



Dave Yost • Auditor of State

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY
DECEMBER 31, 2017**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Delaware Area Transit Agency
Delaware County
119 Henderson Ct
Delaware, Ohio 43015

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Delaware Area Transit Agency, Delaware County, Ohio (the Agency), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware Area Transit Agency, Delaware County, Ohio, as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Agency's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis 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 and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2018, on our consideration of the Agency'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

August 30, 2018

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**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(UNAUDITED)**

As management of the Delaware Area Transit Agency (DATA), Delaware County, Ohio (the Agency), we offer readers of the Agency's basic financial statements this narrative overview and analysis of the financial activities of the Agency's for the years ended December 31, 2017 and 2016. 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.

Financial Highlights for 2017

The Agency has a net position of \$1.80 million. This net position results from the difference between total assets and deferred outflows of resources of \$4.55 million and total liabilities and deferred inflows of resources of \$2.75 million.

Current assets of \$1.05 million primarily consist of non-restricted Cash and Cash Equivalents of \$.63 million and Intergovernmental/Accounts Receivable of \$0.39 million.

Current liabilities of \$0.45 million primarily consist of Accounts Payable, Accrued Wages and related Payroll Accruals.

Financial Highlights for 2016

The Agency has a net position of \$1.96 million. This net position results from the difference between total assets and deferred outflows of resources of \$3.75 million and total liabilities and deferred inflows of resources of \$1.79 million.

Current assets of \$1.22 million primarily consist of non-restricted Cash and Cash Equivalents of \$1.08 million and Intergovernmental/Accounts Receivable of \$0.11 million.

Current liabilities of \$0.26 million primarily consist of Accounts Payable, Accrued Wages and related Payroll Accruals.

Pension Reporting

The Agency adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Agency's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Agency's proportionate share of each plan's collective:

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

**DELAWARE AREA TRANSIT AGENCY
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange.

However, the Agency is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, the Agency is reporting a net pension asset/liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Basic Financial Statements and Presentation

The financial statements presented by the Agency 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 Agency 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 and work in process, over their estimated useful lives.

The Statement of Net Position presents information on all the Agency'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 Agency 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.

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(UNAUDITED)**

The Statement of Revenues, Expenses and Changes in Net Position present information showing how the Agency'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 grant revenues received from the federal government.

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

Notes to the Basic Financial Statements

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

Net Position

The largest portion of the Agency's net position reflect investments in capital assets consisting of buses, an operating facility, and equipment less accumulated depreciation. The Agency uses these capital assets to provide public transportation services in Delaware County, Ohio and in adjacent areas. The table below provides a summary of the Agency's net position:

**(Table 1)
Delaware Area Transit Agency
Condensed Summary of Net Position
For the Years Ended December 31, 2017 and 2016**

	2017	2016
Current Assets	\$ 1,050,965	\$ 1,223,529
Net Pension Asset	15,876	8,709
Capital Assets (Net of Accumulated Depreciation)	2,508,835	1,788,838
Deferred Outflows of Resources-Pensions	977,838	726,020
Total Assets & Deferred Outflows	<u>4,553,514</u>	<u>3,747,096</u>
Current Liabilities	454,969	258,350
Long Term Sick Liability	24,725	18,421
Net Pension Liability	2,213,798	1,480,932
Deferred Inflows of Resources-Pensions	58,082	31,452
Total Liabilities & Deferred Inflows	<u>2,751,574</u>	<u>1,789,155</u>
Net Position		
Investments in Capital Assets	2,508,835	1,788,838
Unrestricted	<u>(706,895)</u>	<u>169,103</u>
Total Net Position	<u>\$ 1,801,940</u>	<u>\$ 1,957,941</u>

During fiscal year 2017, the Agency's current assets decreased as we used available funds to support operations. Capital assets increased due to the purchase of revenue vehicles and renovation work on our operating facility, offset by annual depreciation expense.

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(UNAUDITED)**

During fiscal year 2016, the Agency's current assets increased as we received operating funds through a funding agreement with COTA. Capital assets increased due to the purchase of revenue vehicles and equipment, offset by annual depreciation expense.

**(Table 2)
Delaware Area Transit Agency
Condensed Summary of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2017 and 2016**

	2017	2016
Revenues:		
General Public Fares	\$ 69,122	\$ 69,338
Special Transit Fares	318,068	294,666
Local Operating Funds	910,391	1,281,372
State Operating Funds	81,581	67,890
Federal Operating Funds	453,305	900,261
Other Operating Funds	29,755	23,126
Federal Capital Funds	304,876	190,625
State Capital Funds	627,303	0
Local Capital Funds	76,601	76,601
Other Non-Operating Funds	14,011	9,319
Total Revenues	2,808,412	2,913,198
Expenses:		
Operating Expenses		
Labor	1,217,189	1,136,412
Fringe Benefits	1,130,502	722,706
Contract Services	102,490	147,946
Material and Supplies	209,234	222,828
Utilities	22,533	22,592
Casualty and Liability Insurance	80,017	96,057
Miscellaneous Expenses	14,243	16,307
Depreciation Expense	188,205	172,740
Total Expenses	2,964,413	2,537,588
Change in Net Position During the Year	(156,001)	375,610
Net Position, Beginning of Year	1,957,941	1,582,331
Net Position, End of Year	\$ 1,801,940	\$ 1,957,941

Financial Operating Results

During 2017, the Agency's revenues exceed operating cost (excluding depreciation) by \$32,204. This is a result of the Agency receiving a payment from COTA in the amount of \$708,723 to support transit operations. This payment was a result of a regional revenue agreement between the parties where the Agency transferred available federal funds to COTA in exchange for local funds from COTA.

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(UNAUDITED)**

During 2016, the Agency's revenues exceed operating cost (excluding depreciation) by \$548,350. This is a result of the Agency receiving a payment from COTA in the amount of \$1,080,204 to support transit operations. This payment was a result of a regional revenue agreement between the parties where the Agency transferred available federal funds to COTA in exchange for local funds from COTA.

Management is not aware of any known facts, decisions, or conditions that will significantly affect equity or the results for future operations.

Capital Assets – At the end of fiscal year 2017, the Agency had \$2,749,727 invested in land, operating facility, revenue vehicles, and equipment. Table 3 shows fiscal year 2017 balances in comparison to fiscal year 2016 balances.

**(Table 3)
Delaware Area Transit Agency
Statement of Capital Assets
For the Years Ended December 31, 2017 and 2016**

	2017	2016
Non-Depreciable Capital Assets		
Land	\$ 325,507	\$ 325,507
Work in Process	740,143	136,817
Depreciable Capital Assets		
Facilities & Structures	898,771	898,771
Revenue Vehicles	1,358,658	1,256,401
Furniture, Equipment, & TE	166,791	166,791
Total Depreciable Capital Assets	2,424,220	2,321,963
 Total Cost	 \$ 3,489,870	 \$ 2,784,287
 Accumulated Depreciation		
Facilities & Structures	(134,815)	(112,346)
Revenue Vehicles	(761,714)	(823,659)
Furniture, Equipment, & TE	(84,506)	(59,444)
Total Depreciation	(981,035)	(995,449)
 Net Value	 \$ 2,508,835	 \$ 1,788,838

Depreciation – This category includes depreciation on all capital assets, except land and work in process.

Request for Information – This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information in this report or request for additional financial information should be addressed to the Executive Director, Delaware Area Transit Agency, 119 Henderson Court, Delaware, Ohio, 43015.

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**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**STATEMENTS OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Assets	2017	2016
Current Assets:		
Cash on Deposit	\$ 629,283	\$ 1,080,227
Accounts Receivable	58,483	39,808
Intergovernmental Receivable	328,482	72,093
Prepays	34,717	31,401
Total Current Assets	1,050,965	1,223,529
Non-Current Assets:		
Net Pension Asset	15,876	8,709
Property, Facilities and Equipment		
Land - Non Depreciable	325,507	325,507
Facilities & Structures	898,771	898,771
Revenue Vehicles	1,358,658	1,256,401
Furniture & Equipment	122,104	122,104
Transit Enhancements	44,687	44,687
Work In Process - Non Depreciable	740,143	136,817
Subtotal	3,489,870	2,784,287
Less Accumulated Depreciation	(981,035)	(995,449)
Total Property, Facility and Equipment (net of accumulated depreciation)	2,508,835	1,788,838
Total Non-Current Assets	2,524,711	1,797,547
Deferred Outflows of Resources - Pensions	977,838	726,020
Total Assets and Deferred Outflows of Resources	\$ 4,553,514	\$ 3,747,096
Liabilities		
Current Liabilities		
Accounts Payable	314,317	137,559
Accrued Payroll, Withholdings, & Taxes	50,330	37,196
Accrued Leave Payable	90,322	83,595
Total Current Liabilities	454,969	258,350
Long Term Sick Liability	24,725	18,421
Net Pension Liability	2,213,798	1,480,932
Total Liabilities	2,693,492	1,757,703
Deferred Inflows of Resources - Pensions	58,082	31,452
Net Position		
Investments in Capital Assets	2,508,835	1,788,838
Unrestricted	(706,895)	169,103
Total Net Position	1,801,940	1,957,941
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 4,553,514	\$ 3,747,096

See Accompanying Notes to the Basic Financial Statements

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
Operating Revenues		
General Public Fares	\$ 69,122	\$ 69,338
Special Transit Fares	318,068	294,666
Local Operating Funds	910,391	1,281,372
State Operating Funds	81,581	67,890
Federal Operating Funds	453,305	900,261
Other Operating Revenue	29,755	23,126
Total Operating Revenues	1,862,222	2,636,653
Operating Expenses		
Labor	1,217,189	1,136,412
Fringe Benefits	1,130,502	722,706
Contract Services	102,490	147,946
Materials & Supplies	209,234	222,828
Utilities	22,533	22,592
Casualty & Liability Insurance	80,017	96,057
Miscellaneous Expenses	14,243	16,307
Total Operating Expenses	2,776,208	2,364,848
Operating Gain (Loss) Excluding Depreciation	(913,986)	271,805
Depreciation	188,205	172,740
Operating Gain (Loss)	(1,102,191)	99,065
Non-Operating Revenues		
Federal Grant - Capital	932,179	190,625
Local Grant - Capital	-	76,601
Other Non-Operating Income	14,011	9,319
Total Non-Operating Revenue	946,190	276,545
Net Gain (Loss)	(156,001)	375,610
Net Position, Beginning of Year	1,957,941	1,582,331
Net Position, End of Year	\$ 1,801,940	\$ 1,957,941

See Accompanying Notes to the Basic Financial Statements

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
Operating Activities		
Cash Received From Customers	\$ 1,587,159	\$ 2,794,003
Cash Payments - Suppliers for Goods & Services	(255,075)	(494,190)
Cash Payments - Employees for Wages & Fringes	(1,821,016)	(1,725,639)
Net Cash Provided (Used) by Operating Activities	(488,932)	574,174
Non-Capital Financing Activities		
Non-Transit Funds	1,914	798
Net Cash Provided by Non-Capital Financing Activities	1,914	798
Capital and Related Financing Activities		
Purchase of Equipment & Furniture	-	(6,199)
Purchase of Revenue Vehicles	(304,876)	(268,828)
Purchase of A&E Services	(37,402)	(2,997)
Purchase of Renovation Services	(323,319)	-
Federal Capital Funds	689,574	190,625
Local Capital Funds	-	39,401
Proceeds from Disposal of Fixed Asset	12,098	8,520
Net Cash Provided (Used) by Capital and Related Financing Activities	36,075	(39,478)
Net Increase (Decrease) in Cash and Cash Equivalents	(450,944)	535,494
Cash and Cash Equivalents at Beginning of Year	1,080,227	544,733
Cash and Cash Equivalents at End of Year	\$ 629,283	\$ 1,080,227
 Reconciliation of Operating Gain/(Loss) to Net Cash Provided/(Used) by Operating Activities		
Operating Gain (Loss)	\$ (1,102,191)	\$ 99,065
Adjustments to Reconcile Operating Gain (Loss) to Net Cash Provided (Used) in Operating Activities		
Depreciation	188,205	172,740
Changes in Assets, Liabilities, and Deferrals:		
(Increase) in Prepaid Items	(3,316)	(132)
(Increase) Decrease in Accounts/Intergovernmental Receivables	(275,064)	139,816
Increase (Decrease) in Accounts Payable	176,758	2,566
Increase in Accrued Payroll, Benefits & Leave	26,165	44,313
(Increase) in Net Pension Asset	(7,167)	(3,088)
Increase in Net Pension Liability	732,866	649,187
(Increase) in Deferred Outflows - Pensions	(251,818)	(545,418)
Increase in Deferred Inflows - Pensions	26,630	15,125
Net Cash Provided (Used) by Operating Activities	\$ (488,932)	\$ 574,174

See Accompanying Notes to the Basic Financial Statements

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**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016**

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Entity - The Delaware Area Transit Agency (the Agency), is a County Transit Board established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. It was created pursuant to Section 306.01 of the Ohio Revised Code. The Agency is not subject to federal or state income taxes.

The Agency is directed by a 7 member Board of Trustees and they are appointed by the Delaware County Commissioners. The Agency is responsible for the safe and efficient operation and maintenance of regional transportation within Delaware County.

Reporting Entity - The Agency has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". Accordingly, the accompanying financial statements include only the accounts and transactions of the Agency. Under the criteria specified in these GASB Statements, the Agency has no component units. The Agency is, however, considered to be a related organization of Delaware County by virtue of the fact that the Agency's Board of Trustees is appointed by the County Commissioners.

These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Agency is not financially accountable for any other organization nor is any other organization accountable for the Agency. This is evidenced by the fact that the Agency is a legally and fiscally separate and distinct organization under the provisions of the Ohio Revised Code.

Basis of Accounting - The Agency's basic financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows. The Agency 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.

The Agency follows the Uniform System of Accounting as provided by the Federal Transit Administration.

Non-exchange Transactions - The Agency complies with the provisions of Statement No. 33 of the Governmental Accounting Standards Board (GASB) regarding the Accounting and Financial Reporting for Non-exchange Transactions. This statement requires that capital contributions be recognized as revenue. No capital contributions were received and no related revenue was recognized as revenue in the Statement of Revenues, Expenses and Changes in Net Position for the Agency.

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

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - Cash and cash equivalents are carried at cost, which approximates fair value.

Materials and Supplies Inventory - Materials and supplies (including fuel) are purchased as needed and no parts or fuel inventory are maintained.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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. The Agency maintains a capitalization threshold of \$5,000.

Depreciation - 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	5 - 40
Land improvements	5 - 20
Transportation equipment	2 - 12
Other equipment	2 - 15

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

Net Position - Equity is displayed in two components as follows:

Investments in Capital Assets - This consists of capital assets, net of accumulated depreciation.

Unrestricted - This consists of net position that does not meet the definition of restricted or investments in capital assets.

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses - The Agency has classified its revenues as either operating or non-operating. Operating revenues are those revenues that are generated directly from the primary activities. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the Agency. Revenues and expenses not meeting this definition are reported as non-operating.

Recognition of Revenue and Receivables - The Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT) provide financial assistance and make allocations directly to the Agency 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. Capital grant funds received in advance of project costs being incurred are deferred.

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

Accrued Leave Payable - The Agency offers employees paid leave time (Leave) in the form of vacation, holiday pay, and sick leave. Vacation and holiday benefits are accrued as a current liability as the benefits are attributable to services already rendered and it is probable the Agency will compensate employees for the benefits through time off or some other means. Employees earn paid leave time off based on actual hours worked and are allowed to carry forward time earned. They are not eligible for payment of unused sick hours until they have reached 10 years of service and the payout is capped at 25% of a maximum of 240 hours. Sick pay is expensed as used. Employees are paid for 100% of unused vacation and holiday upon separation of service. An annual accrual for leave balances at year end is made to the extent that it is probable that benefits will result in future payments. The Agency records accrued vacation and holiday time as a short term liability as it is probable the time will be used within the following 12 months. The Agency records the value of eligible unused sick time as a long term liability for those employees who have reached the required 10 years of service as those benefits are not expected to be paid out until the death or eligible retirement of the employee, see Note 8.

2. EQUITY IN CASH AND DEPOSITS

Custodial credit risk is the risk that in the event of bank failure, the Agency's deposits may not be returned to it. The Agency has no deposit policy for custodial risk beyond the requirements of State statute. By Ohio law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds on deposit with that specific institution. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions. The Agency had a bank balance and carrying amount of \$629,283 and \$1,080,227 at December 31, 2017 and 2016 with financial institutions authorized to accept public funds. Of the bank balance at December 31, 2017 and 2016, \$250,000 was covered by federal depository insurance. At December 31, 2017, \$379,283 was collateralized with securities held by the pledging financial institutions trust department, and at December 31, 2016, \$830,227 was collateralized with securities held by the pledging financial institutions trust department.

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

3. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual basis of accounting.

Ohio Public Employees Retirement System (OPERS)

Agency employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Agency employees) may elect the member-directed plan and the combined plan, the majority of Agency employee members are in OPERS' traditional plan.

**DELAWARE AREA TRANSIT AGENCY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

3. DEFINED BENEFIT PENSION PLANS (Continued)

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 State and Local group under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 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.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. 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.

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

3. DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>2017 State and Local</u>	<u>2016 State and Local</u>
Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %
Actual Contribution Rates		
Employer:		
Pension	13.0 %	12.0 %
Post-employment Health Care Benefits	<u>1.0 %</u>	<u>2.0 %</u>
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Agency's contractually required contributions were \$196,509 for year 2017 and \$191,277 for year 2016. Of the 2017 amount, \$39,381 and of the 2016 amount, \$36,853 is reported as Accounts Payable.

Net Pension Liability, 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, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency'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>2016 OPERS</u>		
	<u>Traditional Plan</u>	<u>Combined Plan</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability/(Asset)	\$2,213,798	(\$15,876)	\$2,197,922
Proportion of the Net Pension Liability	0.009482%	0.024125%	0.033607%
Pension Expense (Revenue)	\$ 505,492.00	\$ (4,982.00)	\$ 500,510.00

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

3. DEFINED BENEFIT PENSION PLANS (Continued)

	2015 OPERS		
	Traditional Plan	Combined Plan	Total
Proportionate Share of the Net Pension Liability/(Asset)	\$1,480,932	(\$8,709)	\$1,472,223
Proportion of the Net Pension Liability	0.008558%	0.018470%	0.027028%
Pension Expense (Revenue)	\$ 119,370.00	\$ (3,565.00)	\$ 115,805.00

At December 31, 2017, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional Plan	Combined Plan	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	(\$320,919)	(\$2,837)	(\$323,756)
Agency contributions subsequent to the measurement date	(150,486)	(9,096)	(159,582)
Changes in proportion and differences in assumptions	(491,228)	(3,272)	(494,500)
Total Deferred Outflows of Resources	<u>(\$962,633)</u>	<u>(\$15,205)</u>	<u>(\$977,838)</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$48,892	\$5,914	\$54,806
Changes in proportion and differences in assumptions	0	3,276	3,276
Total Deferred Inflows of Resources	<u>\$48,892</u>	<u>\$9,190</u>	<u>\$58,082</u>

\$159,582 reported as deferred outflows of resources related to pension resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018.

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

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

3. DEFINED BENEFIT PENSION PLANS (Continued)

	<u>OPERS</u>
Year Ending December 31:	
2018	(\$354,370)
2019	(311,935)
2020	(106,585)
2021	10,267
2022	745
Thereafter	<u>1,704</u>
Total	<u><u>(\$760,174)</u></u>

At December 31, 2016, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Traditional Plan</u>	<u>Combined Plan</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	(\$427,698)	(\$343)	(\$428,041)
Agency contributions subsequent to the measurement date	(154,186)	(11,536)	(165,722)
Changes in proportion and differences	<u>(132,257)</u>	<u>0</u>	<u>(132,257)</u>
Total Deferred Outflows of Resources	<u><u>(\$714,141)</u></u>	<u><u>(\$11,879)</u></u>	<u><u>(\$726,020)</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$26,745	\$3,701	\$30,446
Changes in proportion and differences	<u>0</u>	<u>1,006</u>	<u>1,006</u>
Total Deferred Inflows of Resources	<u><u>\$26,745</u></u>	<u><u>\$4,707</u></u>	<u><u>\$31,452</u></u>

\$165,722 reported as deferred outflows of resources related to pension resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017.

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

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

3. DEFINED BENEFIT PENSION PLANS (Continued)

	OPERS
Year Ending December 31:	
2017	(\$376,654)
2018	(215,378)
2019	(96,538)
2020	2,371
2021	1,786
Thereafter	1,976
 Total	 (\$682,437)

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 was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0% down to 7.5%, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 Retirees: 3.00 percent, simple Post 1/7/2013 Retirees: 3.00 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base

**DELAWARE AREA TRANSIT AGENCY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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 is 8.3% for 2016.

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 2016 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation 2016</u>	<u>Long Term Expected Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	<u>100.00 %</u>	<u>5.66 %</u>

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

3. DEFINED BENEFIT PENSION PLANS (Continued)

The table below displays the Board-approved asset allocation policy for 2015 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	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate The discount rate used to measure the total pension liability was 7.5%, post-experience study results, for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the net pension liability or asset calculated using the discount rate of 7.5% for 2017 and 8.0% for 2016, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

<u>Agency's Net Pension Liability/(Asset)</u>	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Traditional Plan	\$3,289	\$2,213	\$1,206
Combined Plan	\$1	(\$16)	(\$25)
		(in thousands)	

<u>Agency's Net Pension Liability/(Asset)</u>	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Traditional Plan	\$2,362	\$1,482	\$741
Combined Plan	\$0	(\$9)	(\$16)
		(in thousands)	

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

4. POSTEMPLOYMENT BENEFITS

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes medical coverage, prescription drug coverage, and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 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 health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2017 and 2016, local government employers contributed 14.00% of covered payroll. Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits.

The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2017 was 1.00% and 2016 was 2.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Agency's estimated contributions allocated to fund post-employment health care benefits for the years ended December 31, 2017 and 2016 were \$29,500 and \$22,500; 100% has been contributed for 2017 and 2016.

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

5. RISK MANAGEMENT

The Agency participates in the Ohio Transit Insurance Pool Association, Inc. (OTIP), renamed in 2002 as Ohio Transit Risk Pool Association (OTRP), related to its risk of property and casualty loss. Under this plan, the Agency 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 plans 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.

The Agency 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 the past two fiscal years.

6. CAPITAL ASSETS

	January 1, 2017	Additions	Deletions	December 31, 2017
Non-Depreciable Capital Assets				
Land	\$ 325,507	\$ -	\$ -	\$ 325,507
Work In Process	136,817	603,326	-	740,143
Total Non-Depreciable Assets	462,324	603,326	-	1,065,650
Depreciable Capital Assets				
Facilities & Structures	898,771	-	-	898,771
Revenue Vehicles	1,256,401	304,876	(202,619)	1,358,658
Furnishing, Equipment, & TE	166,791	-	-	166,791
Total Depreciable Capital Assets	2,321,963	304,876	(202,619)	2,424,220
Total Cost	\$ 2,784,287	\$ 908,202	\$ (202,619)	\$ 3,489,870
Accumulated Depreciation				
Facilities & Structures	(112,346)	(22,469)	-	(134,815)
Revenue Vehicles	(823,659)	(140,674)	202,619	(761,714)
Furnishing, Equipment, & TE	(59,444)	(25,062)	-	(84,506)
Total Depreciation	\$ (995,449)	\$ (188,205)	\$ 202,619	\$ (981,035)
Net Value	\$ 1,788,838	\$ 719,997	\$ 0	\$ 2,508,835

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

6. CAPITAL ASSETS (Continued)

	January 1, 2016	Additions	Deletions	December 31, 2016
Non-Depreciable Capital Assets				
Land	\$ 325,507	\$ -	\$ -	\$ 325,507
Work In Process	112,840	23,977	-	136,817
Total Non-Depreciable Assets	438,347	23,977	-	462,324
Depreciable Capital Assets				
Facilities & Structures	898,771	-	-	898,771
Revenue Vehicles	1,132,005	268,828	(144,432)	1,256,401
Furnishing, Equipment, & TE	160,592	6,199	-	166,791
Total Depreciable Capital Assets	2,191,368	275,027	(144,432)	2,321,963
Total Cost	\$ 2,629,715	\$ 299,004	\$ (144,432)	\$ 2,784,287
Accumulated Depreciation				
Facilities & Structures	(89,877)	(22,469)	-	(112,346)
Revenue Vehicles	(842,882)	(125,209)	144,432	(823,659)
Furnishing, Equipment, & TE	(34,382)	(25,062)	-	(59,444)
Total Depreciation	\$ (967,141)	\$ (172,740)	\$ 144,432	\$ (995,449)
Net Value	\$ 1,662,574	\$ 126,264	\$ 0	\$ 1,788,838

7. DEBT

The Agency has no long term debt, but does have an open \$250,000 Line of Credit with Richwood Bank, of which \$0 was outstanding at December 31, 2017 and 2016.

8. LONG-TERM SICK LIABILITY

The Agency allows employees with 10 or more years of service to be paid out for unused sick leave upon retirement or death at a rate of 25% of up to 240 hours of time. During 2017 the amount of this liability increased from \$18,421 to \$24,725, an increase of \$6,304 and during 2016 the amount of this liability increased from \$15,797 to \$18,421, an increase of \$2,624. None of this is anticipated to be paid out during the next fiscal year.

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2017 AND 2016
(Continued)**

9. CHANGE IN ACCOUNTING PRINCIPLES

For 2016 and 2017 no changes in accounting principles were required to remain in compliance with current GASB Statements. The Agency monitors GASB Statement changes and implements any that apply.

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**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENCY CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 196,509	\$ 191,277	\$ 164,088	\$ 130,251
Contributions in Relation to the Contractually Required Contribution	<u>\$ (196,509)</u>	<u>\$ (191,277)</u>	<u>\$ (164,088)</u>	<u>\$ (130,251)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency's Covered-Employee Payroll	\$ 1,423,024	\$ 1,345,419	\$ 1,189,043	\$ 950,737
Contribution as a Percentage of Covered-Employee Payroll	13.8%	14.2%	13.8%	13.7%

(1) Information prior to 2014 is not available.

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
FISCAL YEARS ENDED DECEMBER 31 2017**

	2016		2015	
	Traditional Plan	Combined Plan	Traditional Plan	Combined Plan
Agency's proportion of the Net Pension Liability/(Asset)	0.009482%	0.024125%	0.008558%	0.018470%
Agency's Proportionate Share of the Net Pension Liability/(Asset)	\$ 2,213,798	\$ (15,876)	\$ 1,480,932	\$ (8,709)
Agency's Covered-Employee Payroll	\$ 1,220,699	\$ 73,864	\$ 1,090,287	\$ 58,456
Agency's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	181.35%	-21.49%	135.83%	-14.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	114.83%	81.08%	116.90%

	2014	
	Traditional Plan	Combined Plan
Agency's proportion of the Net Pension Liability/(Asset)	0.006896%	0.014598%
Agency's Proportionate Share of the Net Pension Liability/(Asset)	\$ 831,745	\$ (5,621)
Agency's Covered-Employee Payroll	\$ 871,774	\$ 46,740
Agency's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	95.41%	-12.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	114.83%

(1) Information prior to 2014 is not available.

Amounts presented as of the Agency's measurement date which is the prior year end.

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION
Note to the Required Supplementary Information
FISCAL YEARS ENDED DECEMBER 31 2017**

Changes in Assumptions - OPERS

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Government's net pension liability is expected to be significant.

Amounts reported for 2017 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 2016 and prior are presented below:

	<u>December 31, 2017</u>	<u>December 31, 2016 and Prior</u>
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported for 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

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**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

FEDERAL GRANTOR/ Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Transportation</i>			
Federal Transit Cluster:			
Federal Transit - Capital Investment Grants	20.500	OH-04-0072	\$ 603,326
<i>Direct Program</i>			
Federal Transit - Formula Grants	20.507	NA	304,876
Federal Transit - Formula Grants	20.507	NA	272,787
Total Federal Transit Cluster			<u>1,180,989</u>
<i>Direct Program</i>			
Transit Services Program Cluster:			
Enhanced Mobility of Seniors and Individuals with Disabilities - Formula Grant	20.513	NA	\$ 180,518
Total Transit Services Program Cluster:			<u>180,518</u>
Total U.S. Department of Transportation			<u>1,361,507</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,361,507</u></u>

The accompanying notes are an integral part of this schedule.

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Delaware Area Transit Agency's (the Agency's) under programs of the federal government for the year ended December 31, 2017. 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 Agency, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Agency.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or 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. The Agency has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

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

Delaware Area Transit Agency
Delaware County
119 Henderson Ct.
Delaware, Ohio 43015

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Delaware Area Transit Agency, Delaware County, (the Agency) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated August 30, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Agency's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Agency's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Agency's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

August 30, 2018



Dave Yost • Auditor of State

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

Delaware Area Transit Agency
Delaware County
119 Henderson Ct
Delaware, Ohio 43015

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited Delaware Area Transit Agency's (the Agency) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Delaware Area Transit Agency's major federal program for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Agency's major federal program.

Management's Responsibility

The Agency's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Agency's compliance for the Agency's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Agency's major program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on the Major Federal Program

In our opinion, Delaware Area Transit Agency complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as item 2017-001. Our opinion on the major federal program is not modified with respect to this matter.

The Agency's response to our noncompliance finding is described in the accompanying corrective action plan. We did not audit the Agency's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The Agency's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Agency's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Agency's 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

August 30, 2018

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

**DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Schedule of Expenditures of Federal Awards

Finding Number	2017-001		
CFDA Title and Number	Federal Transit Cluster #20.500 and #20.507		
Federal Award Identification Number / Year	2017		
Federal Agency	U.S. Department of Transportation		
Compliance Requirement	2 CFR 200.510(b)		
Pass-Through Entity	Ohio Department of Transportation		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A – Not repeated

Noncompliance

2 CFR § 200.510(b) states the auditee must also prepare a Schedule of Expenditures of Federal Awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the

DELAWARE AREA TRANSIT AGENCY
DELAWARE COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Schedule of Expenditures of Federal Awards (continued)

audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

(6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the non-Federal entity elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

The Agency prepared the Schedule of Expenditures of Federal Awards (the Schedule); however, they posted in their ledgers a federal grant from the US Department of Transportation that is passed through the Ohio Department of Transportation as a State grant that had total expenditures of \$603,326. Therefore, expenditures for the Federal Transit Cluster were originally understated by \$603,326 on the original Schedule. The accompanying Schedule has been adjusted to reflect this amount.”

We recommend the Agency review grant agreements to help ensure federal grants are properly reported on the Schedule. Reviews should include proper amount of expenditures, federal awarding agencies, pass-through entity names and numbers (where applicable), and the Catalog of Federal Domestic Assistance (CFDA) numbers. To help ensure accuracy over the Schedule, source documentation should be maintained to support the Schedule.

Officials’ Response: See corrective action plan.



119 Henderson Court
 Delaware, Ohio 43015
 740-363-3355
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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	The Delaware Area Transit Agency will review grant agreements to ensure federal grants are properly reported on the schedule. Reviews will include proper amount of expenditures, federal awarding agencies, pass-through entity names and numbers (where applicable), and the Catalog of Federal Domestic Assistance (CFDA) numbers. To help ensure accuracy over the Schedule, source documentation will be maintained to support the Schedule.	8/30/18	Denny Schooley, Executive Director



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DELAWARE AREA TRANSIT AGENCY

DELAWARE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER, 9 2018**