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

FINANCIAL REPORT

June 30, 2022

BROWN EDWARDS
certified public accountants

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GREATER LYNCHBURG TRANSIT COMPANY, INC.

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2022

OFFICERS

Antonio Davis Sr. .... President

Cameron Howe .... Vice President

Mary Winston Deacon .... Secretary/Treasurer

DIRECTORS

Benjamin Blanks	Holly Trent
Brian Landergan	Randy Woods
Charles Spence	Kent White

FINANCIAL SECTION

The Financial Section contains the Basic Financial Statements.

BROWNEDWARDS
certified public accountants

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, 2022 and 2021.

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, 2022 and 2021, 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.

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Report on the Audit of the Financial Statements (Continued)

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.

Report on the Audit of the Financial Statements (Continued)

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.

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 introductory section and 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 10, 2022 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, S.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
October 10, 2022

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BASIC FINANCIAL STATEMENTS

GREATER LYNCHBURG TRANSIT COMPANY, INC.

STATEMENTS OF NET POSITION
June 30, 2022 and 2021

	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	$ 681,550	$ 640,629
Accounts receivable		
Federal and local capital grant funds	6,878	52,515
Federal and state aid funds	-	350,000
Other receivables	38,548	31,569
Inventories (Note 2)	344,787	308,182
Prepaid expenses	269,922	302,384
Total current assets	1,341,685	1,685,279
CAPITAL ASSETS, net (Note 3)	35,496,424	35,554,427
Total assets	36,838,109	37,239,706
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to other postemployment benefits (Note 9)	-	15,680
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
CURRENT LIABILITIES		
Accounts payable	156,399	104,611
Accounts payable, capital assets	15,686	49,514
Accrued salaries and wages	175,191	163,207
Local share payable to City of Lynchburg (Note 4)	404,975	625,319
Current portion of compensated absences (Note 6)	66,100	71,316
Total current liabilities	818,351	1,013,967
NONCURRENT LIABILITIES		
Net other postemployment benefit liability (Note 9)	150,765	201,653
Compensated absences (Note 6)	142,398	109,094
Total noncurrent liabilities	293,163	310,747
Total liabilities	1,111,514	1,324,714
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to other postemployment benefits (Note 9)	16,445	149,376
COMMITMENTS AND CONTINGENCIES (Note 7)	-	-
NET POSITION		
Net investment in capital assets	35,496,424	35,554,427
Unrestricted	213,726	226,869
Total net position	$ 35,710,150	$ 35,781,296

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, 2022 and 2021

	2022	2021
OPERATING REVENUES		
Passenger fares	$ 435,158	$ 259,486
Universal bus pass	33,780	126,795
Special buses	1,152	2,008
Advertising	126,580	55,933
Registration fees	48	-
Non-transportation revenue	29,291	43,746
Total operating revenues	626,009	487,968
OPERATING EXPENSES		
Operations	5,520,604	5,294,097
Maintenance	2,234,966	2,181,891
General administration	2,168,757	1,918,012
Total operating expenses	9,924,327	9,394,000
Operating loss	(9,298,318)	(8,906,032)
NONOPERATING REVENUE		
Subsidies of operations:		
City of Lynchburg (Note 4)	1,237,371	(125,319)
Counties	77,800	77,800
Liberty University	-	293,964
State of Virginia aid for public transportation	2,831,655	2,198,620
Federal operating grant	2,873,705	3,676,764
Other	23,470	75,434
Gain on disposition of capital assets	22,968	34,012
Total nonoperating revenue	7,066,969	6,231,275
CAPITAL CONTRIBUTIONS (Note 10)	2,160,203	4,072,392
Change in net position	(71,146)	1,397,635
NET POSITION		
Beginning at July 1	35,781,296	34,383,661
Ending at June 30	$ 35,710,150	$ 35,781,296

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, 2022 and 2021

	2022	2021
OPERATING ACTIVITIES		
Cash received from customers	$ 619,030	$ 489,945
Cash paid to employees	(3,446,891)	(3,295,574)
Cash paid to suppliers for goods and services	(4,329,643)	(3,775,946)
Net cash used in operating activities	(7,157,504)	(6,581,575)
NONCAPITAL FINANCING ACTIVITIES		
Subsidies	7,173,657	6,641,977
CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions received	2,205,840	4,123,034
Purchases of capital assets	(2,204,040)	(4,198,214)
Proceeds from sale of capital assets	22,968	71,018
Net cash provided by (used in) capital and related financing activities	24,768	(4,162)
Net increase in cash and cash equivalents	40,921	56,240
CASH AND CASH EQUIVALENTS		
Beginning at July 1	640,629	584,389
Ending at June 30	$ 681,550	$ 640,629
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (9,298,318)	$ (8,906,032)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,228,215	2,694,641
Decrease (increase) in:		
Other receivables	(6,979)	1,977
Prepaid expenses	32,462	(104,229)
Inventories	(36,605)	(14,766)
Increase (decrease) in:		
Accounts payable	51,788	12,311
Accrued salaries and wages	11,984	(26,860)
Compensated absences	28,088	10,430
Other post-employment benefits	(168,139)	(249,047)
Net cash used in operating activities	$ (7,157,504)	$ (6,581,575)
NONCASH FINANCING TRANSACTION		
Capital assets acquired through accounts payable at year end	$ 15,686	$ 49,514

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

Note 1. Summary of Significant Accounting Policies

Organization and purpose

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

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

Measurement focus and basis of accounting

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

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

Cash and cash equivalents

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

Inventories

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

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets

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

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

Compensated absences

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

Deferred outflows/inflows of resources

In addition to assets, the statement that presents net position reports a separate section for deferred outflows of resources. These items represent a consumption of net 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.

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.

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:

	2022	2021
Parts	$ 258,039	$ 258,780
Diesel fuel, motor oil, and transmission fluid	79,624	46,017
Tires	16,624	12,771
Allowance for obsolete inventory	(9,500)	(9,386)
	$ 344,787	$ 308,182

Note 3. Capital Assets

Capital asset activity was as follows:

	2022			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	$ 1,642,980	$ -	$ -	$ 1,642,980
Construction in progress	26,550	-	-	26,550
Total capital assets, non-depreciable	1,669,530	-	-	1,669,530
Capital assets, depreciable:				
Land improvements and buildings	31,438,382	-	-	31,438,382
Buses and vans	27,576,324	2,034,926	(4,764,960)	24,846,290
Signs, shelters, and terminals	287,927	-	-	287,927
Shop and garage equipment	1,338,823	81,681	-	1,420,504
Office equipment and information systems	1,894,831	53,605	-	1,948,436
Total capital assets, depreciable	62,536,287	2,170,212	(4,764,960)	59,941,539
Less accumulated depreciation for:				
Land improvements and buildings	(4,327,032)	(784,545)	-	(5,111,577)
Buses and vans	(21,642,918)	(1,212,989)	4,764,960	(18,090,947)
Signs, shelters, and terminals	(262,865)	(11,712)	-	(274,577)
Shop and garage equipment	(786,790)	(121,109)	-	(907,899)
Office equipment and information systems	(1,631,785)	(97,860)	-	(1,729,645)
Total accumulated depreciation	(28,651,390)	(2,228,215)	4,764,960	(26,114,645)
Total capital assets, depreciable, net	33,884,897	(58,003)	-	33,826,894
Total capital assets, net	$ 35,554,427	$ (58,003)	$ -	$ 35,496,424

(Continued)

Note 3. Capital Assets (Continued)

	2021			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	$ 1,642,980	$ -	$ -	$ 1,642,980
Construction in progress	26,550	-	-	26,550
Total capital assets, non-depreciable	1,669,530	-	-	1,669,530
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	59,170,010	4,152,426	(786,149)	62,536,287
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	$ 34,133,648	$ 1,457,785	$ (37,006)	$ 35,554,427

(Continued)

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:

	2022	2021
Payable to City at beginning of year	$ (625,319)	$ (420,922)
City subsidy (surplus)	1,237,371	(125,319)
Cash paid by the City to the Company	(1,642,346)	(500,000)
Cash paid by the Company to the City	625,319	420,922
Payable to City at end of year	$ (404,975)	$ (625,319)

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 2021 and 2022. The balance owed to the City was $-0- at both June 30, 2022 and 2021.

Note 6. Compensated Absences

Following is a summary of changes in compensated absences:

	2022	2021
Beginning balance	$ 180,410	$ 169,980
Increases	260,308	246,028
Decreases	(232,220)	(235,598)
Ending balance	208,498	180,410
Less current portion	(66,100)	(71,316)
	$ 142,398	$ 109,094

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 2022 and 2021.

Note 7. Commitments and Contingencies (Continued)

Management contract

The Company has engaged First Transit, Inc. to manage its transit system; the current four-year contract began January 2019. Management fees to First Transit, Inc. were $326,374 and $279,650 for 2022 and 2021, respectively. The Company did not pay First Transit, Inc. for any other services during 2022 and 2021.

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.

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 $125,896 and $125,612 for 2022 and 2021, respectively. Employees contributed equal amounts through payroll withholding.

Note 9. Other Postemployment Benefits Liability – Local Plan

Plan Description

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

Benefits Provided

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

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

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

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:

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

Total OPEB Liability

The Company's total OPEB liability of $150,765 and $201,653 for 2022 and 2021, respectively were measured as of June 30, 2022 and June 30, 2021, respectively, and were determined based on an actuarial valuation performed as of July 1, 2020.

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	3.54%
Actual 2021-2022 premium rate increase	0.00%
2022-2023 Trend (Single/Two Person)	6.70%/15.75%
Ultimate Inflation Rate	4.24%

Mortality assumptions changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Rate 2006) to 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, 2020 valuation were based on July 1, 2020 census data.

There have been no changes in benefit terms.

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

Changes in the Total OPEB Liability

	2022
Balance at June 30, 2021	$ 201,653
Changes for the year:	
Service cost	26,580
Interest	4,820
Benefit changes	-
Differences between expected and actual experience	-
Assumption or other input changes	(48,691)
Benefit payments	(33,597)
Net changes	(50,888)
Balance at June 30, 2022	$ 150,765

	2021
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)

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

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 (2.54%) or one percentage point higher (4.54%) than the current discount rate:

	1.00% Decrease (2.54%)	Current Discount Rate (3.54%)	1.00% Increase (4.54%)
Total OPEB liability at June 30, 2022	$ 214,373	$ 150,765	$ 179,106

	1.00% Decrease (1.16%)	Current Discount Rate (2.16%)	1.00% Increase (3.16%)
Total OPEB liability at June 30, 2021	$ 219,151	$ 201,653	$ 185,830

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 5.70%) or one percentage point higher (7.70%) than the current healthcare cost trend rates:

	1.00% Decrease (5.70%)	Current Healthcare Cost Trend Rates (6.70%)	1.00% Increase (7.70%)
Total OPEB liability at June 30, 2022	$ 184,910	$ 150,765	$ 207,782

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

(Continued)

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

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

For the year ended June 30, 2022, the Company recognized an OPEB gain of $102,296. At June 30, 2022, the Company reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Change in assumptions	-	(16,445)
Employer contributions subsequent to the measurement date	-	-
	$ -	$ (16,445)

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
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)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2022, will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase to OPEB Expense
2023	$ (16,445)
2024	-
2025	-
2026	-
2027	-
Thereafter	-

Note 10. Capital Contributions

Capital contributions consist of the following:

	2022	2021
Federal	$ 1,104,616	$ 3,235,133
State	969,055	670,597
Local	86,532	166,662
	$ 2,160,203	$ 4,072,392

Note 11. Contract with Liberty University

In August 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 agreement provided for automatic annual renewals provided neither party gave 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. The University did not renew the agreement for fiscal year 2022. The University paid the Company $-0- in 2022 and $403,164 in 2021, 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 was awarded $7,630,020 from the CARES Act in additional transit funding in fiscal year 2021. These are section 5307 operating funds and will be used for the three year period of $3,676,764 in fiscal year 2021, $2,873,705 in fiscal year 2022, and $1,079,551 for fiscal year 2023.

(Continued)

Note 13. COVID-19 Impact (Continued)

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.

Note 14. Subsequent Event

On July 15, 2022, the Company drew $500,000 from the special fund the City has created to support transit operations. The loan was paid in full on September 22, 2022.

Note 15. 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 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 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.

In April 2022, the GASB issued **Statement No. 99**, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

(Continued)

Note 15. New Accounting Standards (Continued)

In June 2022, the GASB issued **Statement No. 100**, *Accounting Changes and Error Corrections*. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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.

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

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REQUIRED SUPPLEMENTARY INFORMATION

GREATER LYNCHBURG TRANSIT COMPANY, INC.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – LOCAL PLAN
June 30, 2022

	Plan Year				
	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 26,580	$ 20,111	$ 34,065	$ 29,344	$ 27,137
Interest on total OPEB liability	4,820	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	(48,691)	(80,695)	47,042	31,178	(1,878)
Benefit payments	(33,597)	(29,681)	(3,432)	(3,911)	(11,851)
Net change in total OPEB liability	(50,888)	(446,581)	95,974	140,993	27,009
Total OPEB liability – beginning	201,653	648,234	552,260	411,267	384,258
Total OPEB liability – ending	150,765	201,653	648,234	552,260	411,267
Plan Fiduciary Net Position					
Contributions – employer	33,597	29,681	3,432	3,911	11,851
Contributions – employee	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments	(33,597)	(29,681)	(3,432)	(3,911)	(11,851)
Administrative expenses	-	-	-	-	-
Other	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position – beginning	-	-	-	-	-
Plan fiduciary net position – ending	-	-	-	-	-
Net OPEB liability – ending	$ 150,765	$ 201,653	$ 648,234	$ 552,260	$ 411,267
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%	0%	0%
Covered payroll	$ 904,895	$ 794,496	$ 781,100	$ 767,462	$ 755,427
Net OPEB liability as a percentage of covered payroll	17%	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.

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

GREATER LYNCHBURG TRANSIT COMPANY, INC.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – LOCAL PLAN
June 30, 2022

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
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, 2022

Note 1. There have been no actuarially material changes to the Plan benefit provisions since the prior actuarial valuation.

Note 2. The actuarial assumptions used in the July 1, 2020 valuation were based on July 1, 2020 census data and actuarial experience since the prior valuation.

Changes in assumptions and other inputs reflect:

Increasing the discount rate from 2.16% to 3.54%

Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzen Model as updated through September 2021.

The initial salary increase was increased from 3% to 28% based on the June 1, 2022 actual increase with 3% for all subsequent years.

The morbidity assumptions were updated to use the Dale Yamamoto model published by the Society of Actuaries to give a better projection of anticipated costs as adjusted for age.

OTHER SUPPLEMENTARY INFORMATION

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2022

	Operations	Maintenance	General Administration	Total
Labor				
Operators' salaries and wages	$ 1,801,622	$ -	$ -	$ 1,801,622
Other salaries and wages	499,672	744,793	440,876	1,685,341
Total labor	2,301,294	744,793	440,876	3,486,963
Fringe benefits	1,045,728	338,440	200,338	1,584,506
Services				
Management services	-	-	326,374	326,374
Professional and technical services	-	-	39,750	39,750
Contract services	22,699	-	122,766	145,465
Medical services	10,215	-	-	10,215
Total services	32,914	-	488,890	521,804
Materials and supplies				
Diesel fuel	626,287	-	-	626,287
Motor oil	16,886	-	-	16,886
Lubricants and coolants	20,874	-	-	20,874
Gasoline	88,320	-	-	88,320
Tires and tubes	97,001	-	-	97,001
Shop and garage equipment maintenance	-	20,028	-	20,028
Shop and garage building maintenance	-	32,509	-	32,509
Other shop and garage expense	-	-	203,991	203,991
Repair parts for revenue vehicles	-	228,965	-	228,965
Servicing supplies	-	11,139	-	11,139
Tickets and transfers	6,465	-	-	6,465
General office supplies	-	-	12,410	12,410
Safety and security	-	-	6,755	6,755
Shelters and signs	2,698	-	-	2,698
Total materials and supplies	858,531	292,641	223,156	1,374,328
Utilities				
Light, heat, power, and water	-	-	163,302	163,302
Communications	-	-	203,275	203,275
Total utilities	-	-	366,577	366,577

(Continued)

SCHEDULE 1

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2022

	Operations	Maintenance	General Administration	Total
Insurance				
Premiums for physical damage	$ -	$ 10,873	$ -	$ 10,873
Premiums for liability and property damage	-	-	205,205	205,205
Premiums for other insurance	-	-	27,349	27,349
Total insurance	-	10,873	232,554	243,427
Miscellaneous expenses				
Dues and subscriptions	-	-	28,636	28,636
Training, local staff	-	-	32,257	32,257
Travel expense, local staff	-	-	418	418
Travel expense, First Transit staff	-	-	41	41
Advertising	-	-	30,721	30,721
Registration fees, employees	-	-	2,135	2,135
Registration fees, local staff	-	-	485	485
Registration fees, board	-	-	1,600	1,600
Other miscellaneous expenses	-	-	22,214	22,214
Total miscellaneous expenses	-	-	118,507	118,507
Total operating expenses before depreciation	4,238,467	1,386,747	2,070,898	7,696,112
Depreciation	1,282,137	848,219	97,859	2,228,215
Total operating expenses	$ 5,520,604	$ 2,234,966	$ 2,168,757	$ 9,924,327

SCHEDULE 2

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2021

	Operations	Maintenance	General Administration	Total
Labor				
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
Fringe benefits	886,370	278,087	156,527	1,320,984
Services				
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
Materials and supplies				
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
Tickets and transfers	4,500	-	-	4,500
General office supplies	-	-	9,315	9,315
Safety and security	-	-	6,303	6,303
Shelters and signs	-	-	-	-
Total materials and supplies	470,665	354,288	203,083	1,028,036
Utilities				
Light, heat, power, and water	-	-	130,024	130,024
Communications	-	-	183,014	183,014
Total utilities	-	-	313,038	313,038

(Continued)

SCHEDULE 2

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2021

	Operations	Maintenance	General Administration	Total
Insurance				
Premiums for physical damage	$ -	$ 9,900	$ -	$ 9,900
Premiums for liability and property damage	-	-	226,091	226,091
Premiums for other insurance	-	-	27,857	27,857
Total insurance	-	9,900	253,948	263,848
Miscellaneous expenses				
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
Registration fees, employees	-	-	-	-
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
Depreciation	1,702,276	849,308	143,057	2,694,641
Total operating expenses	$ 5,294,097	$ 2,181,891	$ 1,918,012	$ 9,394,000

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COMPLIANCE SECTION

BROWN EDWARDS
certified public accountants

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; 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, 2022, 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 10, 2022.

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 may exist that have not been identified.**

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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 10, 2022

BROWNEDWARDS
certified public accountants

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

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

Report on Compliance for Each Major Federal Program

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, 2022. 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, 2022.

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.

Report on Compliance for Each Major Federal Program

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.

Report on Internal Control over Compliance (Continued)

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 10, 2022

SCHEDULE 3

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Award Date	Assistance Listing Number	Pass-Through Entity Identifying Number		Federal Expenditures
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		$ 2,873,705
Capital Investment Grants	03/03/2018	20.500	VA-2018-005-01	$ 38,087	
	12/27/2019		VA-2020-006-00	446,078	
	04/29/2021		VA-2021-014-00	623,197	
					1,107,362
Total Federal Transit Cluster					$ 3,981,067

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, 2022, the Greater Lynchburg Transit Company had no outstanding loan balances requiring continuing disclosure.

GREATER LYNCHBURG TRANSIT COMPANY, INC.

SUMMARY OF COMPLIANCE MATTERS
June 30, 2022

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, 2022

A. SUMMARY OF AUDITOR'S RESULTS

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

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

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

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

None.