Greater Dayton Regional Transit Authority

MONTGOMERY COUNTY

SINGLE AUDIT

For the Years Ended December 31, 2022 and 2021

Charles E. Harris
& Associates, Inc.
CPAs and Government Consultants

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Trustees
Greater Dayton Regional Transit Authority
4 South Main Street
Dayton, OH 45402

We have reviewed the *Independent Auditor's Report* of the Greater Dayton Regional Transit Authority, Montgomery County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Greater Dayton Regional Transit Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 03, 2023

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Greater Dayton Regional Transit Authority
Montgomery County
Single Audit
For the Years Ended December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Greater Dayton Regional Transit Authority
4 South Main Street
Dayton, Ohio 45402

To the Board of Trustees:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Greater Dayton Regional Transit Authority, Montgomery County, Ohio (the Authority), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Dayton Regional Transit Authority, Montgomery, Ohio as of December 31, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. Our opinion is not modified with respect to this matter.

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.

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 Authority'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 opinions. 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 GAAS and the financial audit standards in the Comptroller General of the United States' *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 GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 Authority'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 Authority'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 audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedules of net pension asset/liability and net OPEB asset/liability, schedules of pension and OPEB contributions, schedules of changes in net OPEB liability and related ratio, retiree death benefit plan contributions, and retiree death benefit investment returns 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards (the Schedule) as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is 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 July 28 2023, on our consideration of Authority's internal control over financial reporting and 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 Authority'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 Authority's internal control over financial reporting and compliance.

Charles E Harris Associates

Charles E. Harris & Associates, Inc.
July 28 2023

Greater Dayton Regional Transit Authority
Management's Discussion and Analysis
As of and for the years ended December 31, 2022 and 2021
(Unaudited)

The following Management's Discussion and Analysis (MD&A) of the Greater Dayton Regional Transit Authority's (the Authority) financial performance provides an introduction to the financial statements for the years ended December 31, 2022 and 2021. The information contained in this MD&A should be considered in conjunction with the information contained in the Authority's financial statements.

Overview of the Financial Statements

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated (except land and construction in progress) over their estimated useful lives. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Following this MD&A are the basic financial statements of the Authority together with the notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The **Statements of Net Position** present information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the assets and deferred outflows of resources less the liabilities and deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial capacity of the Authority is improving or deteriorating. An increase in assets and deferred outflows of resources without a corresponding increase in liabilities and deferred inflows of resources will result in increased net position, which indicates improved financial condition.

The **Statements of Revenues, Expenses, and Changes in Net Position** present information showing how the Authority's net position changed during the most recent years. All changes in net position are reported as soon as the event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The **Statements of Cash Flows** report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provide answers to such questions as where did cash come from, what was cash used for, and what were the changes in the cash balances during the reporting period.

In addition to the basic financial statements and accompanying notes, this report also presents:

- Schedules of Required Supplementary Information:
    - Schedule of the Authority's Proportionate Share of the Net Pension Asset
    - Schedule of the Authority's Proportionate Share of the Net Pension Liability
    - Schedule of the Authority's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability or Asset
    - Schedule of the Authority's Pension Contributions
    - Schedule of the Authority's OPEB Contributions
    - Schedules of Changes in the Authority's Net OPEB Liability and Related Ratio, Retiree Death Benefit Plan
    - Schedule of the Authority's OPEB Contributions, Retiree Death Benefit Plan
    - Schedules of Investment Returns, Retiree Death Benefit Plan
    - Notes to Required Supplementary Information, Retiree Death Benefit Plan
    - Notes to Required Supplementary Information, Ohio Public Employees Retirement System

- Schedule of Supplementary Information:
  - Schedule of Expenditures of Federal Awards
  - Notes to the Schedule of Expenditures of Federal Awards.

Fiduciary Fund

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefits) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Authority under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Authority's own programs. Custodial funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Authority's fiduciary fund is an employee benefit trust fund which accounts for the Authority's Retired Employees Self-Insured Death Benefit Plan.

Financial Highlights

Summary of Authority's Financial Highlights for the year 2022:

- The Authority's total net position increased $24.3 million or 9.8% over the course of the year's operations. The Operating loss of $62.1 million combined with non-operating revenues of $78.6 million results in a gain before capital grant equity of $16.5 million. Federal operating assistance of $30.9 million and sales tax revenue (net of sales tax collection fee) of $48.5 million are the largest categories of non-operating revenues. Capital grant funding of $7.8 million awarded by the Federal Transit Administration (FTA), the Ohio Department of Transportation (ODOT) and Other Local Sources had a positive impact on the change in net position.

- Operating revenues, consisting of passenger fares, special transit fares, and service subsidies decreased $.3 million or 5.2% as a result of the COVID-19 global pandemic and service impacts.

- Sales tax revenue (net of sales tax collection fee) increased $1.6 million or 3.4% in comparison to 2021. Sales tax accounts for 55% of all funding for 2022 as compared to 44% for 2021. This year's increase of $1.6 million is tied the inflationary factors.

- State assistance was relatively flat with an increase of $72k in comparison to 2021.

- Federal operating assistance decreased $20.7 million or 40.1% in comparison to 2021. The difference relates to 2021 CARES Act Funding.

- Interest income was $1.0 million higher than 2021 due to higher interest rates.

- Operating expenses, excluding depreciation, increased $15.6 million or 45.9% in comparison to 2021. The significant increase relates to year end GASB 68 and 75 adjustments.

Summary of Authority's Financial Highlights for the year 2021:

- The Authority's total net position increased $70.1 million or 39.6% over the course of the year's operations. The Operating loss of $46.5 million was more than offset by non-operating revenues of $100.7 million. Federal CARES Act funding and operating assistance totaling $51.7 million, combined with sales tax revenue (net of sales tax collection fee) of $46.9 million equal 98% of total non-operating revenues. Federal CARES Act funding alone was $33.6 million and was specifically utilized to offset operating losses. In addition, $15.9 million of capital grant funding awarded by the FTA, ODOT and Other Local

Sources contributed to the significant increase in net position.

- Operating revenues, consisting of passenger fares, special transit fares, and service subsidies decreased $1.3 million or 20.9% as a result of the COVID-19 global pandemic.
- Sales tax revenue (net of sales tax collection fee) increased $5.7 million or 13.8% in comparison to 2020. Sales tax accounts for 44% of all funding for 2021 as compared to 40% for 2020. This year's increase is tied to an increase in on-line sales along with improvements in Montgomery County's overall economy.
- State assistance was relatively flat with a decrease of $.3 million in comparison to 2020.
- Federal operating assistance increased $.5 million or .9% in comparison to 2020. CARES Act Funding is included in this category for both years.
- Interest income was $19k or 5.7% lower than 2020 due to low interest rates.
- Operating expenses, excluding depreciation, decreased $33.9 million or 50.0% in comparison to 2020. The large decrease relates to year end GASB 68 and 75 adjustments.

Financial Position

The following represents the Authority's financial position for the years ended December 31:

Net Position	2022	2021	2020
Current assets	$ 89,329,930	$ 84,891,465	$ 65,424,040
Non-current assets	62,856,316	47,178,404	22,397,129
Capital assets, net	182,523,279	189,293,699	189,458,499
Total assets	334,709,525	321,363,568	277,279,668
Deferred outflows of resources	8,494,257	8,720,343	12,318,090
Current liabilities	17,990,736	16,614,814	15,758,224
Non-current liabilities	20,403,296	36,780,365	78,628,831
Total liabilities	38,394,032	53,395,179	94,387,055
Deferred inflows of resources	33,335,322	29,517,474	18,139,284
Net position:			
Net Investment in capital assets	182,523,279	189,293,699	189,458,499
Unrestricted	88,951,149	57,877,559	(12,387,080)
	$ 271,474,428	$ 247,171,258	$ 177,071,419

An analysis of significant changes in assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for the years 2022 and 2021 are as follows:

The net pension liability/asset of the Authority at December 31, 2022 and 2021 is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net OPEB asset of the Authority at December 31, 2022 and 2021 is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB Statement 75 was initially implemented December 31, 2018 and significantly revised accounting for costs and liabilities/assets related to OPEB.

For reasons discussed below, many end users of these financial statements will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the OPEB liability (NOL) to the reported net position and subtracting deferred outflows related to pension and OPEB, the net pension asset and OPEB asset (NOA).

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset to equal the Authority's proportionate share of each plan's collective:

1) Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service,
2) Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. Changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability/asset and net OPEB asset, respectively, not accounted for as deferred inflows/outflows.

The Authority's total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by $271.5 million and $247.2 million, as of December 31, 2022 and 2021, respectively. The largest portion of the Authority's net position each year ($182.5 million and $189.3 million as of December 31, 2022 and 2021, respectively) represents its investment in capital assets. The Authority uses these capital assets to provide services to taxpayers and citizens of Montgomery County; consequently, these assets are not available for future spending.

To further explain the impact of GASB 68 and GASB 75 on the Authority's net position, additional information is presented below:

	2022	2021
Net pension asset	$ 885,140	$ 638,688
Deferred outflows - pension	8,221,040	5,945,702
Deferred outflows - OPEB	273,217	2,774,641
Deferred inflows - pension	(25,963,233)	(16,221,715)
Deferred inflows - OPEB	(7,372,089)	(13,295,759)
Net pension liability	(19,155,942)	(35,536,702)
Net OPEB asset	6,842,376	4,212,314
Impact of GASB 68 and GASB 75 on net position	$ (36,269,491)	$ (51,482,831)

For 2022, the net expense impact of GASB 68 and 75 was $15,213,340. This was from reporting the decrease in the Authority's proportionate share of the pension and other post-employment benefit liability or asset of the Ohio Public Employment Retirement System. This adjustment was a negative expense which decreased expenses.

Capital Assets

The largest portion of the Authority's net position is its investment in capital assets. Capital assets include land and land improvements, construction in progress, revenue producing and service equipment, buildings and structures, shop equipment, office furnishings and other. The Authority uses substantially all of these capital assets to provide public transportation services. Substantially, most, if not all, capital assets are not available to liquidate liabilities or for other spending.

Equity related to capital acquisitions is reflected in the line item "Net investment in capital assets". The equity includes funding provided by the FTA and ODOT. Approximately 80% of the equity pertains to the FTA and ODOT, whereas approximately 20% relates to local match dollars provided by the Authority. The equity related to the FTA and ODOT cannot be liquidated to provide a source of cash flow, as any premature sale would require payments to both the FTA and ODOT for their remaining equity in capital equipment.

Major capital asset expenditures during 2022 included the following:

- Wright Stop Plaza concourse and 601 Longworth Street renovation
- Longworth street substation
- Trolley bus infrastructure wire rebuild projects on routes 8 North and 7 South

Major capital asset expenditures during 2021 included the following:

- Two service vehicles
- Trolley bus infrastructure wire rebuild projects on routes 5 North and 7 North
- General overhead trolley bus infrastructure projects
- In-ground hoist for maintenance

Changes in Net Position	**2022**	**2021**	**2020**
Operating revenues	$ 4,794,345	$ 5,055,316	$ 6,392,812
Operating expenses excluding depreciation	(49,595,590)	(33,990,132)	(67,923,232)
Depreciation expense	(17,322,408)	(17,614,506)	(17,892,271)
Operating Loss	(62,123,653)	(46,549,322)	(79,422,691)
Non-operating revenues (expenses)			
Sales tax proceeds, net	48,467,713	46,869,794	41,189,106
State assistance	2,226,731	2,154,893	2,457,625
Federal assistance	30,927,232	51,658,583	51,188,892
Investment income	1,281,767	309,160	327,709
Net increase (decrease) in fair value of investments	(3,036,650)	(699,745)	236,337
Regional transit subsidies	(1,442,487)	-	-
Other	187,539	417,428	483,766
Net non-operating revenues	78,611,845	100,710,113	95,883,435
Capital grant equity	7,814,978	15,939,048	45,604,193
Change in net position	24,303,170	70,099,839	62,064,937
Net position, beginning of year	247,171,258	177,071,419	115,006,482
Net position, end of year	$ 271,474,428	$ 247,171,258	$ 177,071,419

An analysis of changes in revenues and expenses for the year 2022 is as follows:

- Operating revenues decreased $.3 million or 5.2% as a result of the COVID-19 global pandemic and service impacts.
- Operating expenses, excluding depreciation, increased $15.6 million or 45.9% in comparison to 2021. The significant increase relates to year end GASB 68 and 75 adjustments.
- Depreciation expense was relatively flat with a decrease of $.3 million or 1.7%.
- Sales tax revenue (net of sales tax collection fee) increased $1.6 million or 3.4% in comparison to 2021. This year's increase is tied to inflationary factors.
- State assistance was relatively flat with an increase of $72k in comparison to 2021.

An analysis of changes in revenues and expenses for the year 2021 is as follows:

- Operating revenues decreased $1.3 million or 20.9% as a result of the COVID-19 global pandemic.
- Operating expenses, excluding depreciation, decreased $33.9 million or 50.0% in comparison to 2020. The large decrease relates to year end GASB 68 and 75 adjustments.
- Depreciation expense was relatively flat with a decrease of $.3 million or 1.6%.
- Sales tax revenue (net of sales tax collection fee) increased $5.7 million or 13.8% in comparison to 2020. This year's increase is tied to an increase in on-line sales along with improvements in Montgomery County's overall economy.
- State assistance was relatively flat with a decrease of $.3 million in comparison to 2020.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Greater Dayton Regional Transit Authority, 4 South Main Street, Dayton, Ohio 45402.

Greater Dayton Regional Transit Authority

Statements of Net Position

As of December 31, 2022 and 2021

		2022		2021
Assets				
Current assets:				
Cash and cash equivalents (note 4)	$	12,038,330	$	19,188,132
Short-term investments (note 4)		34,973,491		16,158,413
Accounts receivable, less allowance for doubtful accounts of $8,547 in 2022 and $8,547 in 2021 (note 3)		33,830,311		40,858,413
Materials and supplies		6,634,718		7,026,721
Prepaid expenses and deposits		1,853,080		1,659,787
Total current assets		89,329,930		84,891,465
Non-current assets:				
Long-term investments (note 4)		55,128,800		42,327,402
Net pension asset (notes 2 & 6)		885,140		638,688
Net other post employment benefits asset (notes 2 & 7)		6,842,376		4,212,314
Capital assets (note 5):				
Land		7,361,536		7,361,536
Revenue producing and service equipment		129,103,876		128,217,004
Buildings ; w		134,310,336		134,550,170
Office furnishings, shop equipment and other		28,044,345		27,589,681
Construction in progress		30,709,800		39,431,358
Less accumulated depreciation		(147,006,613)		(147,856,050)
Total capital assets - net		182,523,279		189,293,699
Total non-current assets		245,379,595		236,472,103
Total assets		334,709,525		321,363,568
Deferred Outflows of Resources				
Pensions (notes 2 & 6)		8,221,040		5,945,702
Other post employment benefits (note 7)		273,217		2,774,641
Total deferred outflows of resources		8,494,257		8,720,343
Total assets and deferred outflows of resources	$	343,203,782	$	330,083,911
Liabilities				
Current liabilities:				
Accounts payable	$	4,839,745	$	2,103,284
Accrued payroll and related benefits		5,344,473		5,365,824
Accrued self-insurance (note 8)		5,801,260		7,492,888
Unearned fare revenue		374,247		242,503
Other accrued expenses		1,631,011		1,410,315
Total current liabilities		17,990,736		16,614,814
Non-current liabilities				
Accrued compensated absences		1,247,354		1,243,663
Net pension liability (notes 2 & 6)		19,155,942		35,536,702
Total non-current liabilities		20,403,296		36,780,365
Total liabilities		38,394,032		53,395,179
Deferred Inflows of Resources				
Pensions (notes 2 & 6)		25,963,233		16,221,715
Other post employment benefits (note 7)		7,372,089		13,295,759
Total deferred inflows of resources		33,335,322		29,517,474
Total liabilities and deferred inflows of resources		71,729,354		82,912,653
Net Position				
Net investment in capital assets (note 2)		182,523,279		189,293,699
Unrestricted		88,951,149		57,877,559
Total net position		271,474,428		247,171,258
Total liabilities, deferred inflows of resources and net position	$	343,203,782	$	330,083,911

See accompanying notes to financial statements.

Greater Dayton Regional Transit Authority

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended December 31, 2022 and 2021

	2022	2021
Operating revenues		
Passenger fares	$ 4,794,345	$ 5,055,316
Operating expenses:		
Labor	27,135,293	28,627,415
Fringe benefits	2,437,969	(12,504,667)
Contractual services	6,650,107	5,205,690
Materials and supplies	7,174,190	5,603,840
Utilities and propulsion power	1,583,638	1,736,584
Claims and insurance	2,642,847	4,055,856
Other	1,971,546	1,265,415
Total operating expenses excluding depreciation	49,595,590	33,990,132
Operating loss before depreciation expense	(44,801,245)	(28,934,816)
Depreciation expense	17,322,408	17,614,506
Total operating expenses	66,917,998	51,604,638
Operating loss	(62,123,653)	(46,549,322)
Nonoperating revenues (expenses):		
Sales tax proceeds (note 2)	48,957,287	47,343,226
Sales tax collection fee (note 2)	(489,574)	(473,432)
State assistance	2,226,731	2,154,893
Federal assistance	30,927,232	51,658,583
Interest on investments	1,281,767	309,160
Net decrease in fair value of investments	(3,036,650)	(699,745)
Regional transit subsidies	(1,442,487)	-
Other	187,539	417,428
Total nonoperating revenues, net	78,611,845	100,710,113
Gain before capital grant equity	16,488,192	54,160,791
Capital grant equity (note 2)	7,814,978	15,939,048
Increase in net position	24,303,170	70,099,839
Net position – beginning of year	247,171,258	177,071,419
Net position – end of year	$ 271,474,428	$ 247,171,258

See accompanying notes to financial statements.

Greater Dayton Regional Transit Authority

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Receipts from fares	$ 5,040,177	$ 4,554,043
Payments to suppliers	(13,913,786)	(14,718,562)
Payments for labor and employee benefits	(45,599,931)	(47,235,015)
Payments for claims and insurance	(3,794,199)	(2,252,839)
Net cash used in operating activities	(58,267,739)	(59,652,373)
Cash flows from noncapital financing activities:		
Sales tax	48,133,673	45,714,810
Federal assistance grants	18,637,257	51,658,583
State assistance	286,179	2,154,893
Regional transit subsidies	(1,442,487)	—
Other	187,537	417,428
Net cash provided by noncapital financing activities	65,802,159	99,945,713
Cash flows from capital and related financing activities:		
Capital grants received	29,404,655	8,100,645
Additions to property and equipment	(10,551,988)	(17,449,706)
Net cash provided by (used in) capital and related financing activities	18,852,668	(9,349,061)
Cash flows from investing activities:		
Purchases of investment securities	(54,359,221)	(59,532,108)
Proceeds from sale or maturity of investment securities	19,979,000	33,962,235
Interest received	843,330	179,002
Net cash used in investing activities	(33,536,890)	(25,390,871)
Net increase (decrease) in cash and cash equivalents	(7,149,802)	5,553,408
Cash and cash equivalents at beginning of year	19,188,132	13,634,724
Cash and cash equivalents at end of year	$ 12,038,330	$ 19,188,132
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (62,123,653)	$ (46,549,322)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	17,322,408	17,614,506
Changes in assets and liabilities:		
Accounts receivable – other	168,525	(504,021)
Materials and supplies	392,003	(641,260)
Prepaid expenses and deposits	(193,294)	824,284
Deferred outflows of resources and net pension/OPEB asset	(2,650,428)	(782,875)
Accounts payable	2,736,461	531,017
Accrued expenses	(1,356,849)	74,767
Deferred inflows of resources and net pension/OPEB liability	(12,562,912)	(30,219,470)
Net cash used in operating activities	$ (58,267,739)	$ (59,652,373)

See accompanying notes to financial statements.

Greater Dayton Regional Transit Authority

Statements of Fiduciary Net Position
Retiree Death Benefit Plan

For the years ended December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 56,981	$ 506,804
Receivables:		
Contributions	47,131	150,671
Investment income	7,408	2,657
Total receivables	54,539	153,328
Investments:		
Fixed income	1,495,108	1,028,005
Total investments	1,495,108	1,028,005
Total assets	$ 1,606,628	$ 1,688,137
Liabilities		
Payables:		
Amounts payable	$ -	$ -
Total liabilities	-	-
Net position restricted for postemployment benefits other than pensions	$ 1,606,628	$ 1,688,137

See accompanying notes to financial statements.

Greater Dayton Regional Transit Authority

Statements of Changes in Fiduciary Net Position
Retiree Death Benefit Plan

For the years ended December 31, 2022 and 2021

	2022	2021
Additions		
Employer contribution receivable	$ 47,131	$ 150,671
Investment income:		
Interest	21,614	15,574
Total investment income	21,614	15,574
Total additions	68,745	166,245
Deductions		
Benefit payments	71,500	79,500
Administrative fee	1,050	1,005
Investment expense:		
Realized loss on sale of investments	632	2,031
Decrease in fair value of investments	77,072	19,063
Total investment expense	77,704	21,094
Total deductions	150,254	101,599
Net increase (decrease) in net position	(81,509)	64,646
Net position restricted for postemployment benefits other than pensions		
Beginning of year	1,688,137	1,623,491
End of year	$ 1,606,628	$ 1,688,137

See accompanying notes to financial statements.

(1) Authority and Reporting Entity

(a) The Authority

The Greater Dayton Regional Transit Authority (the Authority) provides virtually all public mass transportation within Montgomery County. The Authority is governed by a nine-member board of trustees and is an independent political subdivision of the State of Ohio organized pursuant to Ohio Revised Code Section 306.30 through 306.71, inclusive, as amended, and as such, is not subject to federal or state income taxes. The Authority was created on July 6, 1971, pursuant to the Revised Code, by ordinances of the Councils of the City of Dayton and City of Oakwood. After completing the purchase of the assets of City Transit, which was the major privately-owned public transportation system in the area, the Authority became operational on November 5, 1972. In July 1980, after the approval in the preceding April by the voters of the county of a one-half percent sales and use tax of unlimited duration for all purposes of the Authority, the boundaries of the Authority were extended to be coextensive with boundaries of Montgomery County, Ohio.

(b) Reporting Entity

The accompanying financial statements include only the accounts and transactions of the Authority. The Authority has no component units nor is it considered a component unit of any other governmental authority. The conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization. This is evidenced by the fact that the Authority is a legally and fiscally separate and distinct organization under the provisions of the Ohio Revised Code.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The accounts of the Authority, which are organized as an Enterprise Fund, are used to account for the Authority's activities that are financed and operated in a manner similar to a private business enterprise. Accordingly, the Authority maintains its records on the full accrual basis of accounting with an economic resources measurement focus. Revenues from operations, investments, and other sources are recorded when earned. Expenses (including depreciation and amortization) of providing services to the public are accrued when incurred.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include sales tax revenue and grants. On an accrual basis, revenue from sales taxes is recognized in the period when the underlying exchange transaction occurs. Therefore, taxes on items sold in 2022 will be recognized as revenue in 2022. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds.

Trust funds are used to account for assets held by the Authority under a trust agreement for individuals, private organizations, or other governments and are not available to support the Authority's own programs. A Custodial fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The Authority's fiduciary fund is an employee benefit trust fund which accounts for the Authority's Retired Employees Self-Insured Death Benefit Plan. The employee benefit trust fund is reported using the economic resources measurement focus and the accrual basis of accounting.

(b) Budgetary Accounting and Control

The Authority's annual budget is prepared on the accrual basis of accounting. The Authority maintains budgetary control by not permitting total expenditures to exceed appropriations without approval from the Board of Trustees.

(c) Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and deposits in the State Treasurer's Asset Reserve investment pool (STAR Ohio).

(d) Investments

Investments are reported at fair value or net asset value (STAR Ohio), based on quoted market prices, which are reported at amortized cost. Investments with original maturities of greater than three months and twelve months or less from the date of acquisition are reported as short-term investments.

(e) Materials and Supplies

Materials and supplies are recorded at average cost and consist principally of electric trolley wire, maintenance supplies and repair parts.

(f) Capital Assets

The Authority defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of a year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated assets are reported at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	**Estimated useful life**
Revenue producing and service equipment	3 to 18 years
Buildings and structures	6 to 45 years
Office furnishings, shop equipment, and other	3 to 8 years

Capital assets are removed from the Authority's records when the assets are disposed.

(g) Compensated Absences

The liability for compensated absences consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method.

(h) Net Position

Equity is displayed in three components as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Approximately 80% of the equity pertains to the Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT).

Restricted – The portion of the net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, and then unrestricted resources when they are needed. The Authority does not have restrictions on its net position at December 31, 2022 or 2021.

Unrestricted – The portion of net position that does not meet the definition of "restricted" or "net investment in capital assets."

(i) Passenger Fares

Passenger fares are recorded as revenue at the time services are performed. Fares received in advance of the services are recorded as unearned revenue.

(j) Sales Taxes

The Authority receives the proceeds of a one-half percent sales and use tax as approved by the residents of Montgomery County. The sales tax is collected by vendors within Montgomery County and remitted to the Ohio Department of Taxation, which charges a one percent administrative fee for its service. Sales tax revenue is recognized in the month collected by the vendors.

(k) Federal Operating and Preventative Maintenance Assistance Funds

Federal operating, preventative maintenance, and other non-capital project assistance funds to be received by the Authority under the Urban Mass Transportation Assistance Act of 1964, as amended, are recorded and reflected in income in the period to which they are applicable. The Authority had $18.4 million in federal funds awarded but not yet used at December 31, 2022 and $27.7 million at December 31, 2021. These funds can be used in future years to support public transit operations including: general operations, preventative maintenance, ADA paratransit services, and programs to support transportation focused on the elderly and disabled. Grant agreements between the Authority and FTA specify program requirements.

The State of Ohio provides General Revenue Funds (GRF) to support public transit operations. The Authority had $524,303 State GRF funds awarded but not yet used at December 31, 2022 and $255,783 at December 31, 2021. Grant agreements between the Authority and ODOT specify program requirements.

(l) Capital Grants

Federal and state capital grants for the acquisition of property and equipment are recorded as the costs are incurred. Capital acquisitions for which grant funds have not been received from the FTA or ODOT are recorded as capital grants receivable. The Authority had $42.1 million in federal and zero in state funds awarded but not yet used as of December 31, 2022 and $25.4 million in federal and zero in state funds as of December 31, 2021. These funds can be used in future years for Capital Purchases, JARC & New Freedom Capital Projects, and planning projects as specified in the grant agreements.

When assets acquired with capital grant funds are disposed of and proceeds exceed $5,000, the Authority is required to notify the granting federal agency. A proportional amount of the proceeds or fair market value, if any, of such property may be used to acquire like-kind replacement equipment or remitted to the granting federal agency.

(m) Capital Grant Equity

On the Statements of Revenues, Expenses, and Changes in Net Position, Capital Grant Equity is the amount of capital grant funding awarded from the FTA and ODOT in each year.

(n) Classification of Revenues

The Authority has classified its revenues as either operating or non-operating. Operating revenue includes activities that have the characteristics of exchange transactions including passenger fares, special transit fares and contract service. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as sales tax proceeds and most federal, state, and local grants.

(o) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from estimates.

(p) Derivatives

A futures contract is an agreement that transfers risk from one party to another and is used for risk management. Futures contracts are highly complex and require special expertise and ongoing monitoring to effectively and predictably manage risk exposure.

(q) Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability/asset, net OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

The current accounting standard requires the Authority to report their proportionate share of the net pension/OPEB liability/asset using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and post-employment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability/asset. The net pension/OPEB liability or pension/OPEB asset equals the Authority's proportionate share of the pension plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other post-employment benefits. The unfunded portion of this benefit exchange is a liability of the Authority. However, the Authority is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

There is no repayment schedule for the net pension liability. The Authority has no control over the changes in the benefits, contributions rate, and return on investments affecting the balance of these liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statue does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

(3) Accounts Receivable

Accounts Receivable at December 31, 2022 and 2021 were as follows:

	2022	2021
Sales Tax (net of Sales Tax Collection Fee)	$ 12,741,917	$ 12,407,877
Federal capital grants	18,339,253	25,660,498
State capital grants	1,940,552	1,978,457
Interest	245,845	80,314
Other	571,291	739,814
Gross Receivables	33,838,858	40,866,960
Less: Allowance for Doubtful Accounts	(8,547)	(8,547)
Net Total Receivables	$ 33,830,311	$ 40,858,413

(4) Cash and Investments

The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits.

The statutes also permit the Authority to invest its monies in certificates of deposit, commercial paper, savings accounts, money market accounts, STAR Ohio and obligations of the United States government or certain agencies thereof.

The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer who is a member of the Financial Industry Regulatory Authority, Inc. for a period not exceeding thirty days.

The Authority is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative) except for forward pricing mechanisms.

(a) Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. Ohio law requires that deposits either be insured or be protected by:

1. Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Authority's financial institution was approved for a reduced collateral rate by OPCS of 50 percent in 2022 and 2021.

At December 31, 2022 and 2021, the carrying value of all the Authority's cash deposits was $2,619,983 and $1,440,100, respectively as compared to bank balances of $3,046,412 and $1,848,978, respectively. Of the bank balances at December 31, 2022 and 2021, $306,982 and $500,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and $1,369,715 and $802,891 of the remaining balance was uncollateralized and uninsured for 2022 and 2021, respectively.

(b) Investments

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Authority's debt security investments are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

As of December 31, 2022, the Authority had the following investments:

Investment Type	Fair Value	Par Value	Maturity (1)	Ratings (2)
U.S. Treasury securities	$21,291,307	22,495,000	897	Aaa/AA+
Federal agency notes & bonds	$42,722,415	45,433,611	897	Aaa/AA+
Federal agency notes & bonds	$2,739,466	2,890,000	1023	No Rating
Negotiable certificates of deposit	$2,320,567	2,488,000	695	No Rating
Municipal securities	$598,272	600,000	104	SP-1+
Commercial paper	$17,859,011	18,235,000	134	A1+/A1/P1
Corporate securities	$2,571,253	2,606,000	239	A1/A2/A+/A/A-
	Net Asset Value	Par Value	Maturity (1)	Ratings (2)
STAR Ohio	$9,475,328	N/A	1	AAAm

As of December 31, 2021, the Authority had the following investments:

Investment Type	Fair Value	Par Value	Maturity (1)	Ratings (2)
U.S. Treasury securities	$9,950,234	10,100,000	1145	Aaa/AA+
Federal agency notes & bonds	$29,672,969	30,033,611	1055	Aaa/AA+
Federal agency notes & bonds	$1,474,298	1,500,000	1091	No Rating
Negotiable certificates of deposit	$6,118,155	6,082,000	573	No Rating
Municipal securities	$1,530,888	1,530,000	54	No Rating
Commercial paper	$9,739,271	9,755,000	187	A1+/A1/P1
	Net Asset Value	Par Value	Maturity (1)	Ratings (2)
STAR Ohio	$18,254,836	N/A	51	AAAm

(1) Weighted maturity – days
(2) Moody's / S&P

The Authority's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company and is recognized as an external investment pool by the Authority. The Authority measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2022 and 2021, there were no limitations or restrictions on any particular withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is appreciated 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Custodial Credit Risk for an investment is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investments in U.S. governmental agency instruments and bank certificates of deposit are held in the Authority's name by its custodian (agent).

Interest Rate Risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy limits investment maturities to 5 years from date of settlement unless the investment is matched to a specific obligation or debt of the Authority.

Credit Risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. The Authority's investment policy limits investments to, among others, obligations of the United States government or agencies thereof. The investment in STAR Ohio is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship.

In addition to the foregoing, there is the risk that issuers of investments with call options will exercise said options thus reducing anticipated returns. This is especially true in situations where debt instruments are issued with higher than market rates, and a call provision, in anticipation of a falling market. The call provision serves as protection for the issuer against flat or falling interest rates.

Concentration Risk is the risk of inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification. The Authority's investment policy places no limits on the amount it may invest in any one issuer. The percentages that each investment represents to the total investments are listed in the following table:

Investment Type	Percentage of Total Investments 2022	2021
U.S. Treasury Securities	23.72%	17.02%
Federal Home Loan Bank	11.47%	13.40%
Federal Farm Credit Bank	23.35%	24.24%
Federal Home Loan Mortgage Corporation	3.89%	1.86%
Federal National Mortgage Association	8.51%	11.23%
Federal Agricultural Mortgage Association	3.05%	2.52%
Negotiable Certificates of Deposit	2.58%	10.46%
Municipal Securities - Various	0.68%	2.62%
Commercial Paper – Various	19.89%	16.65%
Corporate Securities - Various	2.86%	0.00%

(5) Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

Issue	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Capital assets not being depreciated:				
Land and land improvements	$ 7,361,536	$ -	$ -	$ 7,361,536
Construction in progress	39,431,358	6,961,017	15,682,575	30,709,800
Total capital assets not being depreciated	46,792,894	6,961,017	15,682,575	38,071,336
Capital assets being depreciated:				
Revenue producing and service equipment	128,217,004	9,779,241	8,892,369	129,103,876
Buildings and structures	134,550,170	6,459,625	6,699,459	134,310,336
Office furnishings, shop equipment, and other	27,589,681	3,115,979	2,661,315	28,044,345
Total capital assets being depreciated	290,356,855	19,354,845	18,253,143	291,458,557
Less accumulated depreciation:				
Revenue producing and service equipment	45,666,028	10,192,095	8,892,369	46,965,754
Buildings and structures	84,441,569	4,283,306	6,618,160	82,106,715
Office furnishings, shop equipment, and other	17,748,453	2,847,007	2,661,316	17,934,144
Total accumulated depreciation	147,856,050	17,322,408	18,171,845	147,006,613
Total capital assets being depreciated, net	142,500,805	2,032,437	81,299	144,451,943
Total capital assets, net	$ 189,293,699	$ 8,993,454	$ 15,763,874	$ 182,523,279

Capital asset activity for the year ended December 31, 2021 was as follows:

Issue	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Capital assets not being depreciated:				
Land and land improvements	$ 7,361,536	$ -	$ -	$ 7,361,536
Construction in progress	29,289,672	19,071,326	8,929,640	39,431,358
Total capital assets not being depreciated	36,651,208	19,071,326	8,929,640	46,792,894
Capital assets being depreciated:				
Revenue producing and service equipment	138,211,472	218,683	10,213,151	128,217,004
Buildings and structures	128,583,883	5,973,123	6,836	134,550,170
Office furnishings, shop equipment, and other	27,100,061	1,190,727	701,107	27,589,681
Total capital assets being depreciated	293,895,416	7,382,533	10,921,094	290,356,855
Less accumulated depreciation:				
Revenue producing and service equipment	45,099,196	10,725,051	10,158,219	45,666,028
Buildings and structures	80,259,893	4,181,676	-	84,441,569
Office furnishings, shop equipment, and other	15,729,036	2,707,779	688,362	17,748,453
Total accumulated depreciation	141,088,125	17,614,506	10,846,581	147,856,050
Total capital assets being depreciated, net	152,807,291	(10,231,973)	74,513	142,500,805
Total capital assets, net	$ 189,458,499	$ 8,839,353	$ 9,004,153	$ 189,293,699

(6) Change in Accounting Principles

For 2022, the Authority implemented Government Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from GASB Implementation Guide No. 2019-3, Leases.

GASB Statement 87 enhances the relevance and consistency of information of the Authority's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The beginning net position was not adjusted for the implementation of this statement.

(7) Defined Benefit Pension Plans

Net Pension Liability or Asset

The net pension liability or asset reported on the statements of net position represent a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that have already occurred.

The net pension liability or asset represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability or asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension. Governmental Accounting Standards Board (GASB) No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability or asset. Resulting adjustments to the net pension liability or asset would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability or asset on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included as an accrued liability under current liabilities.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The Authority employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) is a cost-sharing, multiple-employer defined benefit pension plan. 2.) The Member-Directed Plan (MD) is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The Combined Plan (CP) is a cost sharing, multiple employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD. While members may elect the member-directed plan and the combined plan, all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses mainly on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information):

Group A	**Group B**	**Group C**
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and service requirements:	**Age and service requirements:**	**Age and service requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Once a benefit recipient retiring under the Traditional Plan has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided on the member's base benefit. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their retirement benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Additionally, a death benefit of $500 - $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional and Combined Plans.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local 2022 and 2021
Statutory maximum contribution rates	
Employer	14%
Employee	10%
Actual contribution rates	
Employer:	
Pension	14%
Post-employment health care benefits	-
Total employer	14%
Employee	10%

The Authority's contractually required contribution for the Traditional Pension Plan and Combined Plan to OPERS was $4,348,525 for 2022. Of this amount, $159,470 is reported as an accrued liability under current liabilities.

Net Pension Liability/(Asset), Pension Expense, Deferred Outflows of Resources Related to Pensions and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2021 and 2020, and the total pension liability and total pension asset were determined by an actuarial valuation as of that date. The Authority's proportion of both was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS 2022	OPERS 2021
Proportion of pension liability - prior measurement date	0.239986%	0.230850%
Proportion of pension liability - current measurement date	0.220173%	0.239986%
Change in proportionate share	-0.019813%	0.009136%
Proportion of pension asset - prior measurement date	0.221257%	0.225576%
Proportion of pension asset - current measurement date	0.224652%	0.221257%
Change in proportionate share	0.003395%	-0.004319%

	2022	2021
Proportionate share of net pension liability	$ 19,155,942	$ 35,536,702
Proportionate share of net pension asset	885,140	638,688
Pension expense	(4,812,507)	(292,903)

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources:

	OPERS	
	2022	2021
Deferred outflows of resources		
Net differences between expected and actual experience	$ 982,033	$ -
Changes of assumptions	2,439,912	39,886
Employer contributions subsequent to the measurement date	4,348,525	4,615,632
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	450,570	1,290,184
Total deferred outflows of resources	$ 8,221,040	$ 5,945,702
Deferred inflows of resources		
Differences between expected and actual experience	$ 519,137	$ 1,607,025
Net difference between projected and actual earnings on pension plan investments	22,975,057	13,946,152
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	2,469,039	668,538
Total deferred inflows of resources	$ 25,963,233	$ 16,221,715

The $4,348,525 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS		
	Traditional Plan	Combined Plan	Total
Year ending December 31:			
2023	$ (4,338,536)	$ (56,459)	$ (4,394,995)
2024	(8,540,700)	(78,703)	(8,619,403)
2025	(5,357,745)	(53,762)	(5,411,507)
2026	(3,624,611)	(37,366)	(3,661,977)
2027	-	(7,505)	(7,505)
Thereafter	-	4,669	4,669
Total	$ (21,861,592)	$ (229,126)	$ (22,090,718)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Experience study	5 - year period ended December 31, 2020
Wage inflation	2.75 percent
Future salary increases, including inflation - Traditional plan	2.75 percent to 10.75 percent
Future salary increases, including inflation - Combined plan	2.75 percent to 8.25 percent
COLA or Ad Hoc COLA	Pre January 7, 2013 retirees, 3 percent, simple
	Post January 7, 2013 retirees, 3 percent, simple through 2020, then 2.05 percent, simple
Investment rate of returm	6.9 percent
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee mortality tables for males and females, for State and Local Government divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree mortality tables for both males and females, for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree mortality tables for males and females, for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales for males and females, to all of these tables.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3% for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the OPERS Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other Investments	4.00	2.85
Total	100.00 %	4.21 %

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9%) or one-percentage-point higher (7.9%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's Net Pension Liability/(Asset)			
Traditional Plan	$50,505,484	$19,155,942	($6,931,046)
Combined Plan	(660,477)	(885,140)	(1,060,357)

(8) Defined Benefit Other Post Employment Benefit (OPEB) Plans

Net OPEB Liability or Asset

OPEB is a component of exchange transactions-between an employer and its employees-of salaries and benefits for employee services. OPEB are provided to an employee-on a deferred-payment basis-as part of the total compensation package offered by an employer for employee services each financial period.

The net OPEB liability or asset represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability or asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others.

While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability or asset. Resulting adjustments to the net OPEB liability or asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability or asset* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued liabilities.

Ohio Public Employees Retirement System

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an OPEB as described in GASB Statement 75. See OPERS' ACFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022 and 2021, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.0% during calendar year 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contribution was $0 for 2022.

OPEB Liabilities or Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability or asset and total OPEB liability or asset for OPERS was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The Authority's proportion of the net OPEB liability or asset was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	
Proportion of the net OPEB liability or asset:	2022	2021
Prior measurement date	0.236437%	0.228091%
Current measurement date	0.218456%	0.236437%
Change in proportionate share	-0.017981%	0.008346%
Proportionate share of the net		
OPEB liability (asset)	$ (6,842,376)	$ (4,212,314)
OPEB expense	$ (6,052,308)	$ (26,093,808)

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	
Deferred outflows of resources	2022	2021
Changes of assumptions	$ -	$ 2,070,822
Changes in proportion and differences between contributions and proportionate share of contributions	273,217	703,819
Total deferred outflows of resources	$ 273,217	$ 2,774,641
Deferred inflows of resources		
Differences between expected and actual experience	$ 1,037,884	$ 3,801,589
Net difference between projected and actual earnings on OPEB plan investments	3,261,963	2,243,537
Changes of assumptions	2,769,716	6,825,211
Changes in proportion and differences between contributions and proportionate share of contributions	302,526	425,422
Total deferred inflows of resources	$ 7,372,089	$ 13,295,759

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year ending December 31:	
2023	$ (4,297,350)
2024	(1,620,331)
2025	(712,722)
2026	(468,469)
Total	$ (7,098,872)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Experience study	5 - year period ended December 31, 2020
Wage inflation	2.75 percent
Projected salary increases	2.75 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Single discount rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment rate of returm	6.00 percent
Municipal bond rate	1.84 percent
Health care cost trend rate	5.50 percent, initial 3.50 percent, ultimate in 2034
Actuarial cost method	Individual entry age normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee mortality tables for males and females, for State and Local Government divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree mortality tables for both males and females, for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree mortality tables for males and females, for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales for males and females, to all of these tables.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 14.3% for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2021, the best estimates are summarized in the following table:

Asset class	Target allocation	Weighted average long-term expected real rate of return (arithmetic)
Fixed income	34.00%	0.91%
Domestic equities	25.00%	3.78%
Real estate investment trust	7.00%	3.71%
International equities	25.00%	4.88%
Risk parity	2.00%	2.92%
Other investments	7.00%	1.93%
Total	100.00%	3.45%

Discount Rate

A single discount rate of 6.00% was used to measure the OPEB liability or asset on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the OPEB liability or asset on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net OPEB liability or asset calculated using the single discount rate of 6.00%, as well as what the Authority's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current discount rate (6.00%)	1% Increase (7.00%)
Employer proportionate share of the net OPEB liability/(asset)	$ (4,023,960)	$ (6,842,376)	$ (9,181,706)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current health care cost trend rate assumption	1% Increase
Employer proportionate share of the net OPEB liability/(asset)	$ (6,916,317)	$ (6,842,376)	$ (28,600,260)

(9) Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; cyber-attacks and natural disasters. For the time period January 1, 2020 through November 30, 2021 the Authority entered into contracts with a number of insurance companies whereby loss coverage was provided in exchange for premiums. Loss limits and deductibles were established for each type of coverage by the specific insurer. At December 31, 2022 and 2021 liability reserves for this type of risk totaled $929,330 and $2,000,000, respectively.

