



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Western Reserve Transit Authority
604 Mahoning Avenue
Youngstown, Ohio 44504

We have reviewed the *Independent Auditor's Report* of Western Reserve Transit Authority, Mahoning County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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. Western Reserve Transit Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 29, 2023

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**WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Western Reserve Transit Authority
Mahoning County
604 Mahoning Ave.
Youngstown, OH 44504

To the Members of the Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Western Reserve Transit Authority, Mahoning County, Ohio (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 as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Western Reserve Transit Authority, Mahoning County, Ohio as of December 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with the 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards as required by 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 21, 2023, on our consideration of the 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

July 21, 2023

**WESTERN RESERVE TRANSIT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)**

As management of the Western Reserve Transit Authority (“Authority”), we offer readers of the Authority’s basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2022. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements taken as a whole.

Overview of Financial Highlights

- The Authority has net position of \$49.7 million. The net position results from the difference between total assets and deferred outflow of resources of \$62.6 million and total liabilities and deferred inflow of resources of \$12.9 million.
- Current assets of \$29.0 million primarily consist of non-restricted Cash and Cash Equivalents of \$23.7 million; Accounts Receivable of \$0.05 million; Sales Tax receivable of \$1.8 million; Federal and State assistance receivable of \$1.9 million; Materials and Supplies Inventory of \$0.5 million, and Prepaid Expenses and other Current Assets of \$1.0 million.
- Current liabilities of \$1.5 million primarily consist of Accounts Payables of \$0.2 million, Accrued Payroll and Benefits of \$0.9 million, Capital Lease of \$0.2 million and Other Payables of \$0.2 million.

Basic Financial Statements and Presentation

Accounting Pronouncements

The Authority complies with the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis-for State and Local Governments: Omnibus,” and Statement No. 38, “Certain Financial Statement Disclosures.”

The financial statements presented by the Authority are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority is structured as a single enterprise fund with revenues recognized when earned and measurable, not when received. Expenses are recognized when they are incurred, not when paid. Capital assets are capitalized and depreciated, except land, over their estimated useful lives.

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The Statement of Net Position presents information on all the Authority's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net position increases when revenues exceed expenses. Increases in assets without a corresponding increase to liabilities results in increased net position, which indicate improved financial position.

The Statement of Revenues, Expenses and Changes in Net Position present information showing how the Authority's net position changed during the year. This statement summarizes operating revenues and expenses along with non-operating revenues and expenses. In addition, this statement lists capital contributions received from federal and state governments.

The Statement of Cash Flows allows financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is classified into four categories: 1) Cash flows from operating activities, 2) Cash flows from non-capital financing activities, 3) Cash flows from capital and relating financing activities, and 4) Cash flows from investing activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

**WESTERN RESERVE TRANSIT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
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(UNAUDITED)**

Financial Analysis of the Authority

Condensed Summary of Net Position

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets	\$ 28,981,608	\$ 29,022,100
Non-Current Assets	8,078,979	8,755,349
Restricted Assets	783,978	305,029
Capital Assets (net of accumulated depreciation)	<u>22,406,897</u>	<u>22,793,066</u>
Total Assets	<u>\$ 60,251,462</u>	<u>\$ 60,875,544</u>
Deferred Outflows of Resources		
Pension/OPEB	<u>\$ 2,384,315</u>	<u>\$ 2,494,793</u>
Total Deferred Outflows of Resources	<u>\$ 2,384,315</u>	<u>\$ 2,494,793</u>
Liabilities		
Current Liabilities	\$ 1,497,966	\$ 1,561,418
Liabilities Payable from Restricted Assets	216,954	63,312
Net pension liability	4,249,800	7,018,168
Non-Current Liabilities - Other	<u>252,895</u>	<u>278,057</u>
Total Liabilities	<u>\$ 6,217,615</u>	<u>\$ 8,920,955</u>
Deferred Inflows of Resources		
Pension/OPEB	\$ 6,655,040	\$ 5,485,955
Revenue Lease	43,200	-
Total Deferred Inflows of Resources	<u>\$ 6,698,240</u>	<u>\$ 5,485,955</u>
Net Position		
Net Investment in Capital Assets	\$ 22,208,105	\$ 22,779,856
Restricted for Capital Assets	764,725	286,214
Unrestricted	<u>26,747,092</u>	<u>25,897,357</u>
Total Net Position	<u>\$ 49,719,922</u>	<u>\$ 48,963,427</u>

As a result of implementing the accounting standard for pension and OPEB, the Authority is reporting a significant net pension liability and related deferred inflows of resources for the fiscal year which have a negative effect on net position. In addition, the Authority is reporting a net OPEB asset, deferred outflows of resources and a decrease in expenses related to pension and OPEB, which have a positive impact on net position. The change in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of these accounting standards on the Authority's net position, additional information is presented below.

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	<u>2022</u>	<u>2021</u>
Deferred outflows - pension	\$ 2,201,421	\$ 1,667,965
Deferred outflows - OPEB	182,894	826,828
Deferred inflows - pension	(5,148,191)	(3,029,053)
Deferred inflows - OPEB	(1,506,849)	(2,456,902)
Net pension liability	(4,249,800)	(7,018,168)
Net OPEB asset	<u>1,458,424</u>	<u>804,116</u>
Impact of GASB 68 and GASB 75 on net position	<u>\$ (7,062,101)</u>	<u>\$ (9,205,214)</u>
Net expense impact	\$ 2,143,113	\$ 4,866,961

For 2022, the net expense impact of GASB 68 and 75 was \$2,143,113. This was from reporting the decrease in the Authority's proportionate share of the pension and other post-employment benefit liability of the Ohio Public Employment Retirement board. This adjustment was a negative expense which decreased expenses.

Condensed Summary of Revenues, Expenses and Changes in Net Position

<u>Description</u>	<u>2022</u>	<u>2021</u>
Operating Revenues (Expenses)		
Operating Revenues	\$ 68,435	\$ 149,493
Operating Expenses, excluding Depreciation	(13,708,556)	(9,335,649)
Depreciation Expense	<u>(3,100,642)</u>	<u>(3,044,218)</u>
Operating Loss	<u>(16,740,763)</u>	<u>(12,230,374)</u>
Non-Operating Revenues (Expenses)		
Sales and Use Tax Revenues	10,743,544	10,325,947
Federal Grants and Reimbursements	2,633,201	10,301,367
State Grants, Reimbursements and Special Fare Assistance	862,003	1,969,759
Investment Income/ (loss)	57,585	(29,886)
Other Income	<u>405,553</u>	<u>102,039</u>
Total Non-Operating Revenues	<u>14,701,886</u>	<u>22,669,226</u>
Capital Contributions	<u>2,795,372</u>	<u>2,426,140</u>
Increase in Net Position During the Year	756,495	12,864,992
Net Position, Beginning of Year	<u>48,963,427</u>	<u>36,098,435</u>
Net Position, End of Year	<u>\$ 49,719,922</u>	<u>\$ 48,963,427</u>

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MANAGEMENT DISCUSSION AND ANALYSIS
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Financial Operating Results

Revenues

For purposes of this presentation, the Authority groups its operating and non-operating revenues into the following categories:

Passenger Revenues – Farebox and special transit fares are included here. Rides on all the buses were free as of the period ending December 31, 2022. As such, the Authority showed zero revenues from passenger fares. Its advertising and concessions revenues also showed a decrease of 54% in 2022 from 2021. The decrease in passenger revenues is the result of the COVID-19 pandemic and the suspension of fares that started in March of 2020 until 2022.

Sales and Use Tax Revenues - A sales and use tax issue passed by the voters of Mahoning County on November 4, 2008 was effective April 1, 2009 for five (5) years ending March 31, 2014. A renewal of this tax issue was passed by the voters of on November 6, 2012, for five (5) years beginning April 1, 2014 and ending March 31, 2019. Another renewal of this tax issue was passed by the voters of Mahoning County on November 7, 2017, for a continuing period. WRTA began collecting sales tax revenues in July, 2009. In 2022, sales and use tax revenues increased 4% and its share to total non-operating revenues is 73%. Sales and use tax revenue can be used for operating or capital purchases.

Federal Grants and Reimbursements – The Authority received approximately \$2,633,201 in operating, planning and capital assistance to cover certain maintenance and complimentary paratransit service costs incurred for the year 2022. This is made up of total reimbursements of \$159,513 for planning assistance for part of the Authority’s Formula 5307 funding; \$44,723 for operating assistance and \$2.4 million in capital assistance for the purchase of buses, shop equipment, communications equipment, tires and capital improvements.

State Maintenance Grants, Reimbursements and Special Fare Assistance – The Ohio Department of Transportation allocates grants for capital, operating assistance and elderly and disabled programs. In 2022, the Authority received \$326,570 in state grants and operating assistance and \$360,464 capital assistance for various capital projects. The Authority also received reimbursement for state fuel taxes paid by the Authority in the amount of \$174,969.

Investment Income – The Authority recorded interest income of \$341,830, but total net investment income was \$57,585 due to unrealized loss of \$284,245 in investments in 2022. The Authority opened a State Treasury Asset Reserve of Ohio (STAR Ohio) account in 2012 through the Ohio State Treasurers Office. STAR Ohio is an investment that allows government subdivisions to invest funds in a highly rated public investment pool. The

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Authority also have investments in FDIC-insured Certificates of Deposits, Municipal Bonds, US Treasury/Agency Securities with AA+ rating from S&P.

Other Income – This category summarizes various miscellaneous income and revenue. In 2022, total other income went up by 297% to \$405,553 due mainly to insurance proceeds of \$574,272; loss of \$272,545 from disposal of fixed assets, rental revenue of \$32,695, and miscellaneous income of \$57,221.

Expenses

Labor and Fringe Benefits Personnel costs accounted for approximately 66% of all the Authority operating expenses (excluding depreciation) in 2022. Labor costs increased 3% to \$6.6 million, while fringe benefits expense increased by \$3.1 million due to the effect of pension expense adjustments of \$2.1 million.

Materials and Supplies Overall, costs of materials and supplies rose 24% to \$1.7 million in 2022.

Services Costs for services increased 72% to \$1.7 million from \$994,987 in 2021 mostly due to an increase in professional and technical transportation expenses for the planning costs of multiple future projects, such as the purchase of vehicles and renovations to the bus maintenance garage and the administrative offices and other services for non-vehicle maintenance.

Utilities The utility cost increased by 54% to \$177,632 from \$168,580 in 2021. This is attributable to the installation and implementation of fiber connection between the administrative offices and the passenger loading station which permitted WRTA to cancel two phone lines.

Casualty and Liability Casualty and Liability rates were down 6% to \$338,623 from \$360,468 in 2021. The Authority is a member of the Ohio Transit Risk Pool and rates are based on a number of factors, including, but not limited to, how many members are in the pool, number and age of assets being insured and past experience.

Miscellaneous This category summarizes various expenses not included in other expense categories.

Transportation These are expenses directly related to the operation of revenue vehicles. Included are wages and fringe benefits of operators, dispatchers, customer service, as well as diesel fuel and security costs.

Maintenance Vehicle and facility maintenance labor costs, fringe benefits, and materials and supplies are included in this category.

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General Administration Administrative personnel labor and fringe benefits are included in this category, as well as public liability and property damage insurance, professional services, advertising fees and office supplies.

In 2022, the Authority's miscellaneous expense increased to \$502,301 or 19% due to increased expenses on advertising and promotions of services and increased expense on travels and meetings.

Depreciation This category includes depreciation on all capital assets, except land.

Condensed Summary of Cash Flows

Net cash used for operating activities increased in 2022. Net cash provided by non-capital financing activities increased as a direct result of sales and use tax received and higher maintenance grants received. Net cash used in capital and related financing activities increased due to the nature of capital purchases in 2022. Acquisition of fixed assets included the purchase of transit buses, shop equipment, communications equipment, as well as hardware/software.

A summary of cash flows for the years ended 2022 and 2021 follows:

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MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES:		
Cash received from customers	\$ 141,961	\$ 117,495
Cash payments to suppliers for goods and services	(5,839,651)	(3,215,233)
Cash payments to employees for services	<u>(11,144,800)</u>	<u>(10,663,073)</u>
Net cash used in operating activities	(16,842,490)	(13,760,811)
NONCAPITAL FINANCING ACTIVITIES:		
Sales and Use taxes received	10,677,471	10,154,192
Maintenance and planning grants received	3,465,644	15,378,496
Other	<u>405,553</u>	<u>100,176</u>
Net cash provided by noncapital financing activities	14,548,668	25,632,864
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	3,616,974	(44,935)
Acquisition of capital assets	(2,714,473)	(2,956,806)
Payment on capital lease	185,582	(82,554)
Proceeds from disposal	<u>(2,818)</u>	<u>562</u>
Net cash used in capital and related financing activities	1,085,265	(3,083,733)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	1,365,958	(6,952,742)
Interest received from investments	<u>57,586</u>	<u>(29,886)</u>
Net cash provided by investing activities	<u>1,423,544</u>	<u>(6,982,628)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	214,987	1,805,692
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>23,461,604</u>	<u>21,655,912</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 23,676,591</u>	<u>\$ 23,461,604</u>
USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (16,740,763)	\$ (12,230,374)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	3,100,642	3,044,218
Change in assets and liabilities:		
(Increase)decrease in accounts receivable-trade	60,955	(68,452)
(Increase)decrease in materials and supplies inventory	(222,808)	(15,555)
(Increase)decrease in prepaid expenses	(623,206)	350,113
Increase(decrease) in accounts payable	97,379	66,424
Increase(decrease) in accrued payroll and benefits	17,718	(40,224)
Increase(decrease) in net pension liability/deferred inflows/outflows	(2,143,113)	(4,866,961)
Increase(decrease) in other liabilities	<u>(389,294)</u>	<u>-</u>
Net cash used in operating activities	<u>\$ (16,842,490)</u>	<u>\$ (13,760,811)</u>
Non-cash transactions:		
Financed purchase	\$ 198,792	\$ 13,210

**WESTERN RESERVE TRANSIT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
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Capital Assets

The Authority's net investment in capital assets amounts to \$22.4 million, net of accumulated depreciation as of December 31, 2022. Capital assets include land and land improvements, revenue producing and service equipment, buildings and structures, shop equipment, office furnishings, and computer equipment.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for those with an interest in its finances. Questions concerning any of the information in this report or request for additional financial information should be addressed to Randy Chrismar, Secretary-Treasurer, Western Reserve Transit Authority, 604 Mahoning Avenue, Youngstown, Ohio 44502.

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WESTERN RESERVE TRANSIT AUTHORITY

STATEMENT OF NET POSITION

December 31, 2022

ASSETS	<u>2022</u>
CURRENT ASSETS:	
Cash and cash equivalents (Note 2)	\$ 23,676,591
Receivables:	
Trade, less allowance for doubtful accounts of \$1,782 in 2022	49,652
Federal assistance	1,763,178
State assistance	168,840
Sales and Use taxes (Note 4)	1,791,482
Revenue lease, current portion	7,920
Materials and supplies inventory	505,447
Prepaid expenses	819,706
Other current assets	198,792
Total current assets	<u>28,981,608</u>
NONCURRENT ASSETS:	
Investments	6,585,275
Net Pension Asset - OPEB	1,458,424
Revenue lease, net of current portion	35,280
	<u>8,078,979</u>
RESTRICTED ASSETS:	
Cash and cash equivalents (Note 2)	8,253
Investments	11,000
Federal capital assistance receivable	764,725
Total restricted assets	<u>783,978</u>
PROPERTY, FACILITIES AND EQUIPMENT:	
Land	1,726,141
Building and improvements	16,122,107
Transportation equipment	28,109,697
Other equipment	4,221,803
Total	<u>50,179,748</u>
Less accumulated depreciation	27,772,851
Property, facilities and equipment - net	<u>22,406,897</u>
TOTAL ASSETS	<u><u>\$ 60,251,462</u></u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension	2,201,421
OPEB	182,894
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 2,384,315</u></u>

WESTERN RESERVE TRANSIT AUTHORITY

STATEMENT OF NET POSITION (CONT'D)

December 31, 2022

	<u>2022</u>
CURRENT LIABILITIES:	
Accounts payable	\$ 248,474
Accrued payroll and benefits	886,399
Financed purchase, current portion	198,792
Other	<u>164,301</u>
Total current liabilities	1,497,966
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Capital expenditures payable	<u>216,954</u>
Total Liabilities payable from restricted assets	216,954
NONCURRENT LIABILITIES - Other	
Net pension liability	4,249,800
Other	<u>252,895</u>
Total Liabilities	6,217,615
DEFERRED INFLOWS OF RESOURCES:	
Pension	5,148,191
OPEB	1,506,849
Revenue Lease	43,200
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>6,698,240</u></u>
NET POSITION:	
Net Investment in Capital Assets	22,208,105
Restricted for Capital Assets	764,725
Unrestricted	<u>26,747,092</u>
Total Net Position	<u><u>\$ 49,719,922</u></u>

See accompanying notes to the financial statements.

WESTERN RESERVE TRANSIT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2022

	2022
OPERATING REVENUES:	
Advertising and concessions	\$ 68,435
Total operating revenues	68,435
OPERATING EXPENSES:	
Labor	6,578,662
Fringe benefits (Note 5)	2,440,743
Materials and supplies	1,671,180
Services	1,708,012
Utilities	177,633
Casualty and liability	338,623
Taxes	291,402
Other	502,301
Total operating expenses excluding depreciation	13,708,556
OPERATING LOSS BEFORE DEPRECIATION EXPENSE	(13,640,121)
DEPRECIATION EXPENSE (Note 3):	3,100,642
OPERATING LOSS	(16,740,763)
NONOPERATING REVENUES:	
Sales and Use tax revenues (Note 4)	10,743,544
Federal maintenance grants and reimbursements (Note 9)	2,633,201
State maintenance grants, reimbursements and special fare assistance (Note 9)	862,003
Investment income/ (loss)	57,585
Other	405,553
Total nonoperating revenues	14,701,886
NET GAIN (LOSS) BEFORE CAPITAL CONTRIBUTION	(2,038,877)
Capital contributions - Federal	2,693,993
Capital contributions - State	101,379
	756,495
NET GAIN (LOSS)	756,495
Net Position, Beginning of Year	48,963,427
Net Position, End of Year	\$ 49,719,922

See accompanying notes to the financial statements.

WESTERN RESERVE TRANSIT AUTHORITY

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

	2022
OPERATING ACTIVITIES:	
Cash received from customers	\$ 141,961
Cash payments to suppliers for goods and services	(5,839,651)
Cash payments to employees for services	(11,144,800)
Net cash used in operating activities	(16,842,490)
NONCAPITAL FINANCING ACTIVITIES:	
Sales and Use taxes received	10,677,471
Maintenance and planning grants received	3,465,644
Other	405,553
Net cash provided by noncapital financing activities	14,548,668
CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital grants received	3,616,974
Acquisition of capital assets	(2,714,473)
Payment on capital lease	185,582
Net Proceeds from disposal	(2,818)
Net cash provided by capital and related financing activities	1,085,265
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	1,365,958
Interest received from investments	57,586
Net cash provided by investing activities	1,423,544
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	214,987
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	23,461,604
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 23,676,591
USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (16,740,763)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	3,100,642
Change in assets and liabilities:	
(Increase)decrease in accounts receivable-trade	60,955
(Increase)decrease in materials and supplies inventory	(222,808)
(Increase)decrease in prepaid expenses	(623,206)
Increase(decrease) in accounts payable	97,379
Increase(decrease) in accrued payroll and benefits	17,718
Increase(decrease) in net pension liability/deferred inflows/outflows	(2,143,113)
Increase(decrease) in other liabilities	(389,294)
Net cash used in operating activities	\$ (16,842,490)
Non-cash transactions:	
Financed purchase	\$ 198,792

See accompanying notes to the financial statements.

WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Western Reserve Transit Authority (“WRTA” or the “Authority”) was created pursuant to Sections 306.30 through 306.71 of the Ohio Revised Code for the purpose of providing public transportation in the greater Youngstown, Ohio area. Whereas, by legislative action and under authority of the ORC, Section 306.321, the City of Youngstown and the Board of Mahoning County Commissioners voted to include within the WRTA the territory of the whole of Mahoning County. As a political subdivision it is distinct from, and is not an agency of, the State of Ohio or any other local governmental unit. The Authority is not subject to federal or state income taxes.

The Authority is managed a by 7-member Board of Trustees and provides virtually all-mass transportation within the Mahoning County area. Three members are appointed by the Mayor of Youngstown and four members are appointed by the Mahoning County Commissioners.

Reporting Entity – The Authority complies with the provisions of Statement No. 14 of the Governmental Accounting Standards Board (“GASB”) regarding the definition of the financial reporting entity. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Statement No. 14, the Authority has no component units.

These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization nor is any other organization accountable for WRTA. 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.

Basis of Accounting – The Authority follows the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net income, financial position and cash flows. All transactions are accounted for in a single enterprise fund.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in PRE-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
- (continued)

Nonexchange Transactions - The Authority complies with the provisions of Statement No. 33 of the Governmental Accounting Standards Board (“GASB”) regarding the Accounting and Financial Reporting for Nonexchange Transactions. This statement requires that capital contributions be recognized as revenue. Accordingly, during the year ended December 31, 2022 \$2,795,372 in capital contributions were recognized as revenue in the Statement of Revenues, Expenses and changes in Net Position for the Authority.

The Authority complies with the provisions of GASB Statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.”

The Authority will continue applying all applicable pronouncements issued by the GASB.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity, at date of purchase, of three months or less to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

Investments – During the year, investments were limited to certificates of deposit, instruments of government sponsored mortgage-backed securities, commercial paper, a money market mutual fund, U.S. Treasury Notes and interests in STAR Ohio, the State Treasurer’s Investment Pool. Investments are reported at fair value which is based on quoted market prices. All investments of the Authority had a maturity of five years or less.

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 SEC 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 the year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
- (continued)

However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, 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.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds.

Materials and Supplies Inventory – Materials and supplies inventory is stated at cost (average cost method). Inventory generally consists of maintenance parts and supplies for rolling stock and other transportation equipment.

Use of 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 reported amounts of assets, liabilities, revenues and expenses, at and during the reported period. Actual results could differ from those estimates.

Property, Facilities and Equipment – Property, facilities and equipment are stated at historical cost. The cost of maintenance and repairs is charged to operations as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

<u>Description</u>	<u>Years</u>
Building and improvements	20-40
Land improvements	20
Transportation equipment	5-15
Other equipment	3-15

Restricted Assets – Restricted assets consist of monies and other resources, the use of which is legally restricted for capital acquisition and construction.

WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
- (continued)

Compensated Absences – The Authority accrues vacation and eligible sick pay as earned by its employees based upon the policies of the Authority and recognizes such costs when they are incurred. Vacation leave is considered short term since employees lose unused vacation on anniversary date.

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 improvements of those assets.

Restricted – This consists of 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, then unrestricted resources when they are needed.

Unrestricted – This consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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, advertising, and concession revenue.

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 and contracts.

Recognition of Revenue and Receivables

The Federal Transit Administration (“FTA”) and the Ohio Department of Transportation (“ODOT”), provide financial assistance and make grants directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenue over the entitlement period. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as revenue when the expenditure has been made and the revenue is available.

WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
- (continued)

Capital grant funds received in advance of project costs being incurred are recorded as liabilities.

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

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB 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 position 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 or OPEB 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 or OPEB asset. Under the new standards, the net pension/OPEB liability or OPEB asset equals the Authority 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.

WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
- (continued)

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 of 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 or the net OPEB 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 statute 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.

2. DEPOSITS 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 in certificates of deposit, savings accounts, money market accounts, State Treasurer's investment pool ("STAR Ohio"), and obligations of the United States government and certain agencies thereof. The Authority may also enter into repurchase agreements with eligible depository or any eligible security dealer who is a member of the National Association of Securities Dealer for a period not exceeding 30 days.

Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by two percent and be marked to market daily. State law does not require that security for public deposits and investments be maintained in the Authority's name.

WESTERN RESERVE TRANSIT AUTHORITY
 MAHONING COUNTY
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended December 31, 2022

2. DEPOSITS AND INVESTMENTS – (continued)

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 instruments, contract, or obligation itself (commonly known as a “derivative”). The Authority is also prohibited from investing in reverse repurchase agreements.

At December 31, 2022, the carrying amount of all the Authority’s deposits was \$4,561,504. Based on the criteria describe in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2022, \$250,000 of the Authority’s bank balance of \$4,754,330 was covered by the Federal Deposit Insurance Corporation (FDIC), while \$2,729,564 was covered by the Ohio Pooled Collateral System (OPCS) as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the Authority’s deposits may not be returned. At year end, \$1,774,766 of the Authority's bank balance of \$4,754,330 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The Authority's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System (OPCS). All deposits are collateralized with eligible securities in amounts equal to at least 50% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in the Ohio Pool Collateralization System (OPCS) pledged to the Treasurer of State. Qualified trustees holding such pools of collateral are approved by the Ohio treasurer and must hold the eligible securities in an account indicating the treasurer’s security interest. The Ohio treasurer holds and monitors the pooled collateral on behalf of the Authority.

Rating (S&P)	Measurement Value	Investment Maturities			
		6 months or less	7 to 24 months	> 24 to less than 60 months	
FDIC	US Govt money market mutual fund	\$ 2,108,395	\$ 2,108,395	\$ -	\$ -
AAAm	STAR Ohio	17,014,945	17,014,945	-	-
FDIC	Certificates of Deposit	2,824,501	750,513	707,730	1,366,258
Aaa	Municipal bond	249,222	249,222	-	-
	Commercial paper	987,634	987,634	-	-
AA+	US Treasury	486,835	-	486,835	-
AA+	FHLB	2,048,083	-	462,300	1,585,783
		<u>\$ 25,719,615</u>	<u>\$ 21,110,709</u>	<u>\$ 1,656,865</u>	<u>\$ 2,952,041</u>

The weighted average maturity is 1.32 years.

WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

2. DEPOSITS AND INVESTMENTS – (continued)

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. The preceding table identify the Authority's recurring fair value measurement as of December 31, 2022.

The Authority's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The Authority's investments in negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). The investments in STAR Ohio are at net asset value.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Authority's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average maturity of portfolio held by STAR Ohio is 48 days. The Standard and Poor's has assigned U.S. Government money market funds an AAAM rating, the FHLB an AA+ rating and commercial paper an A-1 rating and all negotiable CDs are fully covered by the FDIC.

Custodial Credit Risk: For an investment, custodial credit risk 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 investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to delivery of the securities to the Director of Finance or qualified trustee.

Concentration of Credit Risk: The Authority places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Authority at December 31, 2022:

WESTERN RESERVE TRANSIT AUTHORITY
 MAHONING COUNTY
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended December 31, 2022

2. DEPOSITS AND INVESTMENTS – (continued)

Investment Type	Measurement Value	% to total
Amortize cost: STAR Ohio	\$ 17,014,945	66%
Fair value:		
US Govt money market mutual fund	2,108,395	8%
Certificates of Deposit	2,824,501	11%
Municipal Bonds	249,222	1%
Commercial Paper	987,634	4%
US Treasury	486,835	2%
FHLB	2,048,083	8%
	\$ 25,719,615	100%

Reconciliation of Cash and Investments to the Statement of Net Position: The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2022:

<i>Cash and Investments per Footnote</i>	
Carrying amount of deposits	\$ 4,561,504
Investments	25,719,615
Total	\$ 30,281,119
 <i>Cash and Investments per Statement of Net Assets</i>	
Cash and cash equivalents - current	\$ 23,676,591
Cash and cash equivalents - restricted	8,253
Investments - non-current	6,585,275
Investment - restricted	11,000
	\$ 30,281,119

WESTERN RESERVE TRANSIT AUTHORITY
 MAHONING COUNTY
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended December 31, 2022

3. CAPITAL ASSETS

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

Description	Balance January 1, 2022	Additons	Disposals	Balance December 31, 2022
Capital Assets not being depreciated:				
Land	\$ 1,013,136	\$ 713,005	\$ -	\$ 1,726,141
Total Capital Assets Not Being Depreciated	1,013,136	713,005	-	1,726,141
Capital Assets being depreciated:				
Buildings & Bldg Impr	15,257,320	864,787	-	16,122,107
Transportation Equipment	27,590,258	1,232,550	713,111	28,109,697
Other Equipment	4,045,128	176,675	-	4,221,803
Total Capital Assets Being Depreciated	46,892,706	2,274,012	713,111	48,453,607
Less accumulated depreciation:				
Buildings & Bldg Impr	9,641,866	451,414	-	10,093,280
Transportation Equipment	13,597,220	2,373,839	440,567	15,530,492
Other Equipment	1,873,690	275,389	-	2,149,079
Total Accumulated Depreciation	25,112,776	3,100,642	440,567	27,772,851
Total Capital Assets Being Depreciated, Net	21,779,930	(826,630)	272,544	20,680,756
Total Capital Assets, Net	\$ 22,793,066	\$ (113,625)	\$ 272,544	\$ 22,406,897

4. SALES AND USE TAXES

A ¼% sales and use tax issue passed by the voters of Mahoning County on November 4, 2008 was effective April 1, 2009 for five (5) years ending March 31, 2014. A renewal of the sales and use tax issue, with an effective date of April 1, 2014 through March 31, 2019, was passed by the voters of Mahoning County on November 6, 2012. On November 7, 2017 the voters of Mahoning County approved a renewal of the sales and use tax issue for a continuing period. Sales and use tax revenue can be used for operating or capital purposes.

WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

5. DEFINED BENEFIT PENSION AND OPEB PLANS

Pensions and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions/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 pension/OPEB liability (asset) represent the Authority's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (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 pensions/OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

A. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description - The Authority employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan. 2.) The Member-Directed Plan (MD) - 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) - 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 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):

WESTERN RESERVE TRANSIT AUTHORITY
 MAHONING COUNTY
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended December 31, 2022

5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years <u>after January 7, 2013</u>	20 years of service credit prior to January 7, 2013 or eligible to retire <u>ten years after January 7, 2013</u>	Members not in other Groups and members hired on or after <u>January 7, 2013</u>
State and Local	State and Local	State and Local
Age and service requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and service requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and service requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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	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	Formula: 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 cost-of-living adjustment 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 Plan.

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

WESTERN RESERVE TRANSIT AUTHORITY
 MAHONING COUNTY
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended December 31, 2022

5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

	<u>State and Local</u>
2022 Statutory maximum contribution rates	
Employer	14.00 %
Employee	10.00 %
 2022 Actual contribution rates	
Employer:	
Pension	14.00 %
Post-employment health care benefits	<u>-</u>
Total employer	<u>14.00 %</u>
 Employee	 <u>10.00 %</u>

The Authority's contractually required contribution for the Traditional Pension Plan was \$1,054,967 for 2022. Of this amount, \$202,315 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability 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:

	<u>OPERS</u>	
	<u>2022</u>	<u>2021</u>
Proportion of the pension liability - prior measurement date	0.0004740 %	0.0426750 %
Proportion of the pension liability - current measurement date	<u>0.0004885 %</u>	<u>0.0004740 %</u>
Change in proportionate share	<u>0.0000145 %</u>	<u>-0.0422011 %</u>
 Proportionate share of net pension liability	 \$ 4,249,800	 \$ 7,018,168
Pension expense	\$ (127,719)	\$ 674,489

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

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5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

	OPERS	
	2022	2021
Deferred outflows of resources		
Net differences between expected and actual experience	\$ 216,649	\$ -
Changes of assumptions	531,433	-
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	398,372	675,511
Employer contributions subsequent to the measurement date	1,054,967	992,454
Total deferred outflows of resources	\$ 2,201,421	\$ 1,667,965
Deferred inflows of resources		
Differences between expected and actual experience	\$ 93,209	\$ 293,576
Net difference between projected and actual earnings on pension plan investments	5,054,982	2,735,477
Total deferred inflows of resources	\$ 5,148,191	\$ 3,029,053

\$1,054,967 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
Year ending December 31:	
2023	\$ (321,713)
2024	(1,687,264)
2025	(1,188,631)
2026	(804,129)
Total	\$ (4,001,737)

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5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

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:

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 return	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 (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (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 (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

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5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

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 Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
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	<u>4.00%</u>	<u>2.85%</u>
Total	<u>100.00%</u>	<u>4.21%</u>

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5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

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 to Changes in the Discount Rate The following table presents the Authority’s proportionate share of the net pension liability 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 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%)
Employer proportionate share of the net pension liability	\$ 11,204,784	\$ 4,249,800	\$ (1,537,672)

B. OPEB PLAN

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

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 Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report 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 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 OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. 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 percent 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 percent.

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 were 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 payment, 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:

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5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

	<u>OPERS</u>	
	<u>2022</u>	<u>2021</u>
Proportion of the net OPEB liability or asset:		
prior measurement date	0.045135%	0.040282%
current measurement date	<u>0.046563%</u>	<u>0.045135%</u>
Change in proportionate share	<u>0.001428%</u>	<u>0.004853%</u>
Proportionate share of the net		
OPEB liability (asset)	\$ (1,458,424)	\$ (804,116)
OPEB expense	\$ (960,427)	\$ (4,548,996)

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

	<u>OPERS</u>	
	<u>2022</u>	<u>2021</u>
Deferred outflows of resources		
Changes of assumptions	\$ -	\$ 395,313
Changes in proportion and differences between contributions and proportionate share of contributions	<u>182,894</u>	<u>431,515</u>
Total deferred outflows of resources	<u>\$ 182,894</u>	<u>\$ 826,828</u>
Deferred inflows of resources		
Differences between expected and actual experience	\$ 221,221	\$ 725,710
Net difference between projected and actual earnings on OPEB plan investments	695,274	428,283
Changes of assumptions	<u>590,354</u>	<u>1,302,909</u>
Total deferred inflows of resources	<u>\$ 1,506,849</u>	<u>\$ 2,456,902</u>

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

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5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

	OPERS
Year ending December 31:	
2023	\$ (757,276)
2024	(314,913)
2025	(151,914)
2026	(99,852)
Total	\$ (1,323,955)

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 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 return	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

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5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (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 (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.

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's 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, these best estimates are summarized in the following table:

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5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

<u>Asset class</u>	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	<u>7.00%</u>	<u>1.93%</u>
Total	<u>100.00%</u>	<u>3.45%</u>

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 is 14.3 percent for 2021.

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5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

Discount Rate A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. 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 the year 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 to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the Authority's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease <u>(5.00%)</u>	Current discount rate <u>(6.00%)</u>	1% Increase <u>(7.00%)</u>
Proportionate share of the net OPEB liability/(asset)	\$ (857,690)	\$ (1,458,424)	\$ (1,957,043)

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 percent lower or 1.0 percent higher than the current rate.

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5. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

	<u>1% Decrease</u>	Current health care cost trend rate <u>assumption</u>	<u>1% Increase</u>
Proportionate share of the net OPEB liability/(asset)	(\$1,474,185)	(\$1,458,424)	(\$6,096,028)

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 percent. 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 percent in the most recent valuation.

6. LEASES

The Authority currently leases space at its Federal Station loading terminal to Greyhound Lines, Inc. and the St. Augustine Society, Inc.

The Greyhound lease is a five-year term for the period of January 1, 2019 through December 31, 2023. Rent receipts from Greyhound Lines amounted to \$38,028 in 2022 and is reflected in the financial statements as non-operating other revenue. The lease does not qualify as a revenue lease under GASB Statement No. 87.

The Authority has entered into a lease agreement with St Augustine Society for a five-year term for the period of February 1, 2023 through January 31, 2028 for a fixed rate of \$720 a month. In accordance with GASB Statement No. 87, the amortization of the lease schedule is as follows:

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6. LEASES (continued)

Year Ending December 31	Lease revenue
2023	\$ 7,920
2024	8,640
2025	8,640
2026	8,640
2027	8,640
2028	720
	<u>\$ 43,200</u>

No rent receipts have been collected from the St. Augustine Society as of December 31, 2022.

7. CONTINGENCIES

Federal and State Grants – Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 2022, there were no significant questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority’s management, no material grant expenditures will be disallowed.

Contract Disputes and Legal Proceedings – The Authority has been named as a defendant in certain contract disputes and other legal proceedings. Although the eventual outcome of these matters cannot be predicted, it is the opinion of management that the ultimate outcome is not expected to have a material effect on the Authority’s financial position.

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8. FEDERAL AND STATE GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

Grants, reimbursements and special fare assistance in the statements of revenues, expenses and changes in net position for the years ended December 31, 2022 consist of the following:

	2022
FEDERAL:	
FTA Maintenance and Other Assistance	\$ 2,473,688
FTA Planning Assistance	159,513
FTA Capital Contribution	2,693,993
Total	\$ 5,327,194
 STATE:	
ODOT Fuel Tax Reimbursement	\$ 174,969
Other State Assistance	687,034
State Capital Contribution	101,379
Total	\$ 963,382

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, flood and earthquake, errors, and omissions, employment related matters, injuries to employees and employee theft and fraud. The Authority belongs to the Ohio Transit Risk Pool Association (“OTRP”). OTRP is a self-insurance pool formed under Ohio Revised Code 2744.081, related to its risk of property and casualty loss. Under this plan, the Authority receives property and casualty loss coverage in exchange for premiums paid. OTRP self-insures the first \$250,000 of any qualified property loss and the first \$1,000,000 of any qualified casualty loss subject to a \$1,000 per loss deductible. Per occurrence, reinsurance coverage is maintained by OTRP equal to approximately \$200,000,000 for qualified property losses and \$7,500,000 for qualified casualty losses. Any underfunding of the plan’s liabilities is shared pro-rata by the members based on pool contribution factors comprised of population, full-time employees, vehicles, property values, budget, claims history times two and net operating expenses.

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9. RISK MANAGEMENT (continued)

The Authority continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. LONG-TERM LIABILITIES

The following are the long-term liabilities requirements at December 31, 2022:

	Balance at 1/1/2022	Increase	Decrease	Balance at 12/31/2022	Due within one year
Net Pension Liability	\$ 7,018,168	\$ -	\$ (2,768,368)	\$ 4,249,800	\$ -
Financed Purchase Liability	13,210	185,582	-	198,792	198,792
Compensated Absences	278,057	(233,766)	208,604	252,895	-
	<u>\$ 12,873,426</u>	<u>\$ (48,184)</u>	<u>\$ (8,927,871)</u>	<u>\$ 3,897,371</u>	<u>\$ 198,792</u>

Long term compensated absences include sick leave only. Unused vacation leave at the end of the employees' anniversary date is not carried over and included as current liabilities.

11. 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 changed with this implementation.

12. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events for potential recognition and/or disclosure through July 21, 2023, the date the financial statements were available to be issued.

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13. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Authority's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses will be realized in subsequent periods, if any, cannot be determined.

REQUIRED SUPPLEMENTARY INFORMATION

Western Reserve Transit Authority

Required Supplementary Information

Schedule of Western Reserve Transit Authority Proportionate Share of the Net Pension Liability

Last Nine Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Ohio Public Employees Retirement System (OPERS) - Traditional Plan			
Authority's proportion of the net pension liability	0.048846%	0.047395%	0.042675%
Authority's proportionate share of the net pension liability	\$ 4,249,800	\$ 7,018,168	\$ 8,435,003
Authority's covered payroll	\$ 7,088,957	\$ 6,675,607	\$ 6,001,964
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	59.95%	105.13%	140.54%
Plan fiduciary net position as a percentage of total pension liability	92.62%	86.88%	84.17%

(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.

2019	2018	2017	2016	2015	2014
0.042131%	0.040830%	0.038350%	0.036978%	0.035675%	0.035675%
\$ 11,538,827	\$ 6,405,435	\$ 8,708,633	\$ 6,405,056	\$ 4,302,804	\$ 4,205,618
\$ 5,647,271	\$ 5,373,754	\$ 4,955,733	\$ 4,564,317	\$ 4,378,042	\$ 4,203,692
204.33%	119.20%	175.73%	140.33%	98.28%	100.05%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Western Reserve Transit Authority

Required Supplementary Information

Schedule of Western Reserve Transit Authority Contributions - Pension

Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Ohio Public Employees Retirement System (OPERS) - Traditional Plan				
Contractually required contribution	\$ 1,054,967	\$ 992,454	\$ 934,585	\$ 840,275
Contributions in relation to contractually required contribution	<u>(1,054,967)</u>	<u>(992,454)</u>	<u>(934,585)</u>	<u>(840,275)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority covered payroll	\$ 7,535,479	\$ 7,088,957	\$ 6,675,607	\$ 6,001,964
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 790,618	\$ 698,588	\$ 594,688	\$ 547,718	\$ 525,365	\$ 546,480
<u>(790,618)</u>	<u>(698,588)</u>	<u>(594,688)</u>	<u>(547,718)</u>	<u>(525,365)</u>	<u>(546,480)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,647,271	\$ 5,373,754	\$ 4,955,733	\$ 4,564,317	\$ 4,378,042	\$ 4,203,692
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

Western Reserve Transit Authority

Required Supplementary Information

Schedule of Western Reserve Transit Authority Proportionate Share of the Net OPEB Liability or Asset Last Six Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Ohio Public Employees Retirement System (OPERS)			
Authority's proportion of the net OPEB liability or asset	0%	0%	0%
Authority's proportionate share of the net OPEB liability (asset)	\$ (1,458,424)	(804,116)	5,563,991
Authority's covered payroll	7,088,957	6,675,607	6,001,964
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-21%	-12%	93%
Plan fiduciary net position as a percentage of total OPEB liability or asset	128.23%	115.57%	47.80%

(1) 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.

<u>2019</u>	<u>2018</u>	<u>2017</u>
0%	0%	0%
5,163,036	4,176,581	3,659,757
5,647,271	5,373,754	4,955,733
91%	78%	74%
46.33%	54.14%	54.05%

Western Reserve Transit Authority

Required Supplementary Information

Schedule of Western Reserve Transit Authority Contributions - OPEB

Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Ohio Public Employees Retirement System (OPERS)					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority covered payroll	\$ 7,535,479	\$ 7,088,957	\$ 6,675,607	\$ 6,001,964	\$ 5,647,271
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 54,280	\$ 100,116	\$ 93,149	\$ 89,348	\$ 85,790
<u>(54,280)</u>	<u>(100,116)</u>	<u>(93,149)</u>	<u>(89,348)</u>	<u>(85,790)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,373,754	\$ 4,955,733	\$ 4,564,317	\$ 4,378,042	\$ 4,203,692
1.00%	2.00%	2.00%	2.00%	1.00%

**Western Reserve Transit Authority
Mahoning County**

**Notes to the Required Supplemental Information
For the Fiscal Year Ended December 31, 2022**

Note 1 - Changes in Assumptions – OPERS Pension

Amounts reported for fiscal year 2017 (Measurement Period 2016) incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 (Measurement Period 2015) and prior are presented below:

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from RP-2000 mortality tables to the RP-2014 mortality tables.

There are no changes in actuarial valuation for measurement period 2017 versus measurement period 2016.

Valuation Date	December 31, 2018	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.50%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 8.25% (Includes wage inflation of 3.25%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

Changes for the period 2018 versus the measurement period 2017 included a reduction of the discount rate from 7.5% to 7.2%.

There were no significant changes for the measurement period 2019 versus the measurement period 2018.

There were no significant changes for the measurement period 2020 versus the measurement period 2019.

Amounts reported for fiscal year 2022 (Measurement Period 2021) incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 (Measurement Period 2020) are presented below:

Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2021	December 31, 2020
Experience Study	5 Year Period Ended December 31, 2020	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	6.90%	7.20%
Wage Inflation	2.75%	3.25%
Projected Salary Increases	2.75% to 10.75% (Includes wage inflation of 2.75%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2022, then 2.05% Simple	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 0.50% Simple through 2021, then 2.15% Simple

**Western Reserve Transit Authority
Mahoning County**

**Notes to the Required Supplemental Information (Continued)
For the Fiscal Year Ended December 31, 2022**

Note 1 - Changes in Assumptions – OPERS Pension (Continued)

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.2% to 6.9%, a reduction in the wage inflation rate from 3.25% to 2.75%, and transition from RP-2014 mortality tables to the Pub-2010 mortality tables.

Note 2 - Changes in Assumptions – OPERS OPEB

Amounts reported for fiscal year 2019 (Measurement Period 2018) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2018 (Measurement Period 2017) are presented below:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability		
Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2017	December 31, 2016
Rolled-forward measurement date	December 31, 2018	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.96%	3.85%
Investment Rate of Return	6.00%	6.50%
Municipal Bond Rate	3.71%	3.31%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10% initial, 3.25% ultimate in 2029	7.5% initial, 3.25% ultimate in 2028

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a increase of the discount rate from 3.85% to 3.96%, a reduction in the investment rate of return 6.50% to 6.00%, and an increase in bond rate from 3.31% to 3.71%.

Amounts reported for fiscal year 2020 (Measurement Period 2019) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2019 (Measurement Period 2018) are presented below:

Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2018	December 31, 2017
Rolled-forward measurement date	December 31, 2019	December 31, 2018
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.16%	3.96%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	2.75%	3.71%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10.5% initial, 3.50% ultimate in 2030	10% initial, 3.25% ultimate in 2029

**Western Reserve Transit Authority
Mahoning County**

**Notes to the Required Supplemental Information (Continued)
For the Fiscal Year Ended December 31, 2022**

Changes in Assumptions – OPERS OPEB (Continued)

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a decrease of the discount rate from 3.96% to 3.16% and an decrease in bond rate from 3.71% to 3.25%. There is also a change Health Care Cost Trend Rates.

Amounts reported for fiscal year 2021 (Measurement Period 2020) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability/asset in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2020 (Measurement Period 2019) are presented below:

Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2019	December 31, 2018
Rolled-forward measurement date	December 31, 2020	December 31, 2019
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	6.00%	3.16%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	2.00%	2.75%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	8.50% initial, 3.50% ultimate in 2035	10.5% initial, 3.50% ultimate in 2030

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a decrease of the discount rate from 3.16% to 6.00%. There is also a change Health Care Cost Trend Rates.

**Western Reserve Transit Authority
Mahoning County**

**Notes to the Required Supplemental Information (Continued)
For the Fiscal Year Ended December 31, 2022**

Changes in Assumptions – OPERS OPEB (Continued)

Amounts reported for fiscal year 2022 (Measurement Period 2021) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability/asset in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 (Measurement Period 2020) are presented below:

Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2020	December 31, 2019
Rolled-forward measurement date	December 31, 2021	December 31, 2020
Experience Study	5 Year Period Ended December 31, 2020	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age normal
Actuarial Assumptions:		
Single Discount Rate	6.00%	6.00%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	1.84%	2.00%
Wage Inflation	2.75%	3.25%
Projected Salary Increases	2.75% to 10.75% (Includes wage inflation of 2.75%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	5.50% initial, 3.50% ultimate in 2034	8.50% initial, 3.50% ultimate in 2035

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a decrease of the municipal bond rate from 2.00% to 1.84%, a decrease in the minimum projected salary increases from 3.25% to 2.75%. There is also a change Health Care Cost Trend Rates.

**WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL GRANT NUMBER	FEDERAL AL NUMBER	PASSED THROUGH TO SUBRECIPIENTS	GRANT EXPENDITURES
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Direct Award</i>				
<i>Federal Transit Cluster/Direct Program:</i>				
Federal Transit Administration Capital and Operating Assistance Formula Grants				
	OH-2018-09	20.507	\$ -	\$ 3,264
	OH-2019-027	20.507	-	185,503
	OH-2020-039	20.507	-	804,144
	OH-2021-020	20.507	-	2,607,766
	OH-2022-031	20.507	-	536,794
Total AL #20.507			<u>-</u>	<u>4,137,471</u>
Department of Transportation Highway Planning and Construction				
	OH-2021-004	20.500	-	101,627
Total AL #20.500			<u>-</u>	<u>101,627</u>
Total Federal Transit Cluster			<u>-</u>	<u>4,239,098</u>
Capital Assistance Program for Elderly Persons and Persons with Disabilities				
	OH-2017-033	20.513	60,615	60,615
	OH-2021-061	20.513	590,121	590,121
Total AL #20.513			<u>650,736</u>	<u>650,736</u>
Enhancing Life with Automated Transportation for Everyone				
	OH-2021-003	20.530	-	31,261
Total AL #20.530			<u>-</u>	<u>31,261</u>
Total U.S. Department of Transportation			<u>650,736</u>	<u>4,921,095</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 650,736</u>	<u>\$ 4,921,095</u>

The Notes to the Schedule of Expenditures of Federal Awards is an integral part of the Schedule.

**WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY
Notes to the Schedule of Expenditures of Federal Awards
2 CFR Part 200.510(b)(6)
For the Year Ended December 31, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of 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.

NOTE B – 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.

NOTE C – INDIRECT COST RATE

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

NOTE D – SUBRECIPIENTS

The Authority passes certain federal awards received from the U.S. Department of Transportation – Federal Transit Administration to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Authority reports expenditures of laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award’s performance goals.

NOTE E – 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.



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

Western Reserve Transit Authority
Mahoning County
604 Mahoning Ave.
Youngstown, OH 44504

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Western Reserve Transit Authority, Mahoning 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 21, 2023.

Report on 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 purposes 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.

Report on 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

July 21, 2023

**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**

Western Reserve Transit Authority
Mahoning County
604 Mahoning Ave.
Youngstown, OH 44504

To the Members of the Board:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Western Reserve 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 Western Reserve Transit Authority's major federal program for the year ended December 31, 2022. Western Reserve Transit Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of audit findings.

In our opinion, Western Reserve 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

July 21, 2023

**WESTERN RESERVE TRANSIT AUTHORITY
MAHONING COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2022**

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Federal Transit Cluster: AL #20.500 Federal Transit Capital Investment Grants AL #20.507 Federal Transit Formula Grants
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



WESTERN RESERVE TRANSIT AUTHORITY

MAHONING 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 12/12/2023

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

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www.ohioauditor.gov