



**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2023**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
Allen County Regional Transit Authority
200 East High Street
Lima, Ohio 45801

We have reviewed the *Independent Auditor's Report* of the Allen County Regional Transit Authority, Allen County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2023 through December 31, 2023. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Allen County Regional 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

September 27, 2024

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**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Allen County Regional Transit Authority
Allen County
200 East High Street, Suite 1C
Lima, Ohio 45801

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Allen County Regional Transit Authority, Allen County, Ohio (the Authority), as of and for the year ended December 31, 2023, 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 financial position of the Allen County Regional Transit Authority, Allen County, Ohio as of December 31, 2023, 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 26, 2024, 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 26, 2024

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**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

As management of the Allen County Regional Transit Authority, Allen County, Ohio (ACRTA, the 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, 2023. 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 2023

For the year ended December 31, 2023, the Authority has a net position of \$10.84 million. This net position results from the difference between total assets and deferred outflows of resources related to Pensions and OPEB of \$14.64 million and total liabilities and deferred inflows of resources related to Pensions and OPEB of \$3.80 million.

Current assets of \$5.79 million consist of non-restricted Cash and Cash Equivalents of \$4.47 million; Intergovernmental/Accounts Receivable of \$.66 million, Sales Tax Receivable of \$0.525 million and inventory of \$0.135 million.

Current liabilities of \$.29 million primarily consist of Accounts Payable, Accrued Wages and related Payroll Accruals.

Basic Financial Statements and Presentation

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.

The Statement of Net Position presents information on all the Authority's assets and liabilities, 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 indicates 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 grant revenues received from federal, state and local 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 related 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.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

Net Position

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

**(Table 1)
Allen County Regional Transit Authority
Condensed Summary of Net Position
For the Years Ended December 31, 2023 and 2022**

	2023	2022
Current Assets	\$ 5,798,582	\$ 4,568,158
Net OPEB Asset	0	308,486
Capital Assets (Net of Accumulated Depreciation)	7,155,702	7,515,720
Deferred Outflows of Resources-Pensions	1,480,071	545,549
Deferred Outflows of Resources-OPEB	209,683	19,300
Total Assets & Deferred Outflows	14,644,038	12,957,213
Current Liabilities	288,166	190,108
Net Lease Liability	12,583	0
Net Pension Liability	3,231,090	865,690
Net OPEB Liability	68,418	0
Deferred Inflows of Resources-Lease	180,094	0
Deferred Inflows of Resources-Pensions	0	1,060,423
Deferred Inflows of Resources-OPEB	22,564	330,776
Total Liabilities & Deferred Inflows	3,802,915	2,446,997
Net Position		
Invested in Capital Assets	7,155,702	7,515,720
Unrestricted	3,685,421	2,994,496
Total Net Position	\$ 10,841,123	\$ 10,510,216

During fiscal year 2023, the Authority's current assets increased as we were able to put back some funds from the sales taxes. We are also now accounting for a lease receivable from leasing out the top two floors of our Administration Building.

During fiscal year 2022, the Authority's current assets decreased as we funded some Capital assets, which caused Capital assets to increase, offset by annual depreciation.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

Statement of Revenues, Expenses and Changes in Net Position

Table 2 reflects the statement of revenues, expenses, and changes in net position.

(Table 2)
**Allen County Regional Transit Authority
Condensed Summary of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2023 and 2022**

Revenues:	2023	2022
Passenger Fares	\$ 171,925	\$ 142,401
Special Services & Other	472,059	397,779
Sales Tax Revenues	2,036,883	2,022,940
State Operating Funds	410,329	209,055
Federal Operating Funds	2,258,226	2,101,811
Auxiliary Revenues	126,963	143,760
Other Revenues	324,612	253,981
State Capital Funds	23,075	0
Federal Capital Funds	195,462	0
Total Revenues	6,019,534	5,271,727
 Expenses:		
Operating Expenses		
Net of Depreciation	4,658,070	3,622,628
Depreciation Expense	1,030,557	871,146
Total Expenses	5,688,627	4,493,774
 Increase in Net Position During the Year	 330,907	 777,953
 Net Position, Beginning of Year	 10,510,216	 9,732,263
 Net Position, End of Year	 \$ 10,841,123	 \$ 10,510,216

During fiscal year 2023 the Authority's revenues increased as we received some Capital funds and fare revenues increased across the board. Operating expenses increased as we still had some large vehicle repairs, and even more employees were taking advantage of the health insurance. Depreciation expense increased as some new assets were added.

During fiscal year 2022 the Authority's revenues decreased as we did not receive any Capital Funds and we used some 50% Operating funds to extend the CARES Act funding. Operating expenses increased as we had some large vehicle repairs, and more employees were taking advantage of the health insurance. Depreciation expense decreased as some assets fully depreciated.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

Financial Operating Results

Revenues - For purposes of this presentation, the Authority groups its Revenues into the following categories:

Operating Revenues

- **Passenger Fares** – Fares paid by the public to ride the public bus service. For 2023 these increased as ridership more fully recovers from the national health crisis.
- **Special Service** – Fares paid by agencies/others on behalf of the rider. For 2023 these were up as agencies began to provide more trips for their clients.
- **Other Transportation** – Revenues generated by providing event transportation and other misc. transportation services. These were up in 2023.

Non-Operating Revenues

- **Auxiliary Revenues** – Funds received for advertising on vehicles, Greyhound commissions, vending and lottery commissions and other items. These decreased further in 2023 as more customers purchase Greyhound and lottery tickets online.
- **Other Agency Revenues** – Rental income, sale of maintenance services, interest, fee on sale of fuel, scrap sales and other misc. revenues. These were down in 2023.
- **Sales Tax Revenues** – This reflects a voter approved dedicated sales tax for public transit in Allen County of 1/10 of a percent. It was approved for a 10-year term in May 2019, with collections started on eligible sales in October 2019.
- **Operating Assistance** – Federal and State funds granted to the Authority to support public transit operations. These were up for 2023 and include funding from the federal government through the CARES Act to help maintain public transit services.
- **State Capital Funds** – ODOT funds for the purchase of capital assets, a small amount was used in 2023.
- **Federal Capital Funds** – FTA funds for the purchase of capital assets. Funds were drawn down in 2023.
- **Gain (Loss) on Sale of Assets** – The difference between the cash received and the asset's book values (carrying value) at the time of the sale. There none of these in 2023.

Operating Expenses - For purposes of this presentation, the Authority groups its Operating Expenses into the following categories:

- **Labor and Fringe Benefits** - Personnel costs include bus operators, dispatchers, mechanics, and administrative staff. Benefits include PERS, Medicare, workers compensation, unemployment, paid time off, deferred comp match, and insurance benefits. This category was higher in 2023 due to a large increase of full-time employees receiving health insurance and pto, increased wage rates, and more employees taking advantage of the deferred comp match.
- **Services** - Items under this category include attorney, audit, planning, external vehicle maintenance, facility maintenance, as well as miscellaneous professional services and the 1% sales tax collection fee retained by the State. This line was down in 2023 due to having increased garage staff which eliminated the need to send as many vehicles out for repair.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

- **Materials and Supplies** – Fuel, tires, vehicle repair parts and supplies make up this line item. Costs were up in 2023 related to higher expense on fuel due to increased pricing.
- **Utilities** - These costs include natural gas, electric, water, and communication services. This category was up in 2023.
- **Casualty and Liability** - The Authority is a member of the Ohio Transit Risk Pool, which sets premiums based on service factors and claims experience. Costs were up in 2023.
- **Taxes** – This represents the cost of any taxes paid by the Authority including taxes on property owned and fuel purchased.
- **Miscellaneous** - This category summarizes various expenses not included in other expense categories.
- **Depreciation** - This category summarizes the annual cost of capital used on a straight-line basis.

Capital Assets

ACRTA investment in capital assets as of December 31, 2023, amounts to \$7,155,702 (net of accumulated depreciation). This investment in capital assets includes: Land, Facilities, Revenue Vehicles, Support Vehicles, a Right-of-Use asset, and Equipment & Furnishings.

Additional information concerning ACRTA capital assets can be found in Note 4 of the Notes to the Basic Financial Statements.

Contacting ACRTA Financial Management

This financial report is designed to provide our citizens, customers, and creditors, with a general overview of ACRTA finances and to show ACRTA accountability for the money it receives. Questions concerning the information in this report or to request additional information should be directed to Executive Director, Allen County Regional Transit Authority, 200 East High Street, Lima, Ohio 45801.

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**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 4,476,601
Accounts Receivable	12,159
Intergovernmental Receivable	468,251
Lease Receivable	180,094
Sales Tax Receivable	526,456
Material and Supplies Inventory	135,021
Total Current Assets	5,798,582

Capital Assets

Work In Process - Non Depreciable	153,594
Land - Non Depreciable	1,155,821
Facilities	5,008,012
Revenue Vehicles	8,174,250
Support Vehicles	148,791
Equipment & Furnishings	1,092,374
Right of Use Asset	12,583
Total Capital Assets	15,745,425
Less: Accumulated Depreciation	(8,589,723)
Total Capital Assets, Net of Accumulated Depreciation	7,155,702
Total Assets	12,954,284

Deferred Outflows of Resources

Pension	1,480,071
OPEB	209,683
Total Deferred Outflow of Resources	1,689,754

Liabilities

Current Liabilities

Accounts Payable	109,634
Accrued Payroll and Benefits	111,793
Compensated Absences Payable	61,715
Other Payable	5,024
Total Current Liabilities	288,166

Long-Term Liabilities

Capital Lease Obligation	12,583
Net Pension Liability	3,231,090
Net OPEB Liability	68,418
Total Long-Term Liabilities	3,312,091
Total Liabilities	3,600,257

Deferred Inflows of Resources

Unearned Revenue - Lease Income	180,094
OPEB	22,564
Total Deferred Inflows of Resources	202,658

Net Position

Net Investment in Capital Assets	7,155,702
Unrestricted	3,685,421
Total Net Position	\$ 10,841,123

See accompanying notes to the basic financial statements.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Operating Revenues	
Passenger Fares	\$ 171,925
Special Service	420,644
Other Transportation	51,415
Total Operating Revenues	643,984
 Operating Expenses	
Labor and Fringes	3,322,711
Services	315,989
Materials and Supplies	679,753
Utilities	61,762
Casualty and Liability Insurance	137,330
Taxes	11,082
Miscellaneous	129,443
Depreciation	1,030,557
Total Operating Expenses	5,688,627
 Operating Loss	 (5,044,643)
 Non-Operating Revenues	
Interest Income	198,616
Auxiliary Revenues	126,963
Other Agency Revenues	125,996
Sales Tax Revenues	2,036,883
State Operating Assistance	410,329
Federal Operating Assistance	2,258,226
State Capital Funds	23,075
Federal Capital Funds	195,462
Total Non-Operating Revenues	5,375,550
 Increase in Net Position	 330,907
 Net Position at Beginning of Year	 10,510,216
 Net Position at End of Year	 \$ 10,841,123

See accompanying notes to the basic financial statements.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 639,060
Cash Payments to Suppliers for Goods and Services	(1,280,538)
Cash Payments to Employees for Services	(3,037,255)
Net Cash used for Operating Activities	<u>(3,678,733)</u>
Cash Flows from Non-Capital Financing Activities:	
Receipts from Non-Capital State and Federal Grants	2,427,266
Receipts from Other Financing Activities	2,296,714
Net Cash Provided by Financing Activities	<u>4,723,980</u>
Cash Flows from Capital and Related Financing Activities:	
Receipts from Capital Grants	218,537
Purchase of Capital Assets	(657,956)
Net Cash Used for Financing Activities	<u>(439,419)</u>
Cash Flows from Investing Activities:	
Interest income	198,616
Net Cash Provided by Investing Activities	<u>198,616</u>
Net Increase in Cash	804,444
Cash and Cash Equivalents, Beginning of Year	<u>3,672,157</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,476,601</u></u>
Operating Loss	\$ (5,044,643)
Adjustments:	
Depreciation	1,030,557
Change in Assets and Liabilities:	
(Increase) Decrease in Assets:	
Accounts Receivable	(4,923)
Materials and Supplies Inventory	(6,546)
Net OPEB Asset	308,486
Lease Receivable	(180,094)
Right-of-Use Asset	(12,583)
Deferred Outflows Pension	(934,522)
Deferred Outflows OPEB	(190,383)
Increase (Decrease) in Liabilities:	
Accounts Payable	60,735
Accrued Payroll and Benefits	13,438
Compensated Absences	23,254
Other Payables	631
Lease Liability	12,583
Net Pension Liability	2,365,400
Net OPEB Liability	68,418
Deferred Inflows Lease	180,094
Deferred Inflows Pension	(1,060,423)
Deferred Inflows OPEB	(308,212)
Total Adjustments	<u>335,353</u>
Net Cash Used for Operating Activities	<u><u>\$ (3,678,733)</u></u>

See accompanying notes to the basic financial statements.

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**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

1. DESCRIPTION OF THE ACRTA AND REPORTING ENTITY

The Allen County Regional Transit Authority (ACRTA) is a body corporate and politic 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 Sections 306.30 through 306.71 of the Ohio Revised Code. 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 ACRTA is not subject to federal or state income taxes. ACRTA operates under a Board of Trustees with an appointed Executive Director handling the daily operations. The ACRTA is responsible for the safe and efficient operation and maintenance of regional transportation within Allen County.

For financial reporting purposes, the ACRTA's basic financial statements include all funds, agencies, boards, commissions, and departments for which the ACRTA is financially accountable. Financial accountability, as defined by the GASB, exists if the ACRTA appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the ACRTA. The ACRTA may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the ACRTA. The ACRTA also took into consideration other organizations for which the nature and significance of their relationship with the ACRTA are such that exclusion would cause the ACRTA's basic financial statements to be misleading or incomplete. The ACRTA has no component units.