Effective December 1, 2021, the Authority commenced participation in the Ohio Transit Risk Pool (OTRP) related to its risk of property and casualty loss. Under this plan, the Authority receives property and casualty loss coverage in exchange for contributions paid. OTRP retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess insurance and reinsurance contracts. Per-occurrence retention for auto physical damage was $250,000 and the per-occurrence retention for commercial property damage was $100,000. OTRP's per-occurrence retention for liability claims (including auto liability, public officials' liability, and general liability) was $2,000,000. OTRP's per-occurrence retention for crime and fidelity coverage was $100,000. For each per-occurrence claim within OTRP's self-insured retention, the Authority is charged a deductible. Per occurrence, reinsurance coverage is maintained by OTRP equal to $200,000,000 for qualified property losses and $10,000,000 for qualified casualty losses. Any underfunding of the plan's liabilities is shared by the members on a pro rata basis based on pool contribution factors comprised of population, full-time employees, vehicles, property values, budget, claims history times two and net operating expenses.

In 2014, the Authority became self-insured for its employees' medical and dental claims, with stop-loss insurance limiting claims liability. However, effective June 1, 2019 the Authority ceased self-insuring medical claims, reverting back to fully-insured medical coverage. Further, effective January 1, 2022 the Authority ceased self-insuring dental claims, reverting back to fully-insured dental coverage. At December 31, 2022 medical and dental claims reserves were $298,553 and $99,327, respectively. At December 31, 2021 medical and dental claims reserves were $523,467 and $103,358, respectively.

The Authority is also self-insured for workers' compensation claims up to a limit of $550,000 per claim at which point stop-loss insurance becomes effective. A reserve has been provided for the estimated potential claim liability based upon an actuary's estimate. This liability is classified as current although some portion may not be paid within one year. Management believes that, based on prior experience, the estimated reserve for claims is adequate to satisfy all claims filed or to be filed for incidents which occurred through December 31, 2022. Reserves for workers' compensation claims were $4,474,050 and $4,866,062 at December 31, 2022 and 2021, respectively.

The following is a reconciliation of the Authority's claims liability:

	2022	2021
Accrued self-insurance - beginning of year	$7,492,888	$6,673,754
Current year additions	7,700,378	8,760,644
Claims paid - during year	(9,392,006)	(7,941,510)
Accrued self-insurance - end of year	$5,801,260	$7,492,888

(10) Capital and Other Grants

The Authority has a capital improvement program, which is primarily funded through capital grants. The purpose of this program is to provide various improvements to the transit system. The total amount approved under the capital improvement program is to be funded by grants and Authority equity, which includes participation by the FTA (generally 80%) and the Authority (typically 20% depending upon ODOT and other local sources' participation).

The Authority participates in community based transit improvement projects where management deems there to be a public transit related benefit. The Authority serves as a funding conduit for specific Federal/State funding, and/or provides Federal/State/Local funding out of its annual allocation. In exchange for its participation the Authority receive benefits, which may include operating rights, exclusive use agreements or other forms of consideration.

(11) Contingencies and Commitments

(a) Contingencies

Federally assisted capital grant programs are subject to audit by the granting agency. Management believes that no material liability, if any, will arise, as a result of audits previously performed or to be performed.

FTA grant stipulations also require the grantee to retain assets acquired by FTA funds for the full estimated useful life (as determined by FTA). If this provision is not met, the grantee must refund FTA's un-depreciated basis in assets disposed.

(b) Commitments

At December 31, 2022 and 2021, the Authority had outstanding purchase commitments of $39.2 million and $31.5 million, respectively, for various capital projects in progress including the purchase of transit buses; electric trolley system infrastructure; and the renovation of facilities.

(c) Litigation

Management, with the advice of legal counsel, believes that any ongoing litigation in the normal course of business, will not materially affect the Authority's financial results or financial net position.

(12) Retiree Death Benefit Plan

Plan Description

Plan administration. The Authority employs an independent Trustee for the Authority's Retired Employees Self-Insured Death Benefit Plan (RDBP) – a single-employer defined benefit plan that provides postemployment benefits other than pensions for certain retired employees.

The Trustee holds, invests, reinvests and otherwise administers assets of the RDBP. The Authority's Human Resources department directs the Trustee regarding claim disbursement. The Authority's Finance Department regularly monitors actions of the Trustee and funds the Trust on an annual basis. Funding requirements are determined annually through an actuarial study.

At December 31, 2022, the Plan's membership consisted of the following:

Retirees	414
Active employees having met requirements of the plan	131
	545

At December 31, 2021, the Plan's membership consisted of the following:

Retirees	373
Active employees having met requirements of the plan	205
	578

Benefits provided.
For retirees the following rules applied:

- Benefit of $2,000 to surviving beneficiary of an employee who retired before January 1, 1980 provided the employee was 55 years old and had 17 years of continuous service with the Authority;
- Benefit of $3,500 to surviving beneficiary of an employee who retired on or after January 1, 1980 provided the employee was 55 years old and had 17 years of continuous service with the Authority;
- Benefit of $4,000 to surviving beneficiary of an employee who retired on or after April 3, 1988 provided the employee was 55 years old and had 17 years of continuous service with the Authority;
- Benefit of $4,500 to surviving beneficiary of an employee who retired on or after April 1, 1991 provided the employee was 55 years old and had 17 years of continuous service with the Authority;
- Benefit of $5,000 to surviving beneficiary of an employee who retired on or after April 1, 1993 provided the employee was 55 years old and had 15 years of continuous service with the Authority;
- Benefit of $6,000 to surviving beneficiary of an employee who retired on or after April 3, 1994 provided the employee was 55 years old and had 15 years of continuous service with the Authority;
- Benefit of $6,500 to surviving beneficiary of an employee who retired on or after April 6, 1997 provided the employee was 55 years old and had 15 years of continuous service with the Authority;
- American Federation of State, County and Municipal Employees (AFSCME) employees hired after December 1, 2005 are not eligible;
- Amalgamated Transit Union (ATU) Local 1385 employees hired after April 2, 2006 are not eligible;
- Non-union employees hired after July 6, 2006 are not eligible;

- Employees that die while employed with the Authority are not eligible;
- For permanent and total disability retirement, the employee must have a minimum of 5 years of continuous service with the benefit amount determined by the date of disability retirement.

For active employees the following rules apply:

- Benefit of $6,500 to surviving beneficiary of an employee who retires on or after April 6, 1997 provided the employee is 55 years old and has 15 years of continuous service with the Authority;
- AFSCME employees hired after December 1, 2005 are not eligible;
- ATU Local 1385 employees hired after April 2, 2006 are not eligible;
- Non-union employees hired after July 6, 2006 are not eligible;
- Employees that die while employed with the Authority are not eligible;
- For permanent and total disability retirement, the employee must have a minimum of 5 years of continuous service with the benefit amount determined by the date of disability retirement.

Contributions. An annual actuarial study determines annual funding requirements. The Authority's Board of Trustees approves annual funding payments exceeding $100,000.

- April 2023 the Authority made a deposit of $47,131 to fund the December 31, 2022 trust obligation.
- May 2022 the Authority made a deposit of $150,671 to fund the December 31, 2021 trust obligation.

Investments

Investment policy. The trust was established for setting aside funds to pay death benefits to the estates of former employees retired from the Authority. The Trustee has complete control of the management and administration of the trust and has all powers necessary or convenient to enable it to exercise such control. The discretion of the Trustee in investing and reinvesting the principal and income of the trust shall be subject to such directions and instructions as the Authority may adopt and communicate to the Trustee in writing. It shall be the duty of the Trustee to act strictly in accordance with such instructions, and any changes therein, as so communicated in writing to the Trustee. The trust follows the Authority's investment policy, investing in only high-grade instruments, adhering to Ohio Revised Code Section 135.143. Unless otherwise directed by the Authority, the Trustee in its discretion may keep such portion of the trust in cash or cash balances as deemed in the best interest of the trust.

As of December 31, 2022, the RDBP had the following investment maturity days and ratings (not including cash and cash equivalents):

	Market Value	Maturity (1)	Ratings (2)
U.S. treasuries	$ 895,933	373	Aaa
Federal agency notes & bonds	599,175	802	Aaa / AA+

As of December 31, 2021, the RDBP had the following investment maturity days and ratings (not including cash and cash equivalents):

	Market Value	Maturity (1)	Ratings (2)
U.S. treasuries & notes	$ 654,170	680	Aaa
Federal agency notes & bonds	373,835	693	Aaa / AA+

(1) Weighted maturity – days
(2) Moody's / S&P

Risk Disclosures.

Custodial Credit Risk for an investment is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment in U.S. governmental agency instruments and bank certificates of deposit is held in the Authority's name by its custodian (agent).

Interest Rate Risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy limits investment maturities to 5 years from date of settlement unless the investment is matched to a specific obligation or debt of the Authority.

Credit Risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. The Authority's investment policy limits investments to, among others, obligations of the United States government or agencies thereof.

In addition to the foregoing, there is the risk that issuers of investments with call options will exercise said options thus reducing anticipated returns. This is especially true in situations where debt instruments are issued with higher than market rates, and a call provision, in anticipation of a falling market. The call provision serves as protection for the issuer against a flat or falling interest rate market.

Concentration Risk is the risk of inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification. The Authority's investment policy places no limits on the amount it may invest in any one issuer. The percentages that each investment represents to the total investments, as of December 31, 2022, are listed in the following table:

	Market Value	Percentage
U.S. treasuries	$ 895,933	57.72%
Federal agency notes & bonds	599,175	38.61%
Cash & cash equivalents	56,981	3.67%
Total investments, cash and cash equivalents	$ 1,552,089	100.00%

The percentages that each investment represents to the total investments, as of December 31, 2021, are listed in the following table:

	Market Value	Percentage
U.S. treasuries & notes	$ 654,170	42.62%
Federal agency notes & bonds	373,835	24.36%
Cash & cash equivalents	506,804	33.02%
Total investments, cash and cash equivalents	$ 1,534,809	100.00%

Rate of Return. For the years ended December 31, 2022 and 2021, the trust had net income of $21,614 and $15,574 respectively. The annual money-weighted rate of return on investments, net of investment expense, was -3.49% and -.36% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Receivables

For the year ended December 31, 2022, a contribution receivable of $47,131 is included in the RDBP Statement of Fiduciary Net Position.

For the year ended December 31, 2021, a contribution receivable of $150,671 is included in the RDBP Statement of Fiduciary Net Position.

Net OPEB Liability of the Authority

The components of the net OPEB liability of the Authority at December 31, 2022 were as follows:

Retirees OPEB liability	$ 1,352,855
Active employees OPEB liability	253,773
Total OPEB liability	1,606,628
Plan fiduciary net position	1,606,628
Authority's net OPEB liability	$ -0-
Plan fiduciary net position as a percentage of Total OPEB liability	100.00%

The components of the net OPEB liability of the Authority at December 31, 2021 were as follows:

Retirees OPEB liability	$ 1,294,997
Active employees OPEB liability	393,140
Total OPEB liability	1,688,137
Plan fiduciary net position	1,688,137
Authority's net OPEB liability	$ -0-
Plan fiduciary net position as a percentage of Total OPEB liability	100.00%

Actuarial assumptions. The total OPEB liability was determined by actuarial valuations as of December 31, 2022 and 2021, using the following actuarial assumption, applied to all periods included in the measurement, unless otherwise specified:

Retirees and active employees -investment rate of return	5.00%, based upon the Authority's historical average, net of OPEB plan investment expense, including inflation.

Mortality rates for both actuarial valuations are based upon industry life tables.

For active employees, a retirement age of 63 was used for employees younger than 63 years old. If an employee is older than 63, the assumption is made the employee will retire at the end of the current fiscal year.

Discount rate. The discount rate used to measure the OPEB liability was 5.00% for retirees and active employees.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the Authority's net OPEB liability at December 31, 2022 if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 4.00%	1% Increase 6.00%
Retirees Net OPEB liability (asset)	$ 1,538,741	$ 1,190,877

	1% Decrease 4.00%	1% Increase 6.00%
Current active employees Net OPEB liability (asset)	$ 261,126	$ 246,693

(13) COVID-19

Beginning around March 2020, the COVID-19 virus was declared a global pandemic as it spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries were and continue to be severely impacted as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The Authority's ability to survive the pandemic has been eased with the receipt of CARES Act funding which assisted with operations during 2020 and 2021. No adjustments have been made to these financial statements as a result of COVID-19.

Greater Dayton Regional Transit Authority
Schedules of Required Supplementary Information
Ohio Public Employees Retirement System (OPERS)

Schedule of the Authority's Proportionate Share of the OPERS Net Pension Asset
Last Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
	As of and for the years ended December 31,								
Combined Plan									
Authority's proportion of net pension asset	0.224652%	0.221257%	0.225576%	0.243710%	0.225234%	0.250605%	0.261432%	0.232484%	0.232485%
Authority's proportionate share of net pension asset	$ 885,140	$ 638,688	$ 470,380	$ 272,523	$ 306,616	$ 139,478	$ 127,217	$ 89,512	$ 24,395
Authority's covered payroll	$ 1,024,179	$ 949,736	$ 1,009,050	$ 1,043,986	$ 1,044,531	$ 1,020,000	$ 977,825	$ 927,392	$ 876,592
Authority's proportionate share of net pension asset As a percentage of payroll	86.42%	67.25%	46.62%	26.10%	29.35%	13.67%	13.01%	9.65%	2.78%
Plan fiduciary net position as a percental of total pension asset	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

Schedule of the Authority's Proportionate Share of the OPERS Net Pension Liability
Last Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
	As of and for the years ended December 31,								
Traditional Plan									
Authority's proportion of net pension liability	0.220173%	0.239986%	0.230850%	0.244767%	0.254713%	0.248215%	0.245730%	0.237641%	0.237641%
Authority's proportionate share of net pension liability	$ 19,155,942	$ 35,536,702	$ 45,629,069	$ 67,036,719	$ 39,959,532	$ 56,365,406	$ 42,563,534	$ 28,662,122	$ 28,014,741
Authority's covered payroll	$ 31,944,621	$ 33,314,357	$ 32,793,500	$ 33,059,436	$ 33,076,685	$ 31,960,008	$ 30,964,342	$ 29,367,417	$ 27,758,738
Authority's proportionate share of net pension liability As a percentage of payroll	59.97%	106.67%	139.14%	202.78%	120.81%	176.36%	137.46%	97.60%	100.92%
Plan fiduciary net position as a percental of total pension liability	92.62%	86.88%	84.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Schedule of the Authority's Proportionate Share of the OPERS Net OPEB Liability or Asset
Last Six Years (2)

	2022	2021	2020	2019	2018	2017
	As of and for the years ended December 31,					
OPEB						
Authority's proportion of the net OPEB liability or asset	0.218456%	0.236437%	0.228091%	0.241492%	0.252377%	0.246717%
Authority's proportionate share of the net OPEB liability (asset)	$ (6,842,376)	$ (4,212,314)	$ 31,505,293	$ 31,484,856	$ 27,406,283	$ 24,919,255
Authority's covered payroll	$ 34,115,000	$ 33,521,064	$ 33,483,286	$ 34,799,407	$ 34,817,600	$ 34,000,000
Authority's proportionate share of net OPEB liability As a percentage of payroll	20.06%	12.57%	94.09%	90.48%	78.71%	73.29%
Plan fiduciary net position as a percentage of total OPEB liability	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2014 is not available and the amounts presented are as of the Authority's measurement date which is the prior year end.
(2) Information prior to 2017 is not available and the amounts presented are as of the Authority's measurement date which is the prior year end.

Greater Dayton Regional Transit Authority
Schedules of Required Supplementary Information
Ohio Public Employees Retirement System (OPERS)

Schedule of Authority's Contributions to OPERS
Last Ten Years

For the years ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Pension - Traditional Plan										
Contractually required contribution	$ 4,203,423	4,472,247	4,664,010	4,591,090	4,628,321	4,299,969	3,835,201	3,715,721	3,524,090	3,608,636
Contributions in relation to contractually required contribution	$ (4,203,423)	(4,472,247)	(4,664,010)	(4,591,090)	(4,628,321)	(4,299,969)	(3,835,201)	(3,715,721)	(3,524,090)	(3,608,636)
Contribution deficiency/(excess)	$ -	-	-	-	-	-	-	-	-	-
Authority's covered payroll	$ 30,024,450	31,944,621	33,314,360	32,793,500	33,059,436	33,076,685	31,960,008	30,964,342	29,367,417	27,758,738
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
Pension - Combined Plan										
Contractually required contribution	$ 145,102	143,385	132,963	141,267	146,158	135,789	122,400	117,339	111,287	113,957
Contributions in relation to contractually required contribution	$ (145,102)	(143,385)	(132,963)	(141,267)	(146,158)	(135,789)	(122,400)	(117,339)	(111,287)	(113,957)
Contribution deficiency/(excess)	$ -	-	-	-	-	-	-	-	-	-
Authority's covered payroll	$ 1,036,443	1,024,179	949,739	1,009,050	1,043,986	1,044,531	1,020,000	977,825	927,392	876,592
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
OPEB										
Contractually required contribution	$ -	-	-	-	-	348,176	680,000	651,881	618,261	292,197
Contributions in relation to contractually required contribution	$ -	-	-	-	-	(348,176)	(680,000)	(651,881)	(618,261)	(292,197)
Contribution deficiency/(excess)	$ -	-	-	-	-	-	-	-	-	-
Authority's covered payroll	$ 32,075,436	34,115,000	33,521,064	33,483,286	34,799,407	34,817,600	34,000,000	32,594,050	30,913,050	29,219,700
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%

See accompanying notes to required supplementary information.

Greater Dayton Regional Transit Authority

Schedules of Required Supplementary Information

Retiree Death Benefit Plan

SCHEDULES OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIO

For the years ended December 31, 2022, 2021, 2020, 2019, 2018 and 2017 (1)

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost - retirees	$ 47,131	$ 150,671	$ 36,144	$ 72,536	$ 86,000	$ 127,878
Service cost - active employees	-	-	-	-	-	441,163
Net investment income	21,614	15,574	42,206	49,092	17,412	6,991
Benefit payments	(71,500)	(79,500)	(56,500)	(46,000)	(44,500)	(82,000)
Administrative fee	(1,050)	(1,005)	(1,000)	(1,000)	-	-
Net investment expense	(77,704)	(21,094)	-	-	-	-
Net change in total OPEB liability	$ (81,509)	$ 64,646	$ 20,850	$ 74,628	$ 58,912	$ 494,032
Total OPEB liability - beginning	1,688,137	1,623,491	1,602,641	1,528,013	1,469,101	975,069
Total OPEB liability - ending (a)	$ 1,606,628	$ 1,688,137	$ 1,623,491	$ 1,602,641	$ 1,528,013	$ 1,469,101
Plan fiduciary net position						
Employer contribution	$ -	$ -	$ -	$ -	$ -	$ 56,621
Employer contribution receivable	47,131	150,671	36,144	72,536	86,000	569,041
Benefit payments	(71,500)	(79,500)	(56,500)	(46,000)	(44,500)	(82,000)
Net investment income	21,614	15,574	42,206	49,092	17,412	6,991
Administrative fee	(1,050)	(1,005)	(1,000)	(1,000)	-	-
Net investment expense	(77,704)	(21,094)	-	-	-	-
Net change in plan fiduciary net position	$ (81,509)	$ 64,646	$ 20,850	$ 74,628	$ 58,912	$ 550,653
Plan fiduciary net position - beginning	1,688,137	1,623,491	1,602,641	1,528,013	1,469,101	918,448
Plan fiduciary net position - ending (b)	$ 1,606,628	$ 1,688,137	$ 1,623,491	$ 1,602,641	$ 1,528,013	$ 1,469,101
Authority's net OPEB liability ((a)-(b))	$ -	$ -	$ -	$ -	$ -	$ -
Plan fiduciary net position as a percentage of the total OPEB liability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note to schedule:

(1) - Information prior to 2017 is not available.

Greater Dayton Regional Transit Authority

Schedules of Required Supplementary Information

Retiree Death Benefit Plan

SCHEDULES OF AUTHORITY CONTRIBUTIONS

For the years ended December 31, 2022, 2021, 2020, 2019, 2018 and 2017

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution - retirees	$ 47,131	$ 150,671	$ 36,144	$ 72,536	$ 86,000	$ 127,878
Actuarially determined contribution - active employees	-	-	-	-	-	441,163
Total actuarially determined contribution at December 31	$ 47,131	$ 150,671	$ 36,144	$ 72,536	$ 86,000	$ 569,041
Authority contributions made during 2023, 2022, 2021, 2020, 2019 and 2018, respectively	47,131	150,671	36,144	72,536	86,000	569,041
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -

Notes to schedule:

Actuarially determined contribution rates are calculated as of December 31, 2022, 2021, 2020, 2019, 2018 and 2017.

Methods and assumptions used to determine contribution rates are as follows:

Investment rate of return

5.00%, based upon the Authority's historical average, net of OPEB plan investment expense, including inflation.

Mortality rates for both actuarial valuations are based upon industry life tables.

For 2018, the mortality tables were revised to reflect longer life expectancy.

Retirement age

For active employees, a retirement age of 63 was used for employees younger than 63 years old.

If an employee is older than 63, the assumption is made that the employee will retire at the end of the current fiscal year.

SCHEDULES OF INVESTMENT RETURNS

For the years ended December 31, 2022, 2021, 2020, 2019, 2018 and 2017

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	-3.49%	-0.36%	2.7%	3.3%	1.4%	1.1%

Notes to schedule:

The trust had investment interest income of $21,614 for 2022, $15,574 for 2021, $20,513 for 2020, $29,441 for 2019, $14,617 for 2018 and $10,160 for 2017.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

(1) Net Pension Liability - OPERS

Changes in benefit terms: There were no changes in benefit terms from the amounts reported.

Changes in assumptions – Traditional Plan: There was no change in methods and assumptions used in the calculation of actuarial determined contributions for 2022 and 2021. See the notes to the financial statements for the methods and assumptions in this calculation.

Changes in assumptions – Combined Plan: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2022 and 2021. See the notes to the financial statements for the methods and assumptions in this calculation.

(2) Net OPEB Liability - OPERS

Changes in benefit terms: There were no changes in benefit terms from the amounts reported.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2022 and 2021. See the notes to the financial statements for the methods and assumptions in this calculation.

Greater Dayton Regional Transit Authority
Montgomery County

Schedule of Expenditures of Federal Awards
For the year ended December 31, 2022

Federal Grantor *Pass Through Grantor* Program/Cluster Title	**Federal AL Number**	**Grant Number**	**Expenditures**
U.S. Department of Transportation			
Direct			
Federal Transit Cluster			
Federal Transit Formula Grants	20.507	OH-2018-020	$ 633,391
	20.507	OH-2021-026	16,421,332
	20.507	OH-2021-045	5,465,703
Total Federal Transit Formula Grants			22,520,426
State of Good Repair Grants Program	20.525	OH-2018-020	30,832
	20.525	OH-2021-045	14,569,870
Total State of Good Repair Grants			14,600,702
Bus and Bus Facilities Formula Program	20.526	OH-2021-045	1,206,665
Total Bus and Bus Facilities Formula Program			1,206,665
Total Federal Transit Cluster			$ 38,327,793
Transit Services Programs Cluster			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OH-2017-007	$ 15,110
	20.513	OH-2018-020	31,000
	20.513	OH- 2021-034	65,862
	20.513	OH-2021-045	331,394
Total Enhanced Mobility of Seniors and Individuals with Disabilities			443,366
Total Transit Services Programs Cluster			$ 443,366
Total U.S. Department of Transportation			$ 38,771,159
Total Federal Awards Expenditures			$ 38,771,159

The accompanying notes are an integral part of this schedule.

Greater Dayton Regional Transit Authority
Notes to Schedule of Expenditures of Federal Awards
For the year ended December 31, 2022

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Greater Dayton Regional Transit Authority (the Authority) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared 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 the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

(3) Indirect Costs

The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(4) Matching Requirements

Certain Federal programs require the Authority to contribute non-federal funds (matching funds) to support the federally-funded programs. The Authority has met its matching requirements. The Schedule does not include the expenditure of non-federal matching funds.

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Parma, OH 44129
Charles E. Harris & Associates, Inc. Office phone - (216) 575-1630
Certified Public Accountants Fax - (216) 436-2411

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Greater Dayton Regional Transit Authority
4 South Main Street
Dayton, Ohio 45402

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States 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 Dayton Regional Transit Authority, Montgomery County (the Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 28, 2023, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

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

Charles E Harris Associates

Charles E. Harris and Associates, Inc.
July 28, 2023

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Greater Dayton Regional Transit Authority
4 South Main Street
Dayton, Ohio 45402

To the Board of Trustees:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Greater Dayton Regional Transit Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2022. The Authority's major federal program is identified in *the Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the Greater Dayton Regional Transit Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

The Authority's management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Charles E. Harris & Associates

Charles E. Harris and Associates, Inc.
July 28, 2023

GREATER DAYTON REGIONAL TRANSIT AUTHORITY
MONTGOMERY COUNTY
SCHEDULE OF FINDINGS
2 CFR Part 200.515
December 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unmodified
Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material weaknesses in internal control reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there any reportable findings under 2 CFR Part 200.516(a)	No
Major Programs:	Federal Transit Cluster: CFDA #20.507, #20.525, #20.526
Dollar Threshold: Type A\B Programs	Type A: >$1,163,135 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE
KEITH FABER

GREATER DAYTON REGIONAL TRANSIT AUTHORITY

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 11/16/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov