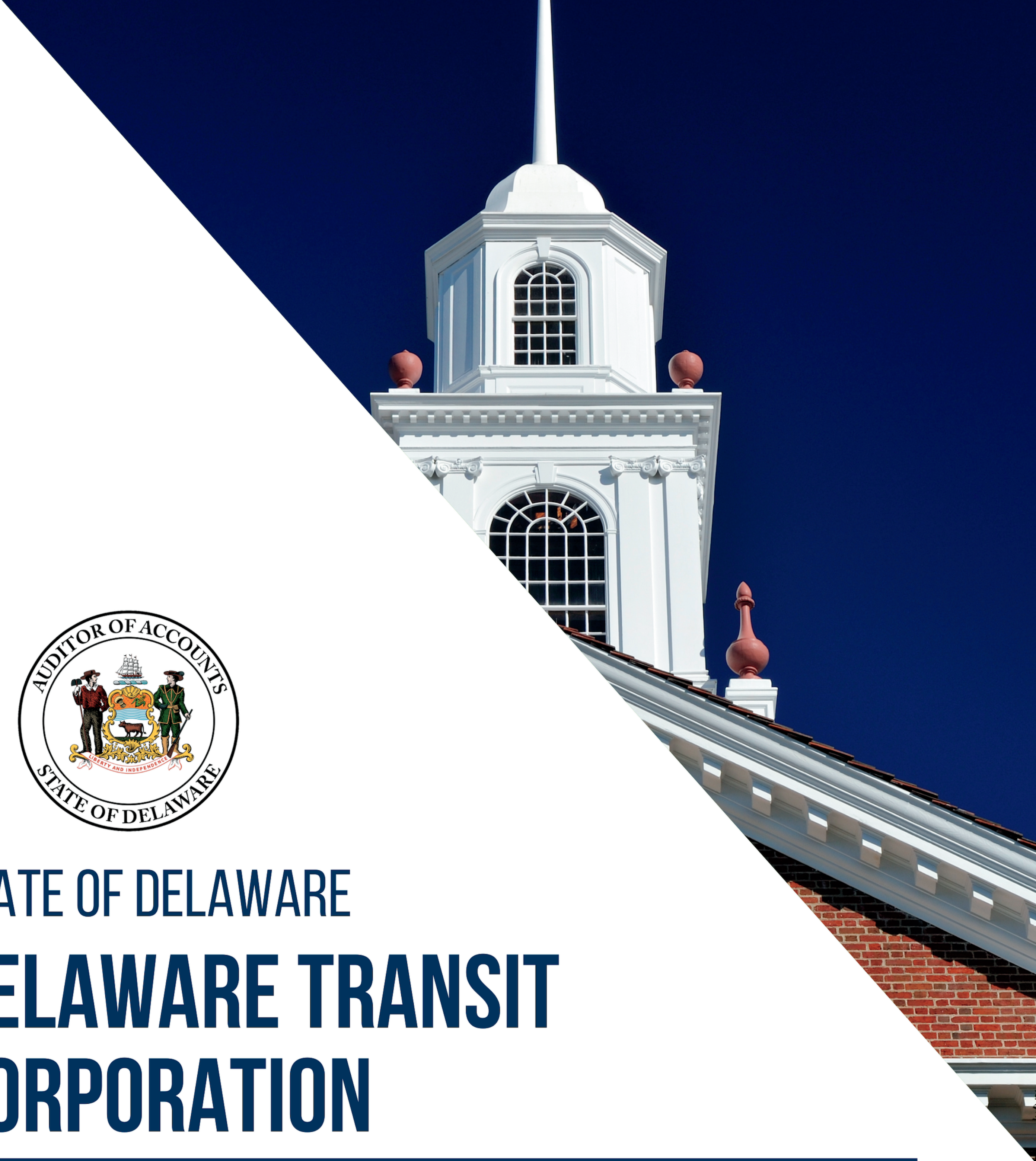

STATE OF DELAWARE

DELAWARE TRANSIT CORPORATION

FINANCIAL STATEMENT AUDIT
FOR FISCAL YEAR ENDED JUNE 30, 2022

Report Summary

Delaware Transit Corporation Financial Statement Audit For Fiscal Year Ended June 30, 2022

What Was Performed?