ACRTA participates in a public entity risk pool. They are a member of The Ohio Transit Risk Pool, a self-insurance pool. Note 7 to the financial statements provides additional information for this entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of ACRTA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the ACRTA's accounting policies are described below.

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

A. Basis of Presentation

The ACRTA's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. The ACRTA uses enterprise accounting to track and report on its financial activities. Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows.

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net position. The statement of revenues, expenses, and change in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the ACRTA finances and meets the cash flow needs of its enterprise activities.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The ACRTA's financial statements are prepared using the accrual basis of accounting whereby revenues and expenditures are recognized in the period earned or incurred. The measurement focus is on determination of net income, financial position of cash flows. All transactions are reported in a single enterprise fund.

D. Budgetary Accounting and Control

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

E. Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in checking/savings accounts and are stated at cost, which approximates market value. Cash and cash equivalents represent the funds that are used for general operations. For purposes of the statement of cash flows, ACRTA considers all highly liquid instruments with maturity of three months or less at the time they are purchased to be cash equivalents.

During 2023, the ACRTA invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of 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, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The ACRTA 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 an NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. 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.

F. Recognition of Receivables and Revenue

Passenger fares are recorded as revenue at the time services are provided and revenues pass through the fare box. Grants and assistance revenues are from reimbursable, non-reimbursable and entitlement type grant programs. These grant programs involve transactions that are categorized as either government mandated or voluntary non-exchange transactions. Grant and assistance revenues from government mandated and voluntary non-exchange transaction are recorded as receivable and non-operating revenue when all eligibility requirements are met. Grants and assistance revenues received before the eligibility requirements are met are deferred inflows. Revenue from sales taxes is recognized in the year in which the sales are made.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflow of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an inflow of resources (expense) until that time. For the ACRTA, deferred outflows of resource are reported on the statement of net position for pension and OPEB. In addition to the liabilities, the statement of financial position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time.

For the ACRTA, deferred inflows of resources are reported for pension, OPEB, and Lease Income. Deferred outflows and inflows for pension are explained in Note 5, for OPEB in Note 6, and for Lease Income in Note 10.

H. Capital Assets

Capital Assets are recorded at cost. Current year depreciation expense is recorded using the straight-line method over the estimated useful lives of the assets as follows.

Facilities	35 years
Improvements	20 years
Revenue Vans	4 years
25' LTV	5 years
30' Bus	10 years
35' Bus	12 years
Support Vehicles	10 years
Computers and Equipment	5 years

When assets acquired with capital grants are disposed of that have a value of more than \$5,000, ACRTA must request disposition instruction from the granting federal agency.

I. Material and Supplies Inventory

Inventory consists of two types of fuel for buses and for sale to other local entities, as well as some vehicle parts held in stock for future repair needs. It is stated at cost, which is determined on a first-in, first-out basis. The cost of inventory is recorded as an expense when used by ACRTA.

J. Compensated Absences

ACRTA employees are permitted to carry over some Paid Time Off (PTO) at year-end. Unused accrued PTO benefits are paid to the employee upon separation from ACRTA.

K. Current Liabilities

Obligations incurred but unpaid at year-end are reported as current liabilities in the accompanying financial statements. These liabilities consisted of Accounts Payable, Accrued Payroll and Benefits, Compensated Absences Payable, and Other Payable totaling \$288,166 at December 31, 2023.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The ACRTA did not have any outstanding borrowings as noted above for 2023. Net Position is reported as restricted when there are limitations imposed on their use either by enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The ACRTA did not have any restricted net position for 2023. When both restricted and unrestricted resources are available for use, it is the Board's policy to use externally restricted resources first, then restricted resources in order as needed.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the ACRTA, these revenues are passenger fares, charges for special services, and other transportation services. Operating expenses are the necessary costs incurred to provide the services that are the primary activity. All revenues and expenses not meeting these definitions are reported as non-operating.

N. Use of Estimates

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

O. Pensions and OPEB

For purposes of measuring the net pension and OPEB liabilities, 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 plans and additions to/deductions from their fiduciary net position have been determined on the same bases 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.

3. EQUITY IN CASH, CASH EQUIVALENTS AND DEPOSITS

The provisions of the Ohio Revised Code govern the investments and deposits of ACRTA. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit ACRTA to invest its monies in certificates of deposits, savings accounts, money market accounts, the State Treasurer's investment pool (STAR Ohio) and obligation of the United States government or certain agencies thereof. ACRTA may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 days.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

3. EQUITY IN CASH, CASH EQUIVALENTS AND DEPOSITS (Continued)

Repurchase agreements are to be secured by the specific government securities upon which the repurchase agreements are based. These securities must be an obligation of or guaranteed by the United States and mature or be redeemable within five years of the related repurchase agreement. The market value of the securities subject to repurchase agreements must exceed the value of the principal by 2% and be marked to market daily. State law does not require that security be maintained for public deposits and investments be held in ACRTA's name.

