



Greater Lynchburg Transit Company, Inc.

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

Financial Report

June 30, 2025

Greater Lynchburg Transit Company, Inc.

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Introductory Section



Greater Lynchburg Transit Company, Inc.

Directory of Principal Officials

June 30, 2025

Officers

Cameron HowePresident
Tabitha Sprouse Vice President
Benjamin Blanks..... Secretary/Treasurer

Directors

Valerie Holmes
Brian Landergan
Andre Miller

Greg Patrick
Christopher Hackman
Gary DuPreist



Financial Section

The Financial Section contains the
Basic Financial Statements.

Independent Auditor's Report

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

Report on the 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, 2025 and 2024.

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, 2025 and 2024, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2025, the Company adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 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 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 November 24, 2025 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 24, 2025



Basic Financial Statements

Greater Lynchburg Transit Company, Inc.

Statements of Net Position

June 30, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 882,435	\$ 939,521
Accounts receivable		
Federal and local capital grant funds	199,436	310,118
Federal and state aid funds	300,000	467,619
Other receivables	114,960	119,405
Inventories (Note 2)	291,172	284,168
Prepaid expenses	46,344	64,277
Total current assets	<u>1,834,347</u>	<u>2,185,108</u>
CAPITAL ASSETS, net (Note 3)	<u>37,885,830</u>	<u>33,871,785</u>
Total assets	<u>39,720,177</u>	<u>36,056,893</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to other postemployment benefits (Note 10)	<u>159,979</u>	<u>168,624</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	97,107	148,799
Accounts payable, capital assets	350	361,192
Accrued salaries and wages	117,133	99,389
Local share payable to City of Lynchburg (Note 4)	16,036	-
Current portion of compensated absences (Note 6)	135,836	116,157
Subscription liabilities, current portion (Note 7)	1,120	1,120
Line of credit and short term debt (Note 5)	941,284	941,284
Net other postemployment benefit liability, current portion (Note 10)	25,955	25,625
Total current liabilities	<u>1,334,821</u>	<u>1,693,566</u>
NONCURRENT LIABILITIES		
Net other postemployment benefit liability (Note 10)	233,592	230,626
Subscription liabilities, net of current portion (Note 7)	10,080	11,200
Compensated absences (Note 6)	147,934	152,967
Total noncurrent liabilities	<u>391,606</u>	<u>394,793</u>
Total liabilities	<u>1,726,427</u>	<u>2,088,359</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to other postemployment benefits (Note 10)	<u>57,705</u>	<u>67,954</u>
NET POSITION		
Net investment in capital assets	37,874,280	33,498,273
Restricted	81,464	81,464
Unrestricted	140,280	489,467
Total net position	<u><u>\$ 38,096,024</u></u>	<u><u>\$ 34,069,204</u></u>

Greater Lynchburg Transit Company, Inc.

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Passenger fares	\$ 553,782	\$ 518,211
Universal bus pass	51,036	51,036
Special buses	5,959	299
Advertising	73,287	92,705
Registration fees	40	2
Non-transportation revenue	27,760	48,594
Total operating revenues	<u>711,864</u>	<u>710,847</u>
OPERATING EXPENSES		
Operations	6,374,865	6,027,589
Maintenance	2,443,867	2,494,443
General administration	2,276,425	2,282,731
Total operating expenses	<u>11,095,157</u>	<u>10,804,763</u>
Operating loss	<u>(10,383,293)</u>	<u>(10,093,916)</u>
NONOPERATING REVENUE		
Subsidies of operations:		
City of Lynchburg (Note 4)	1,863,272	1,974,463
Counties	84,958	81,690
State of Virginia aid for public transportation	1,652,305	1,790,245
Federal operating grant	4,137,743	4,026,091
Other	620,878	349,181
Gain on disposition of capital assets	23,769	-
Total nonoperating revenue	<u>8,382,925</u>	<u>8,221,670</u>
CAPITAL CONTRIBUTIONS (Note 11)	<u>6,027,188</u>	<u>1,702,337</u>
Change in net position	<u>4,026,820</u>	<u>(169,909)</u>
NET POSITION		
Beginning at July 1	34,069,204	34,239,113
Ending at June 30	<u><u>\$ 38,096,024</u></u>	<u><u>\$ 34,069,204</u></u>

Greater Lynchburg Transit Company, Inc.

Statements of Cash Flows Years Ended June 30, 2025 and 2024

	2025	2024
OPERATING ACTIVITIES		
Cash received from customers	\$ 716,309	\$ 725,462
Cash paid to employees	(4,359,015)	(4,229,532)
Cash paid to suppliers for goods and services	(4,751,930)	(4,494,358)
Net cash used in operating activities	<u>(8,394,636)</u>	<u>(7,998,428)</u>
NONCAPITAL FINANCING ACTIVITIES		
Subsidies	<u>8,542,811</u>	<u>7,372,767</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions received	6,137,870	1,540,946
Purchases of capital assets	(6,372,962)	(1,416,378)
Principal payments on long-term liabilities	(1,120)	(1,120)
Proceeds from sale of capital assets	30,951	-
Proceeds from short term City loan	<u>-</u>	<u>941,284</u>
Net cash provided by (used in) capital and related financing activities	<u>(205,261)</u>	<u>1,064,732</u>
Net increase (decrease) in cash and cash equivalents	(57,086)	439,071
CASH AND CASH EQUIVALENTS		
Beginning at July 1	939,521	500,450
Ending at June 30	<u><u>\$ 882,435</u></u>	<u><u>\$ 939,521</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (10,383,293)	\$ (10,093,916)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,990,893	1,801,799
Decrease (increase) in:		
Other receivables	4,445	14,615
Prepaid expenses	17,933	180,781
Inventories	(7,004)	5,201
Increase (decrease) in:		
Accounts payable	(51,692)	47,725
Accrued salaries and wages	17,744	20,308
Compensated absences	14,646	21,799
Other post-employment benefits	1,692	3,260
Net cash used in operating activities	<u><u>\$ (8,394,636)</u></u>	<u><u>\$ (7,998,428)</u></u>
NONCASH FINANCING TRANSACTION		
Capital assets acquired through accounts payable at year end	<u><u>\$ 350</u></u>	<u><u>\$ 361,192</u></u>

Greater Lynchburg Transit Company, Inc.

Notes to Financial Statements

June 30, 2025

Note 1 – Summary of Significant Accounting Policies

Organization and Purpose

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, 2025

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 represent 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 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, 2025

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.

Change in Accounting Principle

During 2025, the Company adopted GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 established new guidance by updating the recognition and measurement for compensated absences. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. As stated in GASB Statement No. 100, *Accounting Changes and Error Corrections*, a change in accounting principle should be reported retroactively by restating beginning net position for the cumulative effect of the change of the newly adopted accounting principle on prior periods. The Company determined the cumulative effect on beginning net position was immaterial and, therefore, no restatement of the prior year net position was necessary.

Note 2 – Inventories

Inventories consist of the following:

	2025	2024
Parts	\$ 251,153	\$ 262,725
Diesel fuel, motor oil, and transmission fluid	48,472	34,438
Tires	17,296	13,010
Allowance for obsolete inventory	(25,749)	(26,005)
	<u>\$ 291,172</u>	<u>\$ 284,168</u>

Greater Lynchburg Transit Company, Inc.

Notes to Financial Statements

June 30, 2025

Note 3 – Capital Assets

Capital asset activity was as follows:

	2025			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable				
Land	\$ 1,642,980	\$ -	\$ -	\$ 1,642,980
Construction in progress	1,081,222	247,484	-	1,328,706
Total capital assets, non-depreciable	2,724,202	247,484	-	2,971,686
Capital assets, depreciable				
Land improvements and buildings	31,438,382	-	-	31,438,382
Buses and vans	25,821,375	5,575,235	(4,174,388)	27,222,222
Signs, shelters, and terminals	252,032	-	(5,140)	246,982
Shop and garage equipment	1,396,596	189,401	(34,603)	1,551,394
Office equipment and information systems	1,841,715	-	-	1,841,715
Total capital assets, depreciable	60,750,100	5,764,636	(4,214,131)	62,300,605
Less accumulated depreciation for:				
Land improvements and buildings	(6,680,667)	(783,924)	-	(7,464,591)
Buses and vans	(19,915,053)	(1,074,959)	4,167,206	(16,822,806)
Signs, shelters, and terminals	(249,435)	(2,347)	5,140	(246,642)
Shop and garage equipment	(1,040,193)	(92,362)	34,603	(1,097,952)
Office equipment and information systems	(1,729,575)	(36,181)	-	(1,765,756)
Total accumulated depreciation	(29,614,923)	(1,989,773)	4,206,949	(27,397,747)
Total capital assets, depreciable, net	31,135,177	3,774,863	(7,182)	34,902,858
Subscription right-to-use assets	14,560	-	-	14,560
Less accumulated amortization	(2,154)	(1,120)	-	(3,274)
Total subscription assets, net	12,406	(1,120)	-	11,286
Total capital assets, net	<u>\$ 33,871,785</u>	<u>\$ 4,021,227</u>	<u>\$ (7,182)</u>	<u>\$ 37,885,830</u>

Greater Lynchburg Transit Company, Inc.

Notes to Financial Statements

June 30, 2025

	2024			
	Beginning Balance	Increases	Decreases	Ending Balance
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>

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's prior-year 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:

	2025	2024
Payable to City at beginning of year	\$ -	\$ (441,284)
City subsidy	1,863,272	1,974,463
Cash paid by the City to the Company	(1,879,308)	(1,974,463)
Cash paid by the Company to the City	-	441,284
Payable to City at end of year	<u>\$ (16,036)</u>	<u>\$ -</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 \$500,000 on the line of credit during 2024. Due to cash constraints, the City agreed to return the surplus funds of \$441,284 paid by the Company in 2024 and add this amount to the existing \$500,000 line of credit. No payments were made during 2025. The total balance of \$941,284 was owed to the City at June 30, 2025 and 2024.

Greater Lynchburg Transit Company, Inc.

Notes to Financial Statements

June 30, 2025

Note 6 – Compensated Absences

Following is a summary of changes in compensated absences:

	2025	2024
Beginning balance	\$ 269,124	\$ 247,325
Increases*	14,646	21,799
Ending balance	283,770	269,124
Less current portion	(135,836)	(116,157)
	<u>\$ 147,934</u>	<u>\$ 152,967</u>

* The change in compensated absences above is net change for the year.

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>\$ 12,320</u>	<u>\$ -</u>	<u>\$ (1,120)</u>	<u>\$ 11,200</u>	<u>\$ 1,120</u>

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

Fiscal Year	Principal	Interest
2026	\$ 1,120	\$ -
2027	1,120	-
2028	1,120	-
2029	1,120	-
2030	1,120	-
2031-2035	5,600	-
	<u>\$ 11,200</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 2025 and 2024.

Management Contract

The Company has engaged Transdev to manage its transit system; the current four-year contract began January 2023. Management fees to Transdev were \$399,182 and \$389,000 for 2025 and 2024, respectively. The Company did not pay Transdev for any other services during 2025 and 2024.

Greater Lynchburg Transit Company, Inc.

Notes to Financial Statements

June 30, 2025

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. The extension agreement continues until November 30, 2025.

Note 9 – Defined Contribution Pension Plan

As part of its union agreement, CVTMC provides a defined contribution pension program for all employees. The Company's contribution consists of a match of up to four percent of each covered employee's pay. The Company's required and actual contributions for covered union and nonunion employees were \$168,767 and \$158,984 for 2025 and 2024, respectively. Employees contributed equal amounts through payroll withholding.

Note 10 – Other Postemployment Benefits Liability – Local Plan

Plan Description

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

Benefits Provided

The Company provides only one choice of medical, dental, and 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, 2024 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	Number
Inactive employees or beneficiaries	
Currently receiving benefits	15
Entitled to but not yet receiving benefits	-
Total inactive employees	15
Active plan members	22
	37

Total OPEB Liability

The Company's total OPEB liability of \$259,547 and \$256,251 for 2025 and 2024, respectively, were measured as of June 30, 2025 and 2024, respectively, and were determined based on actuarial valuations performed as of July 1, 2024 and 2022, respectively.

Greater Lynchburg Transit Company, Inc.

Notes to Financial Statements

June 30, 2025

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:

2024 Discount rate	3.93%
2025 Discount rate	4.79%
2024 Trend rate	7.50%
2025 Trend rate	8.00%
Salary inflation rate	3.50%
Inflation rate	2.50%

Mortality rates: Pub-2010 Public Retirement Plans General mortality table projected generationally with IRS 2024 Adjusted Scale MP-2021, with no pre-retirement mortality.

The actuarial assumptions used in the July 1, 2024 valuation were based on July 1, 2024 census data.

There have been no changes in benefit terms.

Changes in the Total OPEB Liability

	2025
Balance at June 30, 2024	\$ 256,251
Changes for the year	
Service cost	25,405
Interest	10,052
Difference between expected and actual experience	7,339
Assumption or other input changes	12,248
Benefit payments	(51,748)
Net changes	3,296
Balance at June 30, 2025	259,547
Less current portion	(25,955)
	\$ 233,592
	2024
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)
	\$ 230,626

Greater Lynchburg Transit Company, Inc.

Notes to Financial Statements

June 30, 2025

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 (3.79%) or one percentage point higher (5.79%) than the current discount rate:

	1.00% Decrease (3.79%)	Current Discount Rate (4.79%)	1.00% Increase (5.79%)
Total OPEB liability at June 30, 2025	<u>\$ 279,619</u>	<u>\$ 259,547</u>	<u>\$ 241,550</u>
	1.00% Decrease (2.93%)	Current Discount Rate (3.93%)	1.00% Increase (4.93%)
Total OPEB liability at June 30, 2024	<u>\$ 280,267</u>	<u>\$ 256,251</u>	<u>\$ 235,068</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:

	1.00% Decrease (7.00%)	Current Healthcare Cost Trend Rates (8.00%)	1.00% Increase (9.00%)
Total OPEB liability at June 30, 2025	<u>\$ 232,498</u>	<u>\$ 259,547</u>	<u>\$ 292,259</u>
	1.00% Decrease (6.50%)	Current Healthcare Cost Trend Rates (7.50%)	1.00% Increase (8.50%)
Total OPEB liability at June 30, 2024	<u>\$ 224,120</u>	<u>\$ 256,251</u>	<u>\$ 295,385</u>

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

For the year ended June 30, 2025, the Company recognized an OPEB expense of \$53,440. At June 30, 2025, the Company reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 145,073	\$ -
Change in assumptions	14,906	(57,705)
	<u>\$ 159,979</u>	<u>\$ (57,705)</u>

Greater Lynchburg Transit Company, Inc.

Notes to Financial Statements

June 30, 2025

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)
	<u>\$ 168,624</u>	<u>\$ (67,954)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2025, will be recognized in OPEB expense as follows:

Year Ending June 30,	Effect on OPEB Expense
2026	\$ 17,983
2027	17,983
2028	17,983
2029	17,983
2030	17,983
Thereafter	12,359

Note 11 – Capital Contributions

Capital contributions consist of the following:

	2025	2024
Federal	\$ 1,113,451	\$ 536,758
State	3,662,981	909,489
Local	1,250,756	256,090
	<u>\$ 6,027,188</u>	<u>\$ 1,702,337</u>

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 – Federal and State-Assisted Programs

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.

Greater Lynchburg Transit Company, Inc.

Notes to Financial Statements

June 30, 2025

Note 14 – New Accounting Standards

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.

In September 2024, the GASB issued **Statement No. 104**, *Disclosure of Certain Capital Assets*. This statement requires certain information regarding capital assets to be presented by major class. Certain types of capital assets are to be disclosed separately in the capital assets note disclosures required by Statement No. 34. 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

Greater Lynchburg Transit Company, Inc.
Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios – Local Plan
June 30, 2025

	Plan Year							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 25,405	\$ 24,444	\$ 24,108	\$ 26,580	\$ 20,111	\$ 34,065	\$ 29,344	\$ 27,137
Interest on total OPEB liability	10,052	10,577	10,061	4,820	4,152	18,299	15,879	13,601
Difference between expected and actual experience	7,339	-	212,735	-	(360,468)	-	68,503	-
Changes in assumptions	12,248	5,974	(88,452)	(48,691)	(80,695)	47,042	31,178	(1,878)
Benefit payments	(51,748)	(46,946)	(47,015)	(33,597)	(29,681)	(3,432)	(3,911)	(11,851)
Net change in total OPEB liability	3,296	(5,951)	111,437	(50,888)	(446,581)	95,974	140,993	27,009
Total OPEB liability – beginning	256,251	262,202	150,765	201,653	648,234	552,260	411,267	384,258
Total OPEB liability – ending	259,547	256,251	262,202	150,765	201,653	648,234	552,260	411,267
Plan Fiduciary Net Position								
Contributions – employer	51,748	46,946	47,015	33,597	29,681	3,432	3,911	11,851
Benefit payments	(51,748)	(46,946)	(47,015)	(33,597)	(29,681)	(3,432)	(3,911)	(11,851)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position – beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position – ending	-	-	-	-	-	-	-	-
Net OPEB liability – ending	\$ 259,547	\$ 256,251	\$ 262,202	\$ 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%	0%	0%	0%
Covered payroll	\$ 1,262,040	\$ 1,192,602	\$ 1,152,272	\$ 904,895	\$ 794,496	\$ 781,100	\$ 767,462	\$ 755,427
Net OPEB liability as a percentage of covered payroll	21%	21%	23%	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.

Greater Lynchburg Transit Company, Inc.

Required Supplementary Information Schedule of OPEB Contributions – Local Plan June 30, 2025

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
2025	\$ 53,440	\$ 51,748	\$ 1,692	\$ 1,262,040	4.10 %
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, 2025

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, 2024 valuation were based on July 1, 2024 census data and actuarial experience since the prior valuation.

Changes in assumptions and other inputs reflect:

Increasing the discount rate from 3.93% to 4.79%.

The medical trend rate table was updated for fiscal year 2025.

The termination assumption was removed due to the small size of the plan.

The disability assumption was removed due to the small size of the plan.

The mortality improvement scale was changed from Scale MP -2021 to the IRS 2024 Adjusted Scale MP-2024 and the pre-retirement rates were removed.



Other Supplementary Information

Schedule of Operating Expenses
Year Ended June 30, 2025

	Operations	Maintenance	General Administration	Total
Labor				
Operators' salaries and wages	\$ 2,331,343	\$ -	\$ -	\$ 2,331,343
Other salaries and wages	667,600	857,700	534,762	2,060,062
Total labor	2,998,943	857,700	534,762	4,391,405
Fringe benefits	1,539,536	440,308	274,525	2,254,369
Services				
Management services	-	-	399,182	399,182
Professional and technical services	-	-	45,155	45,155
Contract services	22,785	-	72,867	95,652
Medical services	9,677	-	-	9,677
Total services	32,462	-	517,204	549,666
Materials and supplies				
Diesel fuel	451,420	-	-	451,420
Motor oil	17,437	-	-	17,437
Lubricants and coolants	23,869	-	-	23,869
Gasoline	98,975	-	-	98,975
Tires and tubes	85,445	-	-	85,445
Shop and garage equipment maintenance	-	39,712	-	39,712
Shop and garage building maintenance	-	15,136	-	15,136
Other shop and garage expense	-	-	126,658	126,658
Repair parts for revenue vehicles	-	194,091	-	194,091
Servicing supplies	-	42,932	-	42,932
Tickets and transfers	7,800	-	-	7,800
General office supplies	-	-	21,906	21,906
Safety and security	-	-	8,290	8,290
Shelters and signs	3,523	-	-	3,523
Total materials and supplies	688,469	291,871	156,854	1,137,194
Utilities				
Light, heat, power, and water	-	-	210,612	210,612
Communications	-	-	238,719	238,719
Total utilities	-	-	449,331	449,331
Insurance				
Premiums for physical damage	-	14,731	-	14,731
Premiums for liability and property damage	-	-	195,717	195,717
Premiums for other insurance	-	-	37,353	37,353
Total insurance	-	14,731	233,070	247,801

Schedule of Operating Expenses

Year Ended June 30, 2025

	Operations	Maintenance	General Administration	Total
Miscellaneous expenses				
Dues and subscriptions	-	-	14,255	14,255
Training, local staff	-	-	8,555	8,555
Travel expense, local staff	-	-	11,013	11,013
Travel expense, board	-	-	155	155
Travel expense, Transdev staff	-	-	876	876
Advertising	-	-	11,087	11,087
Pass thru grants	-	-	10,879	10,879
Bad debt expense	-	-	1,338	1,338
Other miscellaneous expenses	-	-	16,340	16,340
Total miscellaneous expenses	-	-	74,498	74,498
Total operating expenses before depreciation and amortization	5,259,410	1,604,610	2,240,244	9,104,264
Depreciation and amortization	1,115,455	839,257	36,181	1,990,893
Total operating expenses	\$ 6,374,865	\$ 2,443,867	\$ 2,276,425	\$ 11,095,157

Greater Lynchburg Transit Company, Inc.

Schedule 2

Schedule of Operating Expenses

Year Ended June 30, 2024

	Operations	Maintenance	General Administration	Total
Labor				
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
Fringe benefits	1,342,143	391,210	246,297	1,979,650
Services				
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
Materials and supplies				
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
Utilities				
Light, heat, power, and water	-	-	201,530	201,530
Communications	-	-	221,672	221,672
Total utilities	-	-	423,202	423,202
Insurance				
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

Schedule of Operating Expenses

Year Ended June 30, 2024

	Operations	Maintenance	General Administration	Total
Miscellaneous expenses				
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, Transdev 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 and amortization	5,117,195	1,650,939	2,234,830	9,002,964
Depreciation and amortization	910,394	843,504	47,901	1,801,799
Total operating expenses	\$ 6,027,589	\$ 2,494,443	\$ 2,282,731	\$ 10,804,763



Compliance Section



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; 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, 2025, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated November 24, 2025.

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
November 24, 2025

Greater Lynchburg Transit Company, Inc.

Summary of Compliance Matters

June 30, 2025

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-Law