A financial statement audit of the Delaware Transit Corporation (DTC) for Fiscal Year ended June 30, 2022.

Why This Engagement?

The mission of DART First State (formerly known as the Delaware Authority for Regional Transit) and the Delaware Transit Corporation is to design and provide the highest-quality public transportation services that satisfy the needs of customers and the community.

In 1994, the General Assembly created the Delaware Transit Corporation (DTC) to manage and operate Dart, along with the Delaware Administration for Specialized Transportation, Delaware Railroad Administration and Commuter Services Administration. DTC operates DART statewide bus services and also contracts with the Southeastern Pennsylvania Transportation Authority (SEPTA), which provides regional rail service in New Castle County.

This engagement was performed in accordance with 2 Del. C. § 1323 and 29 Del. C. § 2906.

In fiscal year 2022, DTC received $79.8 million in state funding. As of June 30, 2022, $46.7 million of awarded operating funds remained unused to be applied towards future years.

What Was Found?

It's my pleasure to report this audit contains an unmodified opinion.[1]

The Delaware Transit Corporation Financial Statement Audit for Fiscal Year Ended June 30, 2022 can be found on our website: Click Here

For any questions regarding the attached report, please contact OAOA_Comms@delaware.gov.

[1] An unmodified opinion is sometimes referred to as a "clean" opinion. It is one in which the auditor expresses an opinion that the financial statements present fairly, in all material respects, an entity's financial position, results of operations and cash flows in conformity with generally accepted accounting principles.

Delaware Transit Corporation

Table of Contents

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Delaware Transportation Authority
Delaware Transit Corporation
Dover, Delaware

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Delaware Transit Corporation (DTC), a blended component unit of the Delaware Transportation Authority, which is a component unit of the state of Delaware as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise DTC's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Delaware Transit Corporation as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DTC 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 opinions.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective July 1, 2021, DTC adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

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 DTC'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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 DTC'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 DTC'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 discussion and analysis and required supplementary information as listed in the accompanying table of contents 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 GAAS, 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 opinions on the financial statements that collectively comprise the DTC's basic financial statements. The schedule of revenues and expenses compared to budget and the schedules of expenses by mode and combining schedules of Pension and OPEB Trust Fiduciary Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and were 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. 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees
Delaware Transportation Authority
Delaware Transit Corporation

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022, on our consideration of DTC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DTC'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 DTC's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
November 18, 2022

Delaware Transit Corporation
Management's Discussion and Analysis
June 30, 2022

This section of the Delaware Transit Corporation's (DTC) annual financial statements presents our discussion and analysis of DTC's financial performance during the Fiscal Year Ended June 30, 2022.

Background

DTC is a division of the Delaware Department of Transportation (DelDOT) and operates the Delaware Administration for Regional Transit (DART) First State Public Transportation Service. DTC was formed in 1995 to manage the combined operations of DART, the Delaware Administration for Specialized Transit, the Delaware Railroad Administration, and Commuter Services Administration. DTC operates 247 fixed route and 305 paratransit vehicles on over 55 routes in Delaware's three counties. DTC contracts with the Southeastern Pennsylvania Transportation Authority (SEPTA) for commuter rail service. DTC also operates and maintains 39 park-and-ride lots and 12 park-and-pool lots with an estimated 5,539 parking spaces. DTC maintains approximately 2,300 bus stops throughout the State of Delaware (the State), with major transit hubs in Wilmington, Christiana Mall, Dover, Rehoboth Beach, and Lewes Beach. DTC owns or leases four rail stations that are serviced by SEPTA. All services carried over 5.2 million riders.

Financial Highlights

- Total 2022 operating revenues were approximately $13.3 million and were $2.8 million more than 2021 operating revenues. The increase is primarily due to a 12% increase in overall ridership due to the cancellation of the Governor's declared State of Emergency and Stay-at-Home Order during the COVID-19 pandemic and economic reopening efforts occurring in Fiscal Year 2022.

- Total 2022 operating expenses before depreciation and amortization were approximately $136.7 million and were $2.8 million higher than 2021 operating expenses. The increase in operating expenses before depreciation and amortization is largely due to increased maintenance staff salaries and wages from increased overtime and higher fuel, repair, and purchased transportation costs, partially offset by lower salaries and wage costs for fixed-route and paratransit operators during Fiscal Year 2022.

- A $33.0 million investment was made in capital assets during 2022 (funding consisted of $14.4 million in state capital grants, $18.4 million in federal capital grants, and $0.2 million in lease payables attributable to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87 - *Leases*). This is primarily attributable to the purchase of revenue vehicles, facility construction and renovations, and the purchase and installation of communication equipment.

Overview of the Financial Statements

The financial section of this annual report consists of five parts: (1) management's discussion and analysis, (2) basic financial statements, (3) notes to the financial statements, (4) required supplementary information, and (5) supplementary information.

The basic financial statements provide both long- and short-term information about DTC's overall financial status. The basic financial statements include DTC operations as a special-purpose government entity. DTC's business-type financial statements can be found on pages 13 - 17 of this report. Separately, DTC reports its fiduciary funds to account for resources held for the benefit of parties outside of DTC.

Fiduciary funds are not available to support DTC operations; therefore, they are reflected outside of DTC's business-type financial statements. The fiduciary fund financial statements can be found on pages 18 - 19 of this report. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information and supplementary information that further explain and support the information in the financial statements.

DTC's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation and amortization of assets is recognized in the statement of revenues, expenses, and changes in net position. All assets and liabilities associated with the operation of DTC are included in the statement of net position.

Financial Analysis

Statements of Net Position

Total assets increased 24.0% to $242.1 million in 2022. Total liabilities increased 12.3% to $230.5 million in 2022. Total net position (deficit) at June 30, 2022 was a deficit of approximately $19.4 million, a 54.8% increase in net position from June 30, 2021. The increase in net position from 2021 to 2022 is due to an increase in DTC's operations from economic reopening as well as an increase in DelDOT funding. Federal operating assistance increased to $57.2 million for the Fiscal Year Ended June 30, 2022 from $49.3 million for the Fiscal Year Ended June 30, 2021.

Condensed Financial Information - Delaware Transit Corporation
Statements of Net Position as of June 30
(Dollars expressed in millions)

	2022	2021	Percentage Change 2022 - 2021
Current assets	$ 49.1	$ 23.7	107.2
Capital assets, net	173.2	164.3	5.4
Other noncurrent assets	19.8	7.2	175.0
Total assets	242.1	195.2	24.0
Deferred outflows of resources	52.3	39.4	32.7
Current liabilities	18.6	15.8	17.7
Noncurrent liabilities	211.9	189.5	11.8
Total liabilities	230.5	205.3	12.3
Deferred inflows of resources	83.3	72.2	15.4
Net position (deficit)			
Net investment in capital assets	173.1	164.3	5.4
Restricted	3.3	-	-
Unrestricted deficit	(195.8)	(207.2)	(5.5)
Total net position (deficit)	$ (19.4)	$ (42.9)	54.8

The increase of $12.9 million in deferred outflows of resources was primarily due to changes in actuarial assumptions for DTC's Other Post-Employment Benefits (OPEB) Trust. The increase in total liabilities was due to an increase in net OPEB liabilities of $29.6 million partially offset by a decrease in net pension liabilities of $5.9 million. The $11.1 million increase in deferred inflows of resources was primarily due to the implementation of GASB Statement No. 87 – *Leases* and the recognition of deferred inflows of resources related to DTC's lease receivables as of July 1, 2021.

Changes in Net Position

The increase in net position for the Fiscal Year Ended June 30, 2022 was approximately $23.5 million, which is an increase in net position of 54.8% over 2021. Total operating revenues increased 26.7% to approximately $13.3 million in 2022. Total operating expenses increased 1.6% to approximately $156.9 million in 2022.