ACRTA is prohibited from investing in any financial instruments, contracts, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a "derivative"). ACRTA is also prohibited from investing in a reverse repurchase agreement.

The carrying amount of ACRTA deposits and petty cash was \$4,476,601.

Custodial credit risk is the risk that in the event of bank failure, the ACRTA will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$0 of the ACRTA's bank balance was exposed to custodial credit risk, \$186,649 of the bank balance of \$345,584 was FDIC covered, \$158,935 was secured in an IntraFi Network Deposit Savings Account and FDIC covered. The remaining balance of \$4,156,923 was secured in a STAR Ohio account.

The ACRTA has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with ACRTA or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

STAR Ohio's investments are not exposed to custodial credit risk, as defined by GASB Statement No. 40. Securities in STAR Ohio are insured, registered, held by STAR Ohio, or held in a special trust account designated for STAR Ohio.

Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally standard rating service.

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**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 is as follows:

Description	Balance				Balance 12/31/2023
	1/1/2023	Reclassifications	Additions	Disposals	
Land	\$ 1,155,821	\$ -	\$ -	\$ -	\$ 1,155,821
Work in Process	7,600	-	352,786	206,792	153,594
Facilities & Improvements	4,704,556	-	303,456	-	5,008,012
Revenue Vehicles	8,493,348	(99,020)	88,000	308,078	8,174,250
Service Vehicles	49,771	99,020	-	-	148,791
Right-of-Use Asset	-	-	16,303	3,720	12,583
Equipment & Furnishings	1,060,799	-	120,506	88,931	1,092,374
Total Capital Assets	15,471,895	-	881,051	607,521	15,745,425
Less Accumulated Depreciation					
Facilities & Improvements	2,374,808	-	238,875	-	2,613,683
Revenue Vehicles	4,880,754	(99,020)	695,451	308,078	5,169,107
Service Vehicles	48,563	99,020	1,208	-	148,791
Equipment & Furnishings	652,050	-	95,023	88,931	658,142
Total Accumulated Depreciation	7,956,175	-	1,030,557	397,009	8,589,723
Total Capital Assets, Net	\$ 7,515,720	\$ -	\$ (149,506)	\$ 210,512	\$ 7,155,702

5. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

The net pension liability reported on the statements 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 have already occurred.

The net pension liability represents the ACRTA'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 asset and liability calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

5. DEFINED BENEFIT PENSION PLAN (Continued)

GASB No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. 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 as an accrued liability under current liabilities.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The ACRTA 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. Effective January 1, 2022, the Combined Plan is no longer available for member selection.

While members may elect the member-directed 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. ACRTA's responsibility 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' ACFR referenced above for additional information):

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

5. DEFINED BENEFIT PENSION PLAN (Continued)

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, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%. Upon the death of an age-and-service or disability benefit recipient, a lump-sum death benefit is paid to the qualified beneficiary. The benefit ranges from \$500 to \$2,500 based on the recipient's years of service credit.

Defined contribution plan benefits are established in the plan documents which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed plan participants must have attained the age of fifty-five, have money on deposit in the defined contribution plan, and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the member's contributions, vested employer contributions, and investment gains or losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five-year period at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS account. Options include the annuitization of their benefit account (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

5. DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy

The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions for state and local employers as follows:

2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2023 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payrolls.

As of December 31, 2022, the date of the last pension actuarial study, the funding period for all defined benefits of the System was 16 years.

The ACRTA's contractually required contribution for 2023 was \$268,641 for employees.

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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The ACRTA's proportion of the net pension liability was based on the ACRTA's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportionate of Net Pension Liability:	
Current Measurement Date	.010938%
Prior Measurement Date	.009950%
Change in Proportionate Share	.000988%
Proportionate Share of the Net Pension Liability	\$3,231,090
Pension Expense	\$639,096

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

5. DEFINED BENEFIT PENSION PLAN (Continued)

At December 31, 2023, the ACRTA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources - Pensions	
Difference between expected and actual experience	\$107,324
Changes in Assumptions	34,134
Net difference between projected and actual earnings on pension plan investments	920,963
ACRTA contributions subsequent to the measurement date	268,641
Changes in proportion and differences in assumptions	149,009
Total Deferred Outflows of Resources - Pensions	\$1,480,071
Deferred Inflows of Resources - Pensions	
Differences between expected and actual experience	\$0
Total Deferred Inflows of Resources - Pensions	\$0

The \$1,480,071 reported as deferred outflows of resources related to pension resulting from ACRTA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2024	\$240,362
2025	248,832
2026	271,084
2027	451,152
2028	-
Thereafter	-
Total	\$1,211,430

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value 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, 2022, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

5. DEFINED BENEFIT PENSION PLAN (Continued)

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 7.2% down to 6.9%, for the defined benefit investments

Key actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below.

Key Methods and Assumptions Used in Valuation of Total Pension Liability		
Actuarial Information	Traditional Pension Plan	Combined Plan
Measurement and Valuation Date	December 31, 2022	December 31, 2022
Experience Study	5-Year Period Ended December 31, 2020	5-Year Period Ended December 31, 2020
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions		
Investment Rate of Return	6.90%	6.90%
Wage Inflation	2.75%	2.75%
Projected Salary Increases	2.75%-10.75% (includes wage inflation at 2.75%)	2.75%-8.25% (includes wage inflation at 2.75%)
Cost-of-living Adjustments	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2023, then 2.05% Simple	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2023, then 2.05% Simple

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality table (males and females), for State and Local Government 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 (male and female) to all of these tables.

Investment Allocation

During 2022, 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 funds from defined contribution accounts for annuities. 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 a loss of 12.1 percent for 2022.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

5. DEFINED BENEFIT PENSION PLAN (Continued)

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future 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 rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation for 2022</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other Investments	5.00	3.27
TOTAL	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.9% 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 ACRTA'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 6.9%, 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

5. DEFINED BENEFIT PENSION PLAN (Continued)

ACRTA's Net Pension Liability/(Asset) as of December 31, 2022	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Pension Plan	\$4,840,065	\$3,231,090	\$1,892,712

6. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

Net OPEB Liability/Asset

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

The net OPEB liability/asset represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/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.

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Excess amounts are presented as a long-term OPEB asset. Any liability for the contractually required OPEB contribution outstanding at the end of the year is included in payables on both the accrual and modified accrual bases of accounting.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

6. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Ohio Public Employees Retirement System

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. Effective January 1, 2022, new members may no longer select this plan, and current members may no longer make a plan change to this plan.

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

For OPERS members enrolled in the Traditional Pension Plan or Combined Pension Plan, OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides taxfree reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022 or after must meet the following health care eligibility requirements to receive an HRA allowance:

- 1) Medicare Retirees—Medicare-eligible with a minimum of 20 years of qualifying service credit.
- 2) Non-Medicare Retirees—Non-Medicare retirees qualify based on the following age-and-service criteria:
 - a) Group A—30 years of qualifying service credit at any age;
 - b) Group B—32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;
 - c) Group C—32 years of qualifying service credit and minimum age 55; or,
 - d) A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit. Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service. Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Members participating in the Member-Directed Plan have a portion of the employer contribution credited to an individual retiree medical account. Since January 1, 2017, interest on the accounts accrued only if the defined benefit investment portfolio earned a return greater than zero in the prior year. Beginning January 1, 2020, interest will accrue based on the investment performance of the stable value fund, not to exceed 4%. Members with an account prior to July 1, 2015, become vested in the account at a rate of 20% for each year of participation until the member is fully vested at the end of five years. For members establishing accounts on or after July 1, 2015, the vesting schedule is below. Upon a refund or retirement, distribution of the vested balance in the member's account may be used for the reimbursement of qualified medical expenses.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

6. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The health care coverage provided by OPERS meets the definition of an OPEB as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report (ACFR) referenced below for additional information.

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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. No portion of the employer contribution rate was allocated to health care for the Traditional Pension Plan. The portion of employer contributions allocated to health care for members in the Combined Plan was 2% percent during calendar year 2023. The portion of the 14% employer contribution rate allocated to health care for the Member-Directed Plan is 4%.

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. The only remaining retiree-paid health care premiums are for the OPERS sponsored dental and vision plans. Retirees are responsible for their full insurance premiums, which OPERS remits to the plan providers on their behalf.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The ACRTA contractually required contributions for 2023 was \$615.

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

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year.

The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability	0.0108510%
Current Measurement Date	
Prior Measurement Date	0.0098490%
Change in Proportionate Share	0.0010020%
Proportionate Share of the Net OPEB Liability	\$68,418
OPEB Expense	(\$121,076)

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

6. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

At December 31, 2023, the ACRTA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources - OPEB	
Difference between expected and actual experience	\$0
Change in Assumptions	66,826
Difference between projected and actual earning on plan investments	135,881
ACRTA contributions subsequent to the measurement date	615
Changes in proportion and differences in assumptions	6,361
Total Deferred Outflows of Resources - OPEB	\$209,683
 Deferred Inflows of Resources - OPEB	
Differences between expected and actual experience	\$17,066
Difference between projected and actual earning on plan investments	0
Changes in proportion and differences in assumptions	5,498
Total Deferred Inflows of Resources - OPEB	\$22,564

The reported \$615 as deferred outflows of resources related to OPEB resulting from ACRTA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

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	\$28,554
2024	49,937
2025	42,373
2026	65,640
2027	-
Thereafter	-
Total	\$186,504

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value 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 health care costs 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 the System and plan members.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

6. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year.

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:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Actuarial Valuation Date	December 31, 2021
Rolled-Forward Measurement Date	December 31, 2022
Experience Study	5-Year Period Ended December 31, 2020
Actuarial Assumptions	
Single Discount Rate	5.22%
Investment Rate of Return	6.00%
Municipal Bond Rate	4.05%
Wage Inflation	2.75%
Projected Salary Increases	2.75%-10.75% (includes wage inflation at 2.75%)
Health Care Cost Trend Rate	5.50% initial, 3.5% ultimate in 2036

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality table (males and females) for State and Local Government 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 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 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 rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric 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, 2022, these best estimates are summarized in the following table:

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

6. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Asset Class	Target Allocation as of December 31, 2022	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
REITs	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
TOTAL	<u>100.00%</u>	

Discount Rate

A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. 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 4.05%. 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the ACRTA's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Health Care Trend Rate

The following table presents the OPEB liability calculated using the single discount rate of 5.22%, and the expected net OPEB liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

As of December 31, 2023	1% Decrease (4.22%)	Single Discount Rate (5.22%)	1% Increase (6.22%)
ACRTA's Net OPEB Liability/(Asset)	\$232,862	\$68,418	(\$67,276)

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

6. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Sensitivity of the ACRTA's Proportionate Share of the Net OPEB Liability 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.

The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

As of December 31, 2023	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
ACRTA's Net OPEB Liability	\$64,129	\$68,418	\$73,244

7. RISK MANAGEMENT

The ACRTA participates in the Ohio Transit Risk Pool, (OTRP), related to its risk of property and casualty loss. Under this plan, the ACRTA 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 \$250,000,000 for qualified property losses and \$10,000,000 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 ACRTA 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.

There was no significant reduction in insurance coverage and no settlements exceeded insurance coverage during the past three years.

8. CONTINGENCIES

In the normal course of operations, ACRTA may be subject to litigation and claims. ACRTA receives a substantial amount of support from federal, state, and local governments.

The ACRTA received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability for the General Fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the ACRTA at December 31, 2023.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

9. RECEIVABLES

Receivables at December 31, 2023 consisted of accounts (billings), intergovernmental grants, and sales taxes collected on behalf of ACRTA by the State of Ohio. All receivables are considered collectible in full.

10. LEASES

In accordance with GASB Statement No. 87, ACRTA has recorded transactions for the lease of a copier (Right-of-Use Asset) and a Lease Receivable/Deferred Inflows of Resources for the lease of the top two floors of the Administration Building by the City of Lima Prosecutor's Office. Both leases are for a period of five years, the copier lease began on 07/15/2022 and the building lease on 01/01/2023.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACRTA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS ENDED DECEMBER 31**

	2023	2022	2021	2020	2019
ACRTA's proportion of the Net Pension Liability/(Asset)	.0109380%	.009950%	0.008691%	0.008944%	0.004974%
ACRTA's Proportionate Share of the Net Pension Liability/(Asset)	\$3,231,090	\$865,690	\$1,286,947	\$1,767,842	\$1,362,278
ACRTA's Covered-Employee Payroll	\$1,695,516	\$1,444,086	\$1,244,107	\$1,085,579	\$956,179
ACRTA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	190.57%	59.95%	103.44%	162.85%	142.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.07%	92.62%	83.88%	82.17%	74.70%

	2018	2017	2016	2015	2014
ACRTA's proportion of the Net Pension Liability/(Asset)	0.010479%	0.009648%	0.009475%	0.008630%	0.008863%
ACRTA's Proportionate Share of the Net Pension Liability	\$1,643,952	\$2,190,897	\$1,641,190	\$1,068,988	\$1,044,832
ACRTA's Covered-Employee Payroll	\$1,384,785	\$1,069,025	\$1,010,825	\$1,357,650	\$1,202,585
ACRTA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	118.72%	204.94%	162.36%	78.74%	86.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	83.36%

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

See accompanying notes to the required supplementary information.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACRTA'S CONTRIBUTIONS - PENSION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS**

	2023	2022	2021	2020	2019
Contractually Required Contribution	\$268,641	\$237,372	\$202,172	\$171,375	\$151,981
Contributions in Relation to the Contractually Required Contribution	\$268,641	\$237,372	\$202,172	\$171,375	\$151,981
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
ACRTA Covered-Employee Payroll	\$1,918,864	\$1,695,516	\$1,444,086	\$1,224,107	\$1,085,589
Contribution as a Percentage of Covered-Employee Payroll	14.0%	14.0%	14.0%	14.0%	14.0%

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$133,865	\$180,022	\$128,283	\$121,299	\$162,918
Contributions in Relation to the Contractually Required Contribution	\$133,865	\$180,022	\$128,283	\$121,299	\$162,918
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
ACRTA Covered-Employee Payroll	\$956,179	\$1,384,785	\$1,069,205	\$1,010,825	\$1,357,650
Contribution as a Percentage of Covered-Employee Payroll	14.0%	13.0%	12.0%	12.0%	12.0%

See accompanying notes to the required supplementary information.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACRTA'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX YEARS ENDED DECEMBER 31 (1)**

	2023	2022	2021	2020	2019
ACRTA's proportion of the Net OPEB Liability	0.0108510%	0.0098490%	0.0088610%	0.009229%	0.051930%
ACRTA's Proportionate Share of the Net OPEB Liability (Asset)	\$68,418	\$(308,846)	\$(157,865)	\$1,274,765	\$677,045
ACRTA's Covered-Employee Payroll	\$1,695,516	\$1,444,086	\$1,224,107	\$1,085,579	\$956,719
ACRTA's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	04.35%	(21.36%)	(12.90%)	117.43%	70.81%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%	46.33%

	2018	2017
ACRTA's proportion of the Net OPEB Liability	0.010470%	0.009648%
ACRTA's Proportionate Share of the Net OPEB Liability (Asset)	\$1,136,965	\$1,057,506
ACRTA's Covered-Employee Payroll	\$1,384,785	\$1,069,025
ACRTA's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	82.10%	98.92%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	77.25%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACRTA'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS ENDED DECEMBER 31**

	2023	2022	2021	2020	2019
Contractually Required Contribution	\$615	\$ 2,677	\$ 534	\$1,824	\$2,743
Contributions in Relation to the Contractually Required Contribution	\$615	\$ 2,677	\$534	\$1,824	\$2,743
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
ACRTA Covered-Employee Payroll	\$1,918,864	\$1,695,516	\$1,444,086	\$1,224,107	\$1,085,579
Contribution as a Percentage of Covered-Employee Payroll	0.03%	0.16%	0.04%	0.15%	0.25%

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$2,549	\$16,033	\$27,051	\$24,314	\$21,733
Contributions in Relation to the Contractually Required Contribution	\$2,549	\$16,033	\$27,051	\$24,314	\$21,733
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
ACRTA Covered-Employee Payroll	\$956,179	\$1,384,785	\$1,069,025	\$1,010,825	\$1,357,650
Contribution as a Percentage of Covered-Employee Payroll	0.24%	1.16%	2.53%	2.41%	1.60%

See accompanying notes to the required supplementary information.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Pension

Ohio Public Employees Retirement System (OPERS)

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

Changes in assumptions: There was no change in methods and assumptions used in the calculation of actuarial determined contributions in 2023. See the notes to the basic financial statements for the methods and assumptions in this calculation.

OPEB

Ohio Public Employees Retirement System (OPERS)

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

Changes in assumptions: There was no change in methods and assumptions used in the calculation of actuarial determined contributions in 2023. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Grant Number	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Program:			
Federal Transit Cluster:			
Federal Transit_Formula Grants	20.507	OH-2018-028-00	\$ 173,062
Federal Transit_Formula Grants	20.507	OH-2019-016-00	24,932
COVID-19 Federal Transit_Formula Grants - Cares Act	20.507	OH-2020-015-00	649,999
Federal Transit_Formula Grants	20.507	OH-2023-006-00	1,605,695
Total Federal Transit Cluster:			<u>2,453,688</u>
Total U.S. Department of Transportation			<u>2,453,688</u>
Total Expenditures of Federal Awards			<u>\$ 2,453,688</u>

The accompanying notes are an integral part of this schedule.

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Allen County Regional Transit Authority (the Authority) under programs of the federal government for the year ended December 31, 2023. 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 - 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.

NOTE D – INDIRECT COST RATE

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



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

Allen County Regional Transit Authority
Allen County
200 East High Street, Suite 1C
Lima, Ohio 45801

To the Board of Trustees:

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 Allen County Regional Transit Authority, Allen County, (the Authority) as of and for the year ended December 31, 2023, 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 26, 2024.

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.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive, flowing style.

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

July 26, 2024

**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**

Allen County Regional Transit Authority
Allen County
200 East High Street, Suite 1C
Lima, Ohio 45801

To the Board of Trustees:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Allen County Regional Transit Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Allen County Regional Transit Authority's major federal program for the year ended December 31, 2023. Allen County Regional Transit Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Allen County Regional Transit Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

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 26, 2024

**ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

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
<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?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



ALLEN COUNTY REGIONAL TRANSIT AUTHORITY

ALLEN 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 10/10/2024

65 East State Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov