statements

June 30, 2024

### *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

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or useful life of the underlying capital IT asset.

### *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 assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement that presents financial position reports a separate section for deferred inflows of resources. These items represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time.

The Company has the following items that qualify for reporting in these categories:

- Differences between expected and actual experience for economic/demographic factors and changes in assumptions in the measurement of this total net OPEB liability. This difference will be recognized in OPEB expense over the estimated remaining service life of employees subject to the plan and may be reported as a deferred inflow or outflow as appropriate.

### *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. Restricted net position consists of sales proceeds from the sale of equipment purchased with Federal Transit funds and restricted for future Federal Transit related grant purchases.

### *Income Taxes*

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

# Greater Lynchburg Transit Company, Inc.

## Notes to Financial Statements

June 30, 2024

### *Estimates*

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

### *Subscription-Based Information Technology Arrangements (SBITAs)*

The Company has two SBITAs for its Allison DOC Premium software platforms for periods expiring in July 2035 and August 2035. The Company uses its estimated incremental borrowing rate as the discount rate as the subscription arrangement does not explicitly state an interest rate. This rate is zero for the Company, as their borrowing would be limited to their line of credit with the City, which is interest free. The value of the right-to-use subscription asset and related accumulated amortization as of year end are disclosed in Note 3. The related liability as well as principal requirements to maturity are disclosed in Note 7.

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## Note 2 – Inventories

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Inventories consist of the following:

	2024	2023
Parts	\$ 262,725	\$ 247,644
Diesel fuel, motor oil, and transmission fluid	34,438	39,825
Tires	13,010	27,649
Allowance for obsolete inventory	(26,005)	(25,749)
	<u>\$ 284,168</u>	<u>\$ 289,369</u>



# Greater Lynchburg Transit Company, Inc.

## Notes to Financial Statements

June 30, 2024

### Note 3 – Capital Assets

Capital asset activity was as follows:

	2024			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets, non-depreciable				
Land	\$ 1,642,980	\$ -	\$ -	\$ 1,642,980
Construction in progress	359,958	721,264	-	1,081,222
Total capital assets, non-depreciable	2,002,938	721,264	-	2,724,202
Capital assets, depreciable				
Land improvements and buildings	31,438,382	-	-	31,438,382
Buses and vans	24,963,156	907,579	(49,360)	25,821,375
Signs, shelters, and terminals	287,927	-	(35,895)	252,032
Shop and garage equipment	1,396,596	-	-	1,396,596
Office equipment and information systems	1,948,436	-	(106,721)	1,841,715
Total capital assets, depreciable	60,034,497	907,579	(191,976)	60,750,100
Less accumulated depreciation for:				
Land improvements and buildings	(5,896,122)	(784,545)	-	(6,680,667)
Buses and vans	(19,077,430)	(886,983)	49,360	(19,915,053)
Signs, shelters, and terminals	(281,135)	(4,195)	35,895	(249,435)
Shop and garage equipment	(963,145)	(77,048)	-	(1,040,193)
Office equipment and information systems	(1,788,396)	(47,900)	106,721	(1,729,575)
Total accumulated depreciation	(28,006,228)	(1,800,671)	191,976	29,614,923
Total capital assets, depreciable, net	32,028,269	(893,092)	-	31,135,177
Subscription right-to-use assets	14,560	-	-	14,560
Less accumulated amortization	(1,026)	(1,128)	-	(2,154)
Total subscription assets, net	13,534	(1,128)	-	12,406
Total capital assets, net	<u>\$ 34,044,741</u>	<u>\$ (172,956)</u>	<u>\$ -</u>	<u>\$ 33,871,785</u>

# Greater Lynchburg Transit Company, Inc.

## Notes to Financial Statements

June 30, 2024

	2023			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable				
Land	\$ 1,642,980	\$ -	\$ -	\$ 1,642,980
Construction in progress	26,550	333,408	-	359,958
Total capital assets, non-depreciable	1,669,530	333,408	-	2,002,938
Capital assets, depreciable				
Land improvements and buildings	31,438,382	-	-	31,438,382
Buses and vans	24,846,290	155,099	(38,233)	24,963,156
Signs, shelters, and terminals	287,927	-	-	287,927
Shop and garage equipment	1,420,504	8,765	(32,673)	1,396,596
Office equipment and information systems	1,948,436	-	-	1,948,436
Total capital assets, depreciable	59,941,539	163,864	(70,906)	60,034,497
Less accumulated depreciation for:				
Land improvements and buildings	(5,111,577)	(784,545)	-	(5,896,122)
Buses and vans	(18,090,947)	(1,024,716)	38,233	(19,077,430)
Signs, shelters, and terminals	(274,577)	(6,558)	-	(281,135)
Shop and garage equipment	(907,899)	(87,919)	32,673	(963,145)
Office equipment and information systems	(1,729,645)	(58,751)	-	(1,788,396)
Total accumulated depreciation	(26,114,645)	(1,962,489)	70,906	(28,006,228)
Total capital assets, depreciable, net	33,826,894	(1,798,625)	-	32,028,269
Subscription right-to-use assets	14,560	-	-	14,560
Less accumulated amortization	-	(1,026)	-	(1,026)
Total subscription assets, net	14,560	(1,026)	-	13,534
Total capital assets, net	<u>\$ 35,510,984</u>	<u>\$ (1,466,243)</u>	<u>\$ -</u>	<u>\$ 34,044,741</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. The City subsidy amount of \$1,974,463 includes a \$250,000 reserve. Any deficiency is reflected as a receivable from or any surplus as a payable to the City. Activity in this account was as follows:

	2024	2023
Payable to City at beginning of year	\$ (441,284)	\$ (404,975)
City subsidy (surplus)	1,974,463	825,170
Cash paid by the City to the Company	(1,974,463)	(1,266,454)
Cash paid by the Company to the City	441,284	404,975
Receivable from (payable to) City at end of year	<u>\$ -</u>	<u>\$ (441,284)</u>

### Note 5 – Line of Credit and Short-Term Debt

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 on the line of credit during 2023; and drew \$500,000 during 2024. Due to cash constraints, the City agreed to return the surplus funds

# Greater Lynchburg Transit Company, Inc.

## Notes to Financial Statements

June 30, 2024

of \$441,284 paid by the Company in 2024 and apply this amount to the existing \$500,000 line of credit making the total balance owed to the City \$941,284 at June 30, 2024 and \$-0- at June 30, 2023.

### Note 6 – Compensated Absences

Following is a summary of changes in compensated absences:

	2024	2023
Beginning balance	\$ 247,325	\$ 208,498
Increases	303,255	284,544
Decreases	(281,456)	(245,717)
Ending balance	269,124	247,325
Less current portion	(116,157)	(99,840)
	<u>\$ 152,967</u>	<u>\$ 147,485</u>

### Note 7 – Long-Term Liabilities

Long-term liability balances and activity for the year consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Subscription liabilities	<u>\$ 13,440</u>	<u>\$ -</u>	<u>\$ (1,120)</u>	<u>\$ 12,320</u>	<u>\$ 1,120</u>

Annual requirements to amortize long-term subscription liabilities are as follows:

Fiscal Year	Principal	Interest
2025	\$ 1,120	\$ -
2026	1,120	-
2027	1,120	-
2028	1,120	-
2029	1,120	-
2030-2034	5,600	-
2035	1,120	-
	<u>\$ 12,320</u>	<u>\$ -</u>

### Note 8 – 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 2024 and 2023.

# Greater Lynchburg Transit Company, Inc.

## Notes to Financial Statements

June 30, 2024

### *Management Contract*

The Company has engaged Transdev (formerly First Transit, Inc.) to manage its transit system; the current four-year contract began January 2023. Management fees to Transdev were \$389,000 and \$378,122 for 2024 and 2023, respectively. The Company did not pay Transdev for any other services during 2024 and 2023.

### *Union Contract*

CVTMC's union agreement was ratified September 1, 2022 with Local 1493 of the Amalgamated Transit Union, AFL-CIO for the period September 1, 2022 through August 31, 2025, for the services of bus operators and maintenance employees.

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### **Note 9 – Defined Contribution Pension Plan**

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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 \$158,984 and \$156,828 for 2024 and 2023, respectively. Employees contributed equal amounts through payroll withholding.

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### **Note 10 – Other Postemployment Benefits Liability – Local Plan**

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#### *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, 2022 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<b>Number</b>
Inactive employees or beneficiaries	
Currently receiving benefits	4
Entitled to but not yet receiving benefits	-
Total inactive employees	4
Active plan members	20
	<b>24</b>

# Greater Lynchburg Transit Company, Inc.

## Notes to Financial Statements

June 30, 2024

### *Total OPEB Liability*

The Company's total OPEB liability of \$256,251 and \$262,202 for 2024 and 2023, respectively, were measured as of June 30, 2024 and June 30, 2023, respectively, and were determined based on actuarial valuations performed as of July 1, 2022.

### *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:

2023 Discount rate	3.65%
2024 Discount rate	3.93%
2023 Trend Rate	5.00%
2024 Trend Rate	7.50%
Ultimate Inflation Rate	4.54%

Mortality rates: Pub-2010 general employees headcount-weighted mortality fully generational using Scale MP-2021, and Pub-2010 general retirees headcount-weighted mortality fully generational using Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on July 1, 2022 census data.

There have been no changes in benefit terms.

### *Changes in the Total OPEB Liability*

	<b>2024</b>
Balance at June 30, 2023	\$ 262,202
Changes for the year	
Service cost	24,444
Interest	10,577
Assumption or other input changes	5,974
Benefit payments	(46,946)
Net changes	(5,951)
Balance at June 30, 2024	256,251
Less current portion	(25,625)
	<b>\$ 230,626</b>
	<b>2023</b>
Balance at June 30, 2022	\$ 150,765
Changes for the year	
Service cost	24,108
Interest	10,061
Differences between expected and actual experience	212,735
Assumption or other input changes	(88,452)
Benefit payments	(47,015)
Net changes	111,437
Balance at June 30, 2023	262,202
Less current portion	(26,220)
	<b>\$ 235,982</b>

# Greater Lynchburg Transit Company, Inc.

## Notes to Financial Statements

June 30, 2024

### *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 (2.93%) or one percentage point higher (4.93%) than the current discount rate:

	<b>1.00% Decrease (2.93%)</b>	<b>Current Discount Rate (3.93%)</b>	<b>1.00% Increase (4.93%)</b>
Total OPEB liability at June 30, 2024	<u>\$ 280,267</u>	<u>\$ 256,251</u>	<u>\$ 235,068</u>
	<b>1.00% Decrease (2.65%)</b>	<b>Current Discount Rate (3.65%)</b>	<b>1.00% Increase (4.65%)</b>
Total OPEB liability at June 30, 2023	<u>\$ 282,335</u>	<u>\$ 262,202</u>	<u>\$ 244,320</u>

### **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 or one percentage point higher than the current healthcare cost trend rates:

	<b>1.00% Decrease (6.50%)</b>	<b>Current Healthcare Cost Trend Rates (7.50%)</b>	<b>1.00% Increase (8.50%)</b>
Total OPEB liability at June 30, 2024	<u>\$ 224,120</u>	<u>\$ 256,251</u>	<u>\$ 295,385</u>
	<b>1.00% Decrease (4.00%)</b>	<b>Current Healthcare Cost Trend Rates (5.00%)</b>	<b>1.00% Increase (6.00%)</b>
Total OPEB liability at June 30, 2023	<u>\$ 235,906</u>	<u>\$ 262,202</u>	<u>\$ 289,184</u>

# Greater Lynchburg Transit Company, Inc.

## Notes to Financial Statements

June 30, 2024

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

For the year ended June 30, 2024, the Company recognized an OPEB expense of \$50,206. At June 30, 2024, the Company reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 163,433	\$ -
Change in assumptions	5,191	(67,954)
Employer contributions subsequent to the measurement date	-	-
	<u>\$ 168,624</u>	<u>\$ (67,954)</u>

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 188,084	\$ -
Change in assumptions	-	(78,203)
Employer contributions subsequent to the measurement date	-	-
	<u>\$ 188,084</u>	<u>\$ (78,203)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2024, will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase to OPEB Expense
2025	\$ 15,185
2026	15,185
2027	15,185
2028	15,185
2029	15,185
Thereafter	24,745

### Note 11 – Capital Contributions

Capital contributions consist of the following:

	2024	2023
Federal	\$ 536,758	\$ 206,595
State	909,489	221,953
Local	256,090	61,237
	<u>\$ 1,702,337</u>	<u>\$ 489,785</u>

# Greater Lynchburg Transit Company, Inc.

## Notes to Financial Statements

June 30, 2024

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### Note 12 – Risk Management

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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.

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### Note 13 – Federal and State-Assisted Programs

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The Company has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

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### Note 14 – New Accounting Standards

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In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued **Statement No. 102**, *Certain Risk Disclosures*. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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, 2024

	Plan Year		
	2024	2023	2022
<b>Total OPEB Liability</b>			
Service cost	\$ 24,444	\$ 24,108	\$ 26,580
Interest on total OPEB liability	10,577	10,061	4,820
Changes in benefit terms	-	-	-
Difference between expected and actual experience	-	212,735	-
Changes in assumptions	5,974	(88,452)	(48,691)
Benefit payments	(46,946)	(47,015)	(33,597)
Net change in total OPEB liability	(5,951)	111,437	(50,888)
<b>Total OPEB liability – beginning</b>	<b>262,202</b>	<b>150,765</b>	<b>201,653</b>
<b>Total OPEB liability – ending</b>	<b>256,251</b>	<b>262,202</b>	<b>150,765</b>
<b>Plan Fiduciary Net Position</b>			
Contributions – employer	46,946	47,015	33,597
Contributions – employee	-	-	-
Net investment income	-	-	-
Benefit payments	(46,946)	(47,015)	(33,597)
Administrative expenses	-	-	-
Other	-	-	-
Net change in plan fiduciary net position	-	-	-
<b>Plan fiduciary net position – beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position – ending</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net OPEB liability – ending</b>	<b>\$ 256,251</b>	<b>\$ 262,202</b>	<b>\$ 150,765</b>
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%
Covered payroll	<b>\$ 1,192,602</b>	<b>\$ 1,152,272</b>	<b>\$ 904,895</b>
Net OPEB liability as a percentage of covered payroll	<b>21%</b>	<b>23%</b>	<b>17%</b>

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.

Plan Year			
2021	2020	2019	2018
\$ 20,111	\$ 34,065	\$ 29,344	\$ 27,137
4,152	18,299	15,879	13,601
-	-	-	-
(360,468)	-	68,503	-
(80,695)	47,042	31,178	(1,878)
(29,681)	(3,432)	(3,911)	(11,851)
(446,581)	95,974	140,993	27,009
648,234	552,260	411,267	384,258
201,653	648,234	552,260	411,267
29,681	3,432	3,911	11,851
-	-	-	-
-	-	-	-
(29,681)	(3,432)	(3,911)	(11,851)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<b>\$ 201,653</b>	<b>\$ 648,234</b>	<b>\$ 552,260</b>	<b>\$ 411,267</b>
<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>\$ 794,496</b>	<b>\$ 781,100</b>	<b>\$ 767,462</b>	<b>\$ 755,427</b>
<b>25%</b>	<b>83%</b>	<b>72%</b>	<b>54%</b>

# Greater Lynchburg Transit Company, Inc.

## Required Supplementary Information Schedule of OPEB Contributions – Local Plan June 30, 2024

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
2024	\$ 40,782	\$ 46,946	\$ (6,164)	\$ 1,192,602	3.94 %
2023	40,225	47,015	(6,790)	1,152,272	4.08
2022	33,561	33,597	(36)	904,895	3.71
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.

# **Greater Lynchburg Transit Company, Inc.**

## **Notes to Required Supplementary Information**

**June 30, 2024**

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### **Note 1**

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

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### **Note 2**

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The actuarial assumptions used in the July 1, 2022 valuation were based on July 1, 2022 census data and actuarial experience since the prior valuation.

Changes in assumptions and other inputs reflect:

Increasing the discount rate from 3.65% to 3.93%.

Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzen Model as updated through October 2023.

The election rate was changed to 95% based on future expectations.



# **Other Supplementary Information**

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# Greater Lynchburg Transit Company, Inc.

Schedule 1

## Schedule of Operating Expenses

Year Ended June 30, 2024

	Operations	Maintenance	General Administration	Total
<b>Labor</b>				
Operators' salaries and wages	\$ 2,236,795	\$ -	\$ -	\$ 2,236,795
Other salaries and wages	659,247	844,143	531,454	2,034,844
Total labor	2,896,042	844,143	531,454	4,271,639
<b>Fringe benefits</b>	1,342,143	391,210	246,297	1,979,650
<b>Services</b>				
Management services	-	-	389,000	389,000
Professional and technical services	-	-	47,634	47,634
Contract services	21,824	-	90,905	112,729
Medical services	10,570	-	-	10,570
Total services	32,394	-	527,539	559,933
<b>Materials and supplies</b>				
Diesel fuel	597,728	-	-	597,728
Motor oil	20,431	-	-	20,431
Lubricants and coolants	28,373	-	-	28,373
Gasoline	92,793	-	-	92,793
Tires and tubes	80,390	-	-	80,390
Shop and garage equipment maintenance	-	29,141	-	29,141
Shop and garage building maintenance	-	41,481	-	41,481
Other shop and garage expense	-	-	126,906	126,906
Repair parts for revenue vehicles	-	273,129	-	273,129
Servicing supplies	-	56,515	-	56,515
Tickets and transfers	14,940	-	-	14,940
General office supplies	-	-	15,244	15,244
Safety and security	-	-	4,407	4,407
Shelters and signs	11,961	-	-	11,961
Total materials and supplies	846,616	400,266	146,557	1,393,439
<b>Utilities</b>				
Light, heat, power, and water	-	-	201,530	201,530
Communications	-	-	221,672	221,672
Total utilities	-	-	423,202	423,202
<b>Insurance</b>				
Premiums for physical damage	-	15,320	-	15,320
Premiums for liability and property damage	-	-	203,534	203,534
Premiums for other insurance	-	-	31,380	31,380
Total insurance	-	15,320	234,914	250,234

# Greater Lynchburg Transit Company, Inc.

Schedule 1

## Schedule of Operating Expenses Year Ended June 30, 2024

	Operations	Maintenance	General Administration	Total
<b>Miscellaneous expenses</b>				
Dues and subscriptions	-	-	25,208	25,208
Training, local staff	-	-	22,810	22,810
Travel expense, local staff	-	-	19,310	19,310
Travel expense, board	-	-	2,643	2,643
Travel expense, First Transit staff	-	-	2,414	2,414
Advertising	-	-	10,072	10,072
Registration fees, local staff	-	-	2,124	2,124
Bad debt expense	-	-	18,318	18,318
Other miscellaneous expenses	-	-	21,968	21,968
Total miscellaneous expenses	-	-	124,867	124,867
Total operating expenses before depreciation	5,117,195	1,650,939	2,234,830	9,002,964
<b>Depreciation</b>	910,394	843,504	47,901	1,801,799
Total operating expenses	<b>\$ 6,027,589</b>	<b>\$ 2,494,443</b>	<b>\$ 2,282,731</b>	<b>\$ 10,804,763</b>



# Greater Lynchburg Transit Company, Inc.

Schedule 2

## Schedule of Operating Expenses

Year Ended June 30, 2023

	Operations	Maintenance	General Administration	Total
<b>Labor</b>				
Operators' salaries and wages	\$ 2,159,580	\$ -	\$ -	\$ 2,159,580
Other salaries and wages	614,301	781,959	507,043	1,903,303
Total labor	2,773,881	781,959	507,043	4,062,883
<b>Fringe benefits</b>	1,275,291	359,505	233,113	1,867,909
<b>Services</b>				
Management services	-	-	378,122	378,122
Professional and technical services	-	-	40,630	40,630
Contract services	29,731	-	124,886	154,617
Medical services	12,080	-	-	12,080
Total services	41,811	-	543,638	585,449
<b>Materials and supplies</b>				
Diesel fuel	707,372	-	-	707,372
Motor oil	23,902	-	-	23,902
Lubricants and coolants	27,159	-	-	27,159
Gasoline	102,535	-	-	102,535
Tires and tubes	67,444	-	-	67,444
Shop and garage equipment maintenance	-	30,676	-	30,676
Shop and garage building maintenance	-	25,096	-	25,096
Other shop and garage expense	-	-	136,385	136,385
Repair parts for revenue vehicles	-	247,511	-	247,511
Servicing supplies	-	10,534	-	10,534
Tickets and transfers	6,750	-	-	6,750
General office supplies	-	-	13,755	13,755
Safety and security	-	-	7,461	7,461
Shelters and signs	7,501	-	-	7,501
Total materials and supplies	942,663	313,817	157,601	1,414,081
<b>Utilities</b>				
Light, heat, power, and water	-	-	172,166	172,166
Communications	121,120	13,638	113,923	248,681
Total utilities	121,120	13,638	286,089	420,847
<b>Insurance</b>				
Premiums for physical damage	-	10,600	-	10,600
Premiums for liability and property damage	-	-	201,398	201,398
Premiums for other insurance	-	-	30,519	30,519
Total insurance	-	10,600	231,917	242,517

# Greater Lynchburg Transit Company, Inc.

Schedule 2

## Schedule of Operating Expenses

Year Ended June 30, 2023

	Operations	Maintenance	General Administration	Total
<b>Miscellaneous expenses</b>				
Dues and subscriptions	-	-	12,470	12,470
Training, local staff	-	-	26,340	26,340
Travel expense, local staff	-	-	4,211	4,211
Travel expense, board	-	-	1,157	1,157
Travel expense, First Transit staff	-	-	3,403	3,403
Advertising	-	-	12,254	12,254
Registration fees, employees	-	-	1,430	1,430
Registration fees, local staff	-	-	2,345	2,345
Registration fees, board	-	-	1,590	1,590
Other miscellaneous expenses	-	-	16,233	16,233
Total miscellaneous expenses	-	-	81,433	81,433
Total operating expenses before depreciation	5,154,766	1,479,519	2,040,834	8,675,119
<b>Depreciation</b>	1,057,635	847,130	58,750	1,963,515
Total operating expenses	<b>\$ 6,212,401</b>	<b>\$ 2,326,649</b>	<b>\$ 2,099,584</b>	<b>\$ 10,638,634</b>



# 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, 2024, 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 14, 2024.

### **Report on 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 or significant deficiencies may exist that have not been identified.**

### **Report on 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 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 14, 2024

## **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**

#### *Opinion 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 identified as subject to audit 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, 2024. 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.

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, 2024.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standard 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the Company's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Company's federal programs.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Company's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Company's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Company's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Company's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Company's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 14, 2024



# Greater Lynchburg Transit Company, Inc.

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Award Date</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Department of Transportation – Federal Transit Administration</u>				
Direct Payments				
Federal Transit Cluster				
Urbanized Area Formula Program	04/06/2023	20.507	VA-2023-012-01	\$ 4,026,091
	04/15/2024		VA-2024-020-00	
Capital Investment Grants	09/10/2014	20.500	VA-95-0120-00	\$ 122,189
	02/05/2024		VA-95-0145-01	44,455
	09/23/2016		VA-2016-022-00	177,674
	04/29/2021		VA-2021-014-00	192,440
				536,758
Total Federal Transit Cluster				<u><u>\$ 4,562,849</u></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, 2024, the Greater Lynchburg Transit Company had no outstanding loan balances requiring continuing disclosure.

# Greater Lynchburg Transit Company, Inc.

## Summary of Compliance Matters

June 30, 2024

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.

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### Local Compliance Matters

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Company By-Laws

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### Federal Compliance Matters

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*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, 2024

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### A – Summary of Auditor’s Results

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1. The auditor’s report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies and no material weaknesses 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 and no material weaknesses 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.

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### B – Findings – Financial Statement Audit

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None.

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### C – Findings and Questioned Costs – Major Federal Award Program Audit

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None.