Condensed Financial Information - Delaware Transit Corporation
Changes in Net Position for the Fiscal Years Ended June 30
(Dollars expressed in millions)

	2022	2021	Percentage Change 2022 - 2021
Operating revenues			
Passenger revenue	$ 8.0	$ 5.9	35.6
Other operating revenues	5.3	4.6	15.2
Total operating revenues	13.3	10.5	26.7
Operating expenses			
Operating expenses	136.7	133.9	2.1
Depreciation and amortization	20.2	20.4	(1.0)
Bad debt expense	-	0.1	
Total operating expenses	156.9	154.4	1.6
Operating loss	(143.6)	(143.9)	(0.2)
Nonoperating revenues, net	52.4	45.4	15.4
Capital contributions	18.4	17.1	7.6
Transfers from DelDOT	96.3	66.0	45.9
Changes in net position	23.5	(15.4)	252.6
Total net position (deficit) - beginning of year	(42.9)	(27.5)	(56.0)
Total net position (deficit) - end of year	$ (19.4)	$ (42.9)	54.8

The increase in total operating revenue in 2022 is primarily due to a 12% increase in ridership due to the cancellation of the Governor's declared State of Emergency and Stay-at-Home Order and economic reopening efforts during Fiscal Year 2022.

The increase in total operating expenses in 2022 is due to an increase in maintenance staff salaries and wages and higher fuel, repair, and purchased transportation costs, partially offset by lower salaries and wages for fixed-route and paratransit operators during Fiscal Year 2022.

Nonoperating revenues in 2022 increased by $7.0 million primarily due to an increase in federal operating assistance of $7.9 million and lease revenue of $1.2 million due to the implementation of GASB Statement No. 87 - *Leases*. This was partially offset by a loss on disposal of assets of $3.6 million in 2022.

In 2022, capital contributions were up $1.3 million due to DTC's purchase of replacement and expansion revenue vehicles, including the purchase of new electric buses. Transfers from DelDOT increased to $96.3 million in 2022 from $66.0 in 2021 primarily due to an increase of DelDOT's operating subsidy to DTC.

Capital Assets

As of June 30, 2022 and 2021, DTC had $370.1 million and $363.0 million, respectively, invested in capital assets, which included land, buildings, vehicles, communication and support equipment, furniture and fixtures, bus signs and shelters, right-to-use leased equipment, and construction in progress. Net of accumulated depreciation and amortization, DTC's net capital assets at June 30, 2022 and 2021 totaled $173.2 million and $164.3 million, respectively.

The $8.9 million increase of net capital assets during the Fiscal Year Ended June 30, 2022 is primarily attributed to the purchase of revenue vehicles, facility construction and renovations, purchase and installation of communication equipment, and the addition of intangible assets from the implementation of GASB Statement No. 87 - *Leases* totaling $33.0 million, offset by depreciation and amortization expense of $20.2 million.

Assets disposed of during 2022 and 2021 totaled $25.9 million and $0.5 million, respectively. Disposals related primarily to the replacement of revenue vehicles, service vehicles, and equipment that were determined to be obsolete or no longer able to support operational needs.

Economic Factors and Next Year's Budget

DTC submits their operating and capital budgets as part of DelDOT's submission to the General Assembly. DTC's Fiscal Year 2023 operating and capital budgets have been authorized by the General Assembly to meet the demand for core transit services in the State. The Fiscal Year 2023 total operating budget is $136.6 million. The capital budget is $36.7 million, which authorizes funding for purchases of replacement and expansion transit vehicles, facility construction, and rail projects.

DTC's Fiscal Year 2023 State operating assistance is $80.3 million compared to Fiscal Year 2022 State operating assistance of $79.8 million. The increase in State operating assistance is primarily due to an increase in State funding allocation for increased fuel costs. Since the onset of the pandemic through June 30, 2022, DTC has been awarded $163.4 million of stimulus operating funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), and the American Rescue Plan Act (ARPA). Operating funds expended during the Fiscal Years Ended June 30, 2022 and 2021 were $51.0 million and $43.0 million, respectively. As of June 30, 2022, $46.7 million of awarded operating funds remained unused to be applied towards future years.

DTC provides post-retirement healthcare benefits to all employees who retire from DTC after meeting eligibility requirements. GASB Statement No. 75 requires calculation of the net OPEB liability and deferred inflows and deferred outflows related to these post-retirement benefits. The pay-as-you-go cash basis costs associated with these benefits was $3.1 million and $3.0 million for the Fiscal Years Ended June 30, 2022 and 2021, respectively. The impact on the financial statements was the recognition of $11.2 million and $12.6 million in benefit expenses for the Fiscal Years Ended June 30, 2022 and 2021, respectively. DTC expects a similar impact on the 2023 financial statements.

Contacting DTC's Financial Management

This financial report is designed to provide interested parties with a general overview of DTC's finances and to demonstrate DTC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Delaware Transit Corporation, 900 Public Safety Boulevard, Dover, Delaware 19901-4503.

Delaware Transit Corporation
Statement of Net Position
June 30, 2022

Assets

Current assets	
Cash and cash equivalents	$ 7,869,934
Investments - at fair value, unrestricted	2,399,371
Accounts receivable	
Trade	955,161
Federal	30,315,461
State	766,311
Inventory - supplies	5,546,472
Prepaid expenses	53,077
Lease receivables	1,156,827
Total current assets	49,062,614
Noncurrent assets	
Capital assets, nondepreciable	
Land	1,872,536
Construction in progress	9,877,200
Capital assets, depreciable and amortizable	
Buildings and improvements	112,108,143
Fixtures, vehicles, and equipment	246,055,041
Right-to-use leased equipment	155,999
Total capital assets	370,068,919
Less: accumulated depreciation and amortization	(196,822,057)
Total capital assets, net	173,246,862
Investments - at fair value, unrestricted	5,000,732
Lease receivables - net of current portion	11,539,876
Net pension asset	3,292,521
Total noncurrent assets	193,079,991
Total assets	242,142,605
Deferred outflows of resources	
Pension and OPEB contributions made after the measurement date	6,066,345
Net difference between expected and actual experience on pension plans	1,030,304
Changes in assumptions - pension plans and OPEB Trust	45,262,931
Total deferred outflows of resources	52,359,580

(Continued)

Delaware Transit Corporation
Statement of Net Position
June 30, 2022

Liabilities and Net Position

Current liabilities	
Accounts payable and other accrued expenses	$ 11,253,398
Accrued payroll and related expenses	4,355,299
Insurance loss reserve	1,520,041
Compensated absences	1,416,629
Lease liabilities	55,948
Total current liabilities	18,601,315
Noncurrent liabilities	
Compensated absences - net of current portion	2,799,828
Insurance loss reserve - net of current portion	4,707,959
Lease liabilities - net of current portion	47,523
Net OPEB liability	204,377,089
Total noncurrent liabilities	211,932,399
Total liabilities	230,533,714
Deferred inflows of resources	
Net differences between projected and actual earnings on pension plan and OPEB Trust investments	13,304,840
Differences between expected and actual experience - pension plans and OPEB Trust	46,750,021
Changes in assumptions - OPEB Trust	10,683,446
Lease related	12,593,287
Total deferred inflows of resources	83,331,594
Net position (deficit)	
Investment in capital assets	173,143,391
Restricted	3,292,521
Unrestricted deficit	(195,799,035)
Total net position (deficit)	$ (19,363,123)

See independent auditors' report and accompanying notes to financial statements.

