



**FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2020**

JAUNT, INC.
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JAUNT, INC.

DIRECTORY OF PRINCIPAL OFFICIALS

BOARD OF DIRECTORS

Pat Thomas, President
William Wuensch, Vice President
Lucas Ames, Secretary
Raymond East, Treasurer

Christine Appert
Audrey Dannenberg
David Feisner
Willie Gentry
Raymond Heron

Fran Hooper
Dian McNaught
Juandiego Wade
Randolph Parker

KEY EMPLOYEES

Brad SheffieldChief Executive Officer
Karen Davis Chief Operating Officer
Chris RowlandChief Administrative Officer
Robin MunsonChief Financial Officer

INDEPENDENT AUDITORS

Robinson, Farmer, Cox Associates

FINANCIAL SECTION



Independent Auditors' Report

To the Board of Directors
JAUNT, Inc.
Charlottesville, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of JAUNT, Inc., as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Jaunt Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of JAUNT, Inc., as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 and budgetary comparison information on page 20 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise JAUNT, Inc.'s basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2021, on our consideration of JAUNT, Inc.'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 JAUNT, Inc.'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 JAUNT, Inc.'s internal control over financial reporting and compliance.



Charlottesville, Virginia
March 8, 2021

Management's Discussion and Analysis

To the Board of Directors
JAUNT, Inc.
Charlottesville, Virginia

As management of JAUNT, Inc, we offer readers of our financial statements this narrative and overview and analysis of the financial activities of the Corporation for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the information presented in the financial statements and notes to the financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to JAUNT's basic financial statements. The Corporation's basic financial statements are comprised of three components:

1. Fund financial & Government-wide financial statements
2. Notes to the financial statements.
3. Required Supplementary Information

This report also contains other supplementary information in addition to the basic financial statements themselves.

The Corporation has elected to report the fund financial statements and government-wide financial statements together as one financial statement. The conversion from fund financial statements to government-wide financial reporting is reported on the face of the financial statement with both types of financial statements reported as two separate columns. A description of both types of financial statements (columns) follows:

Government-wide financial statements - The Government-wide financial reporting is designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Corporation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of JAUNT is improving or deteriorating.

The statement of activities presents information showing how the Corporation's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. JAUNT, Inc. uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Overview of the Financial Statements (Continued)

Governmental Funds - Governmental Funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation, or adjustments, is presented between the two financial statement columns.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found on pages 9 through 19 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, other supplementary information for budgetary comparison and prior year comparisons.

Financial Highlights

- The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by \$10,817,366 (net position). Of this amount \$3,018,814 (unrestricted net position) may be used to meet the Corporation's ongoing obligations to customers and creditors.
- The Corporation's total net position increased by \$1,866,516 during the year.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Corporation's financial position. In the case of the Corporation, assets exceeded liabilities by \$10,817,366 at the close of the most recent fiscal year.

By far the largest portion of the Corporation's net position (76 percent) reflects its investment in capital assets. The Corporation utilizes the capital assets to provide services to its customers; consequently, these assets are not available for future spending.

	<u>Net Position</u>	
	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 3,632,172	\$ 2,330,457
Capital assets	<u>7,798,552</u>	<u>7,311,776</u>
Total assets	<u>\$ 11,430,724</u>	<u>\$ 9,642,233</u>
Compensated absences	\$ 176,108	\$ 123,022
Current liabilities	<u>439,317</u>	<u>568,345</u>
Total liabilities	<u>\$ 615,425</u>	<u>\$ 691,367</u>
Capital stock	<u>\$ 16</u>	<u>\$ 16</u>
Net position:		
Investment in capital assets	\$ 7,798,552	\$ 7,311,776
Unrestricted	<u>3,016,731</u>	<u>1,639,074</u>
Total net position	<u>\$ 10,815,283</u>	<u>\$ 8,950,850</u>

Financial Analysis (Continued)

At the end of the current fiscal year, the Corporation is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

	<u>Change in Net Position</u>	
	<u>2020</u>	<u>2019</u>
Revenues:		
Fee revenue	\$ 1,031,132	\$ 1,299,039
Intergovernmental	11,285,441	8,740,627
Investment income	9,730	14,132
Other revenue	105,721	19,095
	<u> </u>	<u> </u>
Total revenues	\$ 12,432,024	\$ 10,072,893
	<u> </u>	<u> </u>
Expenses:		
Current expense	\$ 8,691,829	\$ 8,052,428
Capital outlay	156,042	629,995
Depreciation	1,719,720	1,506,442
	<u> </u>	<u> </u>
Total expenses	\$ 10,567,591	\$ 10,188,865
	<u> </u>	<u> </u>
Increase in net position	\$ 1,864,433	\$ (115,972)
Net position, beginning of the year	8,950,850	9,066,822
	<u> </u>	<u> </u>
Net position, end of the year	\$ 10,815,283	\$ 8,950,850
	<u> </u>	<u> </u>

The Corporation's net position increased by \$1,866,516 during the current fiscal year. Total revenues increased by \$2,364,932 while total expenses increased \$382,444 from fiscal year 2019. The increase in revenues is largely attributed to intergovernmental revenues which represent a increase of \$2,364,932.

Capital Asset and Debt Administration

Capital Assets - The Corporation's investment in capital assets as of June 30, 2020 amounts to \$7,798,552 (net of accumulated depreciation). Investment in capital assets increased by approximately 7% during the year, due to net capital asset additions of \$2,267,918 and net depreciation expense of \$1,719,720. Below is a comparison of capital assets as of June 30, 2020 and June 30, 2019.

	<u>2020</u>	<u>2019</u>
Land	\$ 541,319	\$ 541,319
Construction in progress	-	1,269,831
Building and other improvements	5,209,255	3,714,671
Vehicles	9,011,933	8,193,880
Communication equipment	172,126	172,126
Office furniture	231,509	231,509
Computer equipment	1,308,801	1,349,301
Garage equipment	183,561	175,263
	<u> </u>	<u> </u>
Total capital assets	\$ 16,658,504	\$ 15,647,900
	<u> </u>	<u> </u>
Less: accumulated depreciation	(8,859,952)	(8,336,124)
	<u> </u>	<u> </u>
Total capital assets, net	\$ 7,798,552	\$ 7,311,776
	<u> </u>	<u> </u>

More detailed information on the Corporation's capital assets is presented in Note 5 of the Notes to the financial statements.

Review of Operations

During FY20, Jaunt maintained many of the initiatives it started in previous years to enhance services, empower staff with better information, and develop more regional partnerships. At the end of FY20, Jaunt began the implementation of a new commuter service from Crozet, Va. This service was in response to the overwhelming feedback received from the community regarding the need for transit. Early indications are that ridership will meet, and possibly exceed Jaunt's planning expectations. Jaunt continues to work with staff and drivers to further implement ways to make sure Jaunt collects the best information so it can inform staff on how to make better decisions. The driver score card continues to be used as the main tool, and a new schedule score card is under development. A new partnership was established in FY19 with the University of Virginia Foundation, which focuses on providing for a route between UVA's research park on Route 29 N, and the University Grounds. The service is open to any of the public seeking to travel between those two main destinations.

Requests for Information

This financial report is designed to provide a general overview of the Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, at 104 Keystone Place, Charlottesville, Virginia 22902.

Basic Financial Statements

GOVERNMENTAL FUNDS BALANCE SHEET /
STATEMENT OF NET POSITION
JUNE 30, 2020

	General Fund	Capital Fund	Total Governmental Funds	Adjustments (Note 2)	Statement of Net Position
ASSETS					
Cash and cash equivalents (Note 3)	\$ 2,201,422	\$ -	\$ 2,201,422	\$ -	\$ 2,201,422
Receivables, net of allowances	56,530	-	56,530	-	56,530
Due from other governmental units (Note 4)	1,212,479	-	1,212,479	-	1,212,479
Prepaid items	161,741	-	161,741	-	161,741
Capital assets (Note 5):					
Depreciable, net	-	-	-	7,257,233	7,257,233
Nondepreciable	-	-	-	541,319	541,319
Total assets	\$ 3,632,172	\$ -	\$ 3,632,172	\$ 7,798,552	\$ 11,430,724
LIABILITIES					
Accounts payable	\$ 236,763	\$ -	\$ 236,763	\$ -	\$ 236,763
Accrued payroll and related liabilities	202,554	-	202,554	-	202,554
Compensated absences (Note 6):					
Due within one year	-	-	-	176,108	176,108
Total liabilities	\$ 439,317	\$ -	\$ 439,317	\$ 176,108	\$ 615,425
FUND BALANCE/NET POSITION					
Capital stock, \$1 par value, 16 shares authorized, issued, and outstanding	\$ 16	\$ -	\$ 16	\$ -	\$ 16
Fund balance:					
Nonspendable:					
Prepaid items	\$ 161,741	\$ -	\$ 161,741	\$ (161,741)	\$ -
Committed:					
Board designation	531,000	-	531,000	(531,000)	-
Assigned:					
Board designation	304,000	-	304,000	(304,000)	-
Unassigned	2,196,098	-	2,196,098	(2,196,098)	-
Total fund balance	\$ 3,192,839	\$ -	\$ 3,192,839	\$ (3,192,839)	\$ -
Total equity	\$ 3,192,855	\$ -	\$ 3,192,855	\$ (3,192,839)	\$ 16
Total liabilities and equity	\$ 3,632,172	\$ -	\$ 3,632,172		
Net position:					
Investment in capital assets				\$ 7,798,552	\$ 7,798,552
Unrestricted				3,016,731	3,016,731
Total net position				<u>\$ 10,815,283</u>	<u>\$ 10,815,283</u>
Total net position and equity					<u>\$ 10,815,299</u>
Total liabilities and net position					<u>\$ 11,430,724</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Fund	Total Governmental Funds	Adjustments (Note 2)	Statement of Activities
Revenues:					
Fee revenue:					
Transportation fees	\$ 759,158	\$ -	\$ 759,158	\$ -	\$ 759,158
Fare box fees	271,974	-	271,974	-	271,974
Intergovernmental:					
Federal grants	3,336,538	1,641,766	4,978,304	-	4,978,304
Virginia Department of Rail and Public Transportation	1,534,513	328,354	1,862,867	-	1,862,867
Non-Federal/State	3,990,430	453,840	4,444,270	-	4,444,270
Investment income	9,730	-	9,730	-	9,730
Other	167,143	-	167,143	(61,422)	105,721
Total revenues	\$ 10,069,486	\$ 2,423,960	\$ 12,493,446	\$ (61,422)	\$ 12,432,024
Expenditures/expenses:					
Current:					
Salaries and wages	\$ 4,858,468	\$ -	\$ 4,858,468	\$ 49,025	\$ 4,907,493
Fringe benefits	1,844,280	-	1,844,280	4,061	1,848,341
Travel	180,889	-	180,889	-	180,889
Facility/Equip Maint/Utilities	164,482	-	164,482	-	164,482
Supplies	728,662	-	728,662	-	728,662
Marketing	16,432	-	16,432	-	16,432
Insurance	308,625	-	308,625	-	308,625
Professional services	450,760	-	450,760	-	450,760
Other	61,712	-	61,712	-	61,712
Capital outlay	-	2,423,960	2,423,960	(2,267,918)	156,042
Depreciation	-	-	-	1,719,720	1,719,720
Total expenditures/expenses	\$ 8,638,743	\$ 2,423,960	\$ 11,062,703	\$ (495,112)	\$ 10,567,591
Excess (deficiency) of revenues over (under) expenditures	\$ 1,430,743	\$ -	\$ 1,430,743	\$ 433,690	\$ 1,864,433
Transfers:					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers (out)	-	-	-	-	-
Net Transfers	\$ -	\$ -	\$ -	\$ -	\$ -
Change in fund balance/net position	\$ 1,430,743	\$ -	\$ 1,430,743	\$ 433,690	\$ 1,864,433
Fund balance/net position, beginning of year	1,762,096	-	1,762,096		8,950,850
Fund balance/net position, end of year	\$ 3,192,839	\$ -	\$ 3,192,839		\$ 10,815,283

The accompanying notes to the financial statements are an integral part of this statement.

JAUNT, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 1—Summary of Significant Accounting Policies:

A. The Financial Reporting Entity

JAUNT, Inc. (the “Corporation”) is a public service corporation created in 1982 by the City of Charlottesville and the Counties of Albemarle and Nelson. However, five localities currently own stock in the Corporation; City of Charlottesville, County of Albemarle, County of Nelson, and the Counties of Louisa and Fluvanna. Charlottesville and Albemarle each own 5 shares of capital stock, while the other participants each own 2 shares. Its purpose is to provide for the maintenance, development, improvement and use of public transportation in the rural and urbanized areas of these localities. Its vehicle fleet is used to transport the general public, agency clients, the elderly, and people with disabilities to work, agency programs, doctors’ offices, and retail businesses throughout Central Virginia.

These financial statements present JAUNT, Inc. as the primary government organization. A component unit is an entity for which the primary government is considered to be financially accountable. JAUNT, Inc. has no component units or jointly governed organizations.

JAUNT Friends, a 501(c)(3) non-profit corporation, is considered a related organization of the Corporation. The Board of Directors of JAUNT, Inc. elects all members of the Board of Directors of JAUNT Friends. JAUNT Friends was established in an effort to support the goals and missions of the Corporation through donations and other support. JAUNT Friends has different officers than JAUNT, Inc. The Corporation is not financially accountable for the related organization.

B. Financial Statement Presentation

Management’s Discussion and Analysis - GASB requires the financial statements be accompanied by a narrative introduction and analytical overview of the Corporation’s financial activities in the form of “management’s discussion and analysis” (MD&A).

The Corporation reports the following basic financial statements and other supplementary information:

- Basic Financial Statements
 - Governmental Funds Balance Sheet/Statement of Net Position
 - Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities
- Required Supplementary Information
 - Schedule of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual–General Fund
- Other Supplementary Information and Supporting Schedules
 - Schedule of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual–Capital Fund
 - Departmental Schedule of Sources and Uses of Financial Resources–Governmental Fund Type
 - Governmental Funds Balance Sheet/Statement of Net Position–Prior Year Comparison
 - Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities–Prior Year Comparison

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statement of net position and statement of activities are reported using the *economic resources measurement focus* and 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies.

Expenditures are recorded when the related fund liability is incurred.

The Corporation reports the following major governmental funds:

The *general fund* accounts for and reports all revenues and expenditures applicable to the general operations of the Corporation.

The *capital fund* accounts for and reports all capital grants and capital expenditures of the Corporation.

D. Budgets and Budgetary Accounting

JAUNT, Inc. uses the following procedures in establishing budgetary data:

- Proposed budgets are developed by staff and submitted to the Board in the fall for its approval.
- The Board approves the budget and applications are submitted to the local governments for funding.
- Meetings are held with local governments; budget alternatives are discussed and final local government decisions are made.
- The Board holds a public hearing prior to submission of federal and state budget applications.

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Budgets and Budgetary Accounting: (Continued)

- Staff personnel prepare a revised budget based on funding agency decisions and changes in services prior to June 30.
- The Board reviews and adopts the revised budget.
- The budget may be revised by the Board subsequent to the June adoption if significant changes in revenues or expenditures are expected.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to commit that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the Corporation. Encumbrances outstanding at year end are reported as committed fund balance since they do not constitute expenditures or liabilities.

F. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

G. Allowance for Uncollectible Accounts

The Corporation has not recorded an allowance for uncollectible amounts. Management believes that any uncollectible amounts would not be material to the financial statements.

H. Capital Assets

Capital assets purchased or constructed are stated at cost. Donated property is recorded at the acquisition value at the date of donation. Depreciation has been provided for over the following estimated useful lives using the straight-line method:

Building and other improvements	40 years
Vehicles	5 years
Communication and garage equipment	10 years
Office furniture	10 years
Computer equipment	3 years

I. Unearned Revenue

Unearned revenue consists of earned revenues not collected within 60 days of year end and grant proceeds that are to be used for future expenses.

Note 1—Summary of Significant Accounting Policies: (Continued)

J. Compensated Absences

The Corporation has policies which allow for the accumulation and vesting of limited amounts of vacation and sick leave until termination or retirement. Amounts of such absences are accrued when incurred in the statement of net position column of the financial statements. A liability for these amounts is reported in the governmental fund only when the leave is due and payable.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Corporation does not have any deferred outflows of resources as of June 30, 2020.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Corporation does not have any deferred inflows of resources as of June 30, 2020.

L. Use of Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues and expenditures. Actual results could differ from those estimates.

M. Fund Balances

Fund balances are required to be reported according to the following classifications:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government’s highest level of decision-making authority.

Assigned fund balance – Amounts that are constrained by the Corporation’s intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Note 1—Summary of Significant Accounting Policies: (Continued)

M. Fund Balances: (Continued)

Unassigned fund balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When fund balance resources are available for a specific purpose in more than one classification, it is generally the Corporation’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

N. Net Position

For the Corporation, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes JAUNT, Inc. will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is JAUNT, Inc.’s policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

JAUNT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

Note 2—Reconciliation of Financial Statements:

A. Reconciliation between Net Position and Fund Balance

Fund Balance of governmental funds	\$ 3,192,839
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,798,552
Certain liabilities are not payable from current financial resources and therefore are not reported in the funds.	(176,108)
Net position of governmental activities	<u>\$ 10,815,283</u>

B. Reconciliation between the Change in Net Position and the Excess of Revenues over Expenditures

Change in fund balance	\$ 1,430,743
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.	548,198
In the fund statements, the proceeds from the sale of assets increase financial resources. For governmental activities, only the loss is reported. Thus, the change in net position differs from the change in fund balance by the cost of the property sold.	(61,422)
Change in compensated absences	(53,086)
Change in net position	<u>\$ 1,864,433</u>

Note 3—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act, (the “Act”) Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

JAUNT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

Note 3—Deposits and Investments: (Continued)

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

The objective of the Corporation’s investment policy is to provide for the safekeeping of JAUNT, Inc. funds and for the production of interest income.

The Corporation’s investment policy requires the Corporation to invest the current operating funds in federally insured checking accounts of government-chartered commercial banks. The policy requires the investment of reserve funds to be held in time deposits similar to current operating funds, securities which are the direct or guaranteed obligations of the US Federal or state governments or investment pools sponsored by those governments.

Credit Risk of Debt Securities

The Corporation’s rated debt investments as of June 30, 2020 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

<u>Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ <u>607,045</u>
Total	\$ <u><u>607,045</u></u>

JAUNT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

Note 3—Deposits and Investments: (Continued)

Interest Rate Risk

The Corporation does not have a policy related to interest rate risk.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Value</u>	<u>1 Year</u>
Local Government Investment Pool	\$ <u>607,045</u>	\$ <u>607,045</u>

External Investment Pool

The fair value of the position in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

There was no investment activity during the year other than in securities of the types held at year end. Investments in LGIP are not subject to categorization.

Note 4—Due from Other Governmental Units:

A summary of funds due from other governmental units follows:

Commonwealth of Virginia:		
Department of Rail and Public Transportation:		
Capital	\$	13,908
New Freedom grant		23,083
Operating		23,784
Federal:		
Operating grant		1,079,412
Capital		69,543
New Freedom grant		<u>2,749</u>
Total	\$	<u>1,212,479</u>

JAUNT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

Note 5—Capital Assets:

The following summarizes the components of and changes in capital assets:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 541,319	\$ -	\$ -	\$ 541,319
Construction in progress	1,269,831	98,301	(1,368,132)	-
Total capital assets not being depreciated	<u>\$ 1,811,150</u>	<u>\$ 98,301</u>	<u>\$ (1,368,132)</u>	<u>\$ 541,319</u>
Capital assets being depreciated:				
Buildings and other improvements	\$ 3,714,671	\$ 1,494,584	\$ -	\$ 5,209,255
Vehicles	8,193,880	2,034,867	(1,216,814)	9,011,933
Communication equipment	172,126	-	-	172,126
Office furniture	231,509	-	-	231,509
Computer equipment	1,349,301	-	(40,500)	1,308,801
Garage equipment	175,263	8,298	-	183,561
Total capital assets being depreciated	<u>\$ 13,836,750</u>	<u>\$ 3,537,749</u>	<u>\$ (1,257,314)</u>	<u>\$ 16,117,185</u>
Accumulated depreciation:				
Buildings and other improvements	\$ (1,454,454)	\$ (136,900)	\$ -	\$ (1,591,354)
Vehicles	(5,221,746)	(1,501,705)	1,179,692	(5,543,759)
Communication equipment	(171,186)	(940)	-	(172,126)
Office furniture	(191,558)	(20,659)	16,200	(196,017)
Computer equipment	(1,202,620)	(41,125)	-	(1,243,745)
Garage equipment	(94,560)	(18,391)	-	(112,951)
Total accumulated depreciation	<u>\$ (8,336,124)</u>	<u>\$ (1,719,720)</u>	<u>\$ 1,195,892</u>	<u>\$ (8,859,952)</u>
Total capital assets being depreciated, net	<u>\$ 5,500,626</u>	<u>\$ 1,818,029</u>	<u>\$ (61,422)</u>	<u>\$ 7,257,233</u>
Total capital assets, net	<u>\$ 7,311,776</u>	<u>\$ 1,916,330</u>	<u>\$ (1,429,554)</u>	<u>\$ 7,798,552</u>

The Virginia Department of Rail and Public Transportation (VDRPT) has provided grants for certain automotive equipment. The Corporation cannot dispose of these items prior to the end of their useful life without approval from VDRPT.

JAUNT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

Note 6—Compensated Absences:

The following is a summary of changes in compensated absences:

Type	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Amounts Due Within One Year
Compensated absences	\$ 123,022	\$ 53,086	\$ -	\$ 176,108	\$ 176,108
Total	\$ 123,022	\$ 53,086	\$ -	\$ 176,108	\$ 176,108

Note 7—Risk Management:

The Risk Management Programs of the Corporation are as follows:

Workers' Compensation

Workers' Compensation insurance is provided through Selective Insurance. Premiums are based on payroll, job rates and claims experience. Total premiums paid by the Corporation for the fiscal year ended June 30, 2020 were \$166,487.

General Liability and Other

The Corporation purchases insurance coverage for exposure related to property, general, boiler, and machinery, flood, accident and automobile liability. The Corporation's property and contents are insured up to a limit of \$2,000,000 with additional coverage for tools and equipment. The Corporation provides Public Officials Liability insurance for employees, directors, and officers in an amount up to \$1,000,000. The Corporation maintains an additional \$5,000,000 umbrella policy over all forms of liability insurance. Total premiums for purchased coverage for the year ended June 30, 2020 were \$308,625.

Healthcare

The Corporation provides healthcare coverage for employees through a policy with Optima Health for health coverage and Anthem Dental for dental coverage. JAUNT, Inc. contributes \$760 of the monthly premium amount for single coverage for each eligible employee. Dependents of employees are also covered by the policy provided they pay the additional premium to the Corporation. Total premiums paid for the year ended June 30, 2020 were approximately \$737,873 and \$13,387 for health and dental premiums, respectively.

There were no significant reductions in insurance coverages from the prior year and no settlements that exceeded the amount of insurance coverage during the last three fiscal years.

JAUNT, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

Note 8—Contingencies:

Grant Programs

Federal programs in which the Corporation participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, under the term of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, would not be material to the financial position of the Corporation.

Note 9—Section 457 Deferred Compensation Plan:

JAUNT, Inc. offers its employees a deferred compensation plan created in accordance with the Internal Revenue Service Code Section 457. The plan's name is the Deferred Compensation Plan for Employees of JAUNT, INC and its administrator is JAUNT, Inc. Duly authorized employees of the Corporation may amend the plan's provisions, including its contribution requirements.

The plan, available to all employees, permits them to defer the payment of a portion of their salary until future years. Participants are fully vested in their salary deferral at all times. Employees become vested in employer contributions as follows: 50% after three years of service and 25% each year thereafter until fully vested after five years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. The plan administrators report quarterly to the individual employees. The Corporation contributes \$.50 on every \$1 up to 6% of employee contributions made during the plan year. For the fiscal year 2020, the Corporation contributed \$328,791 to the plan.

Note 10—Subsequent Events:

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on future operations and financial results of the Center will depend on future developments, including the duration and spread of the outbreak within areas of operation, all of which are highly uncertain.

Required Supplementary Information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
SOURCES OF FINANCIAL RESOURCES				
Revenues:				
Fee revenue:				
Transportation fees	\$ 932,439	\$ 743,016	\$ 759,158	\$ 16,142
Fare box fees	437,383	280,167	271,974	(8,193)
Intergovernmental:				
Federal grants	2,664,636	3,634,485	3,336,538	(297,947)
Virginia Department of Rail and Public Transportation	1,291,713	1,572,128	1,534,513	(37,615)
Non-Federal/State	4,526,747	4,526,747	3,990,430	(536,317)
Investment income	-	-	9,730	9,730
Other	-	-	167,143	167,143
Total revenues	\$ 9,852,918	\$ 10,756,543	\$ 10,069,486	\$ (687,057)
USES OF FINANCIAL RESOURCES				
Expenditures:				
Non-operations	\$ 2,408,164	\$ 2,629,020	\$ 1,961,693	\$ 667,327
Operations	6,737,047	7,354,911	5,756,408	1,598,503
Special grants	93,457	102,028	77,044	24,984
Non-transit	614,250	670,584	843,598	(173,014)
Total expenditures	\$ 9,852,918	\$ 10,756,543	\$ 8,638,743	\$ 2,117,800
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,430,743	\$ 1,430,743
Other Financing Sources (Uses)				
Transfers in (out)	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ 1,430,743	\$ 1,430,743

Other Supplementary Information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - CAPITAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
SOURCES OF FINANCIAL RESOURCES				
Revenues:				
Intergovernmental:				
Federal grants	\$ 721,176	\$ 3,161,852	\$ 1,641,766	\$ (1,520,086)
Virginia Department of Rail and Public Transportation	180,294	790,463	328,354	(462,109)
Total revenues	\$ 901,470	\$ 3,952,315	\$ 2,423,960	\$ (1,528,355)
USES OF FINANCIAL RESOURCES				
Expenditures:				
Capital outlay	\$ 901,470	\$ 3,952,315	\$ 2,423,960	\$ 1,528,355
Total expenditures	\$ 901,470	\$ 3,952,315	\$ 2,423,960	\$ 1,528,355
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other Financing Sources (Uses)				
Transfers in (out)	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

Supporting Schedules

DEPARTMENTAL SCHEDULE OF SOURCES AND USES OF FINANCIAL RESOURCES
 GOVERNMENTAL FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Non-Operations</u>	<u>Operations</u>	<u>Special Grants</u>	<u>Capital</u>	<u>Non-Transit</u>	<u>Totals</u>
SOURCES OF FINANCIAL RESOURCES						
Revenues:						
Fee revenue:						
Transportation fees	\$ -	\$ -	\$ -	\$ -	\$ 759,158	\$ 759,158
Fare box fees	-	271,974	-	-	-	271,974
Intergovernmental:						
Federal grants	663,531	2,617,945	55,062	1,641,766	-	4,978,304
Virginia Department of Rail and Public Transportation	336,157	1,180,771	17,585	328,354	-	1,862,867
Non-Federal/State	962,005	1,685,718	4,397	453,840	1,338,310	4,444,270
Investment income	-	-	-	-	9,730	9,730
Other	-	-	-	-	167,143	167,143
Total revenues	<u>\$ 1,961,693</u>	<u>\$ 5,756,408</u>	<u>\$ 77,044</u>	<u>\$ 2,423,960</u>	<u>\$ 2,274,341</u>	<u>\$ 12,493,446</u>
Total sources of financial resources	<u>\$ 1,961,693</u>	<u>\$ 5,756,408</u>	<u>\$ 77,044</u>	<u>\$ 2,423,960</u>	<u>\$ 2,274,341</u>	<u>\$ 12,493,446</u>
USES OF FINANCIAL RESOURCES						
Expenditures:						
Current:						
Salaries and wages	\$ 843,790	\$ 3,790,036	\$ 50,200	\$ -	\$ 174,442	\$ 4,858,468
Fringe benefits/Staff development	256,653	1,346,775	26,844	-	214,008	1,844,280
Travel	5,853	-	-	-	175,036	180,889
Facility/Equip Maint/Utilities	126,936	15,250	-	-	22,296	164,482
Supplies	153,698	513,745	-	-	61,219	728,662
Marketing	15,159	-	-	-	1,273	16,432
Insurance	297,428	-	-	-	11,197	308,625
Professional fees	227,151	90,602	-	-	133,007	450,760
Accident maintenance	-	-	-	-	24,433	24,433
Other	35,025	-	-	-	26,687	61,712
Capital outlay	-	-	-	2,423,960	-	2,423,960
Total expenditures	<u>\$ 1,961,693</u>	<u>\$ 5,756,408</u>	<u>\$ 77,044</u>	<u>\$ 2,423,960</u>	<u>\$ 843,598</u>	<u>\$ 11,062,703</u>
Total uses of financial resources	<u>\$ 1,961,693</u>	<u>\$ 5,756,408</u>	<u>\$ 77,044</u>	<u>\$ 2,423,960</u>	<u>\$ 843,598</u>	<u>\$ 11,062,703</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,430,743</u>	<u>\$ 1,430,743</u>

GOVERNMENTAL FUNDS BALANCE SHEET /
STATEMENT OF NET POSITION - PRIOR YEAR COMPARISON
JUNE 30, 2020 and 2019

	Governmental Funds		Statement of Net Position	
	2020	2019	2020	2019
ASSETS				
Cash and cash equivalents (Note 3)	\$ 2,201,422	\$ 1,124,517	\$ 2,201,422	\$ 1,124,517
Receivables, net of allowances	56,530	262,185	56,530	262,185
Due from other governmental units (Note 4)	1,212,479	741,124	1,212,479	741,124
Prepaid items	161,741	202,631	161,741	202,631
Capital assets (Note 5)				
Depreciable, net	-	-	7,257,233	5,500,626
Nondepreciable	-	-	541,319	1,811,150
Total Assets	\$ 3,632,172	\$ 2,330,457	\$ 11,430,724	\$ 9,642,233
LIABILITIES				
Accounts payable	\$ 236,763	\$ 233,520	\$ 236,763	\$ 233,520
Accrued payroll and related liabilities	202,554	331,533	202,554	331,533
Deferred revenue	-	3,292	-	3,292
Compensated absences (Note 6):				
Due within one year	-	-	176,108	123,022
Total Liabilities	\$ 439,317	\$ 568,345	\$ 615,425	\$ 691,367
FUND BALANCE/NET POSITION				
Capital stock, \$1 par value, 16 shares authorized, issued, and outstanding	\$ 16	\$ 16	\$ 16	\$ 16
Fund balance:				
Nonspendable:				
Prepaid items	\$ 161,741	\$ 202,631	\$ -	\$ -
Committed:				
Board designation	531,000	531,000	-	-
Assigned:				
Board designation	304,000	304,000	-	-
Unassigned	2,196,098	724,465	-	-
Total fund balance	\$ 3,192,839	\$ 1,762,096	\$ -	\$ -
Total equity	\$ 3,192,855	\$ 1,762,112	\$ 16	\$ 16
Total liabilities and equity	\$ 3,632,172	\$ 2,330,457		
Net position:				
Investment in capital assets			\$ 7,798,552	\$ 7,311,776
Unrestricted			3,016,731	1,639,074
Total net position			\$ 10,815,283	\$ 8,950,850
Total net position and equity			\$ 10,815,299	\$ 8,950,866
Total liabilities and net position			\$ 11,430,724	\$ 9,642,233

STATEMENT OF GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES /
STATEMENT OF ACTIVITIES - PRIOR YEAR COMPARISON
FOR THE YEARS ENDED JUNE 30, 2020 and 2019

	Governmental Funds		Statement of Activities	
	2020	2019	2020	2019
Revenues:				
Fee revenue:				
Transportation fees	\$ 759,158	\$ 921,221	\$ 759,158	\$ 921,221
Fare box fees	271,974	377,818	271,974	377,818
Intergovernmental:				
Federal grants	4,978,304	3,437,830	4,978,304	3,437,830
VA Dept. of Rail and Public Transportation	1,862,867	1,319,369	1,862,867	1,319,369
Non-Federal/State	4,444,270	3,983,428	4,444,270	3,983,428
Investment income	9,730	14,132	9,730	14,132
Other	167,143	33,408	105,721	19,095
Total revenues	\$ 12,493,446	\$ 10,087,206	\$ 12,432,024	\$ 10,072,893
Expenditures/Expenses:				
Current:				
Salaries and wages	\$ 4,858,468	\$ 4,443,293	\$ 4,907,493	\$ 4,442,675
Fringe benefits	1,844,280	1,861,267	1,848,341	1,861,220
Travel	180,889	89,977	180,889	89,977
Facility/Equip Maint/Utilities	164,482	83,159	164,482	83,159
Supplies	728,662	710,055	728,662	710,055
Marketing	16,432	24,255	16,432	24,255
Insurance	308,625	276,545	308,625	276,545
Professional services	450,760	495,655	450,760	495,655
Accident maintenance	24,433	9,425	24,433	9,425
Other	61,712	59,462	61,712	59,462
Capital outlay	2,423,960	2,346,437	156,042	629,995
Depreciation	-	-	1,719,720	1,506,442
Total expenditures/expenses	\$ 11,062,703	\$ 10,399,530	\$ 10,567,591	\$ 10,188,865
Excess (deficiency) of revenues over expenditures	\$ 1,430,743	\$ (312,324)	\$ 1,864,433	\$ (115,972)
Fund balance/net position, beginning of year	1,762,096	2,074,420	8,950,850	9,066,822
Fund balance/net position, end of year	\$ 3,192,839	\$ 1,762,096	\$ 10,815,283	\$ 8,950,850

COMPLIANCE SECTION



**Independent Auditors' 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***

To the Board of Directors
JAUNT, Inc.
Charlottesville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of JAUNT, Inc., as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise JAUNT, Inc.'s basic financial statements, and have issued our report thereon dated March 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered JAUNT, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JAUNT, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of JAUNT, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses (2020-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether JAUNT, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

JAUNT, Inc.'s Response to Findings

JAUNT, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Jaunt, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
March 8, 2021



**Independent Auditors' Report on Compliance For Each Major Program and
on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors
JAUNT, Inc.
Charlottesville, Virginia

Report on Compliance for Each Major Federal Program

We have audited JAUNT, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of JAUNT, Inc.'s major federal programs for the year ended June 30, 2020. JAUNT, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of JAUNT, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about JAUNT, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of JAUNT, Inc.'s compliance.

Basis for Qualified Opinion on Formula Grants for Rural Areas and Tribal Transit Program and Federal Transit Cluster

As described in the accompanying schedule of findings and questioned costs, JAUNT, Inc. did not comply with requirements regarding CFDA 20.509 Formula Grants for Rural Areas and Tribal Transit Program and 20.507/20.526 Federal Transit Cluster as described in findings numbers 2020-001 and 2020-002 for program income. Compliance with such requirements is necessary, in our opinion, for JAUNT, Inc. to comply with the requirements applicable to that program.

Qualified Opinion on Formula Grants for Rural Areas and Tribal Transit Program and Federal Transit Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, JAUNT, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Formula Grants for Rural Areas and Tribal Transit Program and Federal Transit Cluster for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of JAUNT, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered JAUNT, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of JAUNT, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or 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.

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.

Robinson, Kammel, Cox Associates

Charlottesville, Virginia
March 8, 2021

JAUNT, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Identification Number	Federal Expenditures
Department of Transportation			
<u>Pass-through:</u>			
<u>Virginia Department of Rail and Public Transportation</u>			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	42018-22, 42018-19, 42018-21 42018-23, 42018-79, 42019-13 42019-14, 42019-15, 42019-16 42020-16, 42520-20	\$ 2,811,503
<u>Total Formula Grants for Rural Areas</u>			<u>\$ 2,811,503</u>
<u>Federal Transit Cluster</u>			
<u>Pass-through:</u>			
<u>Charlottesville Area Transit</u>			
Federal Transit Formula Grants	20.507		\$ 669,030
COVID-19 Federal Transit Formula Grants	20.507		731,765
			<u>\$ 1,400,795</u>
<u>Virginia Department of Rail and Public Transportation</u>			
Bus and Facilities Formula Program	20.526	42019-12	722,924
<u>Total Federal Transit Cluster</u>			<u>\$ 2,123,719</u>
<u>Transit Services Programs Cluster</u>			
<u>Pass-through:</u>			
<u>Virginia Department of Rail and Public Transportation</u>			
New Freedom Program	20.521	44020-10	\$ 43,082
<u>Total Transit Services Programs Cluster</u>			<u>43,082</u>
Total Expenditures of Federal Awards			<u>\$ 4,978,304</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of JAUNT, Inc. under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of JAUNT, Inc., it is not intended to and does not present the financial position, changes in net position, or cash flows of JAUNT, Inc.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in JAUNT, Inc's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 3,336,538
Capital Fund	1,641,766
Total primary government	<u>\$ 4,978,304</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 4,978,304</u>
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Note 4 - Indirect Cost Rate

The Corporation has elected to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

Note 5 - Subrecipients

Pass-through entity identifying numbers are presented where available. No awards were passed through to subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Modified
Any audit findings disclosed that are required to be reported in accordance with 2 CFS Section 200.516(a)	Yes
Identification of major programs:	

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
20.509 20.507/20.526	Formula Grants for Rural Areas and Tribal Transit Program Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

JAUNT, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020 (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2020-001 Material Weakness - Management Override of Internal Controls

Criteria: Employees, including management should adhere to internal control policies of the Corporation.

Condition: The Chief Executive Officer violated internal control policies of the Corporation.

Cause: Management failed to enforce internal control policies.

Effect: There were numerous expenses for goods, services, and travel which violated internal control policies of the Corporation.

Recommendation:

We recommend the Corporation enforce its internal control policies that are in place, and management seek approval from the Board of Directors for business related travel plans.

Management Response:

This Finding was discovered as a result of this audit.

Upon discovery, the Board of Directors and Senior Leadership took immediate remedial action. The CEO has been separated from the Corporation.

The process for CEO expense reimbursement has been modified to add Board, pre-approval. In addition, the Corporation is reviewing other current policies and procedures to improve internal controls around CEO level spending, including the directive that training, conferences and travel must be pre-approved by the Board of Directors prior to the date of travel and payment. Further, to re-emphasize the Corporation's top-down commitment to a culture of compliance we are taking the following long-term steps to demonstrate tone-from-the-top:

- i. Institute an annual circulation of the President's Message about Jaunt's commitment to a culture of compliance.
- ii. Perform a special, all-employee Business Ethics Training, with an emphasis on review of the revised policies and procedures such as employee reporting requirements for the Corporation's policy or ethical violations, including violations by senior leaders. The training will also include information about all available reporting resources.
- iii. The Corporation is appointing an Ethics Officer who will be an additional avenue of anonymous and/or other reporting for known violations of policy or ethical concerns.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2020-001 Material Weakness - Management Override of Internal Controls

Criteria: Employees, including management should adhere to internal control policies of the Corporation.

Condition: The Chief Executive Officer violated internal control policies of the Corporation.

Cause: Management failed to enforce internal control policies.

Effect: There were numerous expenses for goods, services, and travel which violated internal control policies of the Corporation.

Recommendation:

We recommend the Corporation enforce its internal control policies that are in place, and management seek approval from the Board of Directors for business related travel plans.

Management Response:

Please note that this is the same Finding reported under Section II above and the response is the same:

Upon discovery, the Board of Directors and Senior Leadership took immediate remedial action. The CEO has been separated from the Corporation.

The process for CEO expense reimbursement has been modified to add Board, pre-approval. In addition, the Corporation is reviewing other current policies and procedures to improve internal controls around CEO level spending, including the directive that training, conferences and travel must be pre-approved by the Board of Directors prior to the date of travel and payment. Further, to re-emphasize the Corporation's top-down commitment to a culture of compliance we are taking the following long-term steps to demonstrate tone-from-the-top:

- i. Institute an annual circulation of the President's Message about Jaunt's commitment to a culture of compliance.
- ii. Perform a special, all-employee Business Ethics Training, with an emphasis on review of the revised policies and procedures such as employee reporting requirements for the Corporation's policy or ethical violations, including violations by senior leaders. The training will also include information about all available reporting resources.
- iii. The Corporation is appointing an Ethics Officer who will be an additional avenue of anonymous and/or other reporting for known violations of policy or ethical concerns.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2020-002 Federal Award Finding - Program Income:

Programs: Federal Transit Cluster (CFDA 20.507/20.526 - Department of Transportation)
Formula Grants for Rural Areas and Tribal Transit Program (CFDA 20.509 - Department of Transportation)

Federal Award Number: VA-2018-034	Year: 2020
Federal Award Number: VA-2019-023	Year: 2020
Federal Award Number: VA-2020-019	Year: 2020

Criteria: Program income is gross income that is earned by a non-federal entity that is directly generated by a supported activity or earned as a result of the federal award during the period of performance (unless there is a requirement for disposition of program income after the end of the period of performance as provided in 2 CFR section 200.307(f)). Program income is subject to restrictions on use in accordance with 2 CFR section 200.307(e).

Condition: The Corporation entered into contracts to provide transportation services with equipment funded from federal programs. Revenues generated from contracts were pooled with other local revenues.

Context: The Corporation did not properly segregate program income from local revenue sources. The commingling of funds resulted in the inability to determine if program income was expended in compliance with program income requirements set by the Department of Transportation.

Cause: The Corporation was not aware of the program income restrictions that applied to gross income directly generated by federally funded assets.

Effect: The Corporation has not complied with its program income requirements.

Questioned Costs: Because program income was pooled with other local revenues, the total amount of questioned costs, if any, could not be determined.

Recommendation:

We recommend the Corporation implement procedures to ensure compliance with related grant awards.

Management Response:

The Finding was first discovered as a result of this Audit. Upon discovery, the Corporation took immediate remedial steps by investigating and amending its policies and procedures to comply with the Auditor's recommendation.