Delaware Transit Corporation
Statement of Revenues, Expenses, and Changes in Net Position
Fiscal Year Ended June 30, 2022

Operating revenues	
Passenger fares	$ 8,018,830
Advertising	677,526
Miscellaneous	1,245,002
Auxiliary transportation	3,326,211
Total operating revenues	13,267,569
Operating expenses	
Payroll expense	90,486,006
Professional fees and services	26,456,208
Materials and supplies	14,235,477
Office and miscellaneous	5,478,303
Total operating expenses before depreciation and amortization	136,655,994
Depreciation and amortization	20,187,345
Total operating expenses	156,843,339
Operating loss	(143,575,770)
Nonoperating revenues (expenses)	
Loss from investments	(181,913)
Federal operating assistance	57,202,348
Pass-through grant revenues	591,956
Pass-through grant expenses	(3,164,208)
Lease revenue	1,231,317
Interest revenue	276,889
Interest expense	(311)
Loss on disposal of assets	(3,590,372)
Excess of nonoperating revenues over nonoperating expenses	52,365,706
Loss before contributions and transfers	(91,210,064)
Capital contributions	18,381,584
Transfers from DelDOT	96,319,233
Increase in net position	23,490,753
Net position (deficit) - beginning of the year	(42,853,876)
Net position (deficit) - end of year	$ (19,363,123)

See independent auditors' report and accompanying notes to financial statements.

Delaware Transit Corporation
Statement of Cash Flows
Fiscal Year Ended June 30, 2022

Cash flows from operating activities	
Receipts from passengers	$ 7,750,738
Payments to suppliers	(41,249,737)
Payments to employees	(83,218,763)
Insurance claims paid	(5,634,794)
Other receipts	5,248,739
Net cash used in operating activities	(117,103,817)
Cash flows from noncapital financing activities	
Federal operating subsidies	33,964,623
Pass-through grant revenue	591,956
Pass-through grant payments	(3,164,208)
Transfers from DelDOT	81,896,083
Net cash provided by noncapital financing activities	113,288,454
Cash flows from capital and related financing activities	
Proceeds from capital contributions	17,770,552
Transfers from DelDOT - capital	14,565,922
Acquisition of capital assets	(32,828,553)
Proceeds from disposal of assets	249,331
Lease receipts	1,381,650
Lease payments	(52,839)
Net cash provided by capital and related financing activities	1,086,063
Cash flows from investing activities	
Net sales of investments	3,728,215
Net payments from insurance escrow account	59,723
Investment income	59,538
Net cash provided by investing activities	3,847,476
Net increase in cash and cash equivalents	1,118,176
Cash and cash equivalents - beginning of year	6,751,758
Cash and cash equivalents - end of year	$ 7,869,934

(Continued)

Delaware Transit Corporation
Statement of Cash Flows
Fiscal Year Ended June 30, 2022

Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (143,575,770)
Adjustment to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization	20,187,345
Changes in assets and deferred outflows of resources	
Increase in trade accounts receivable	(268,092)
Increase in inventory	(935,498)
Increase in prepaid expenses	(328)
Increase in net pension asset	(3,292,521)
Increase in deferred outflows of resources	(12,940,015)
Changes in liabilities and deferred inflows of resources	
Increase in accounts payable and other accrued expenses	2,704,796
Decrease in insurance loss reserve	(1,444,000)
Decrease in compensated absences	(268,180)
Increase in accrued payroll and related expenses	526,887
Decrease in net pension liability	(5,860,219)
Increase in net OPEB liability	29,553,337
Decrease in deferred inflows of resources	(1,491,559)
Net cash used in operating activities	$ (117,103,817)
Supplemental disclosure of noncash capital and related financing activities	
Acquisition of right-to-use leased equipment through lease liability	$ 155,999

See independent auditors' report and accompanying notes to financial statements.

Delaware Transit Corporation
Statement of Fiduciary Net Position -
Pension and OPEB Trust Fiduciary Funds
June 30, 2022

Assets	
Current assets	
Cash and cash equivalents	$ 4,029,691
Accounts receivable	
Accrued interest and dividends	2,239
Other receivable	-
Member contributions receivable	90
Employer contributions receivable	90
Total current assets	4,032,110
Noncurrent assets	
Investments, at fair value	
Fixed income	34,821,012
Domestic equities	54,427,275
International equities	21,957,263
Total noncurrent assets	111,205,550
Total assets	115,237,660
Liabilities	
Current liabilities	
Accrued expenses	52,667
Total current liabilities	52,667
Net position restricted for pension/OPEB	$ 115,184,993

See independent auditors' report and accompanying notes to financial statements.

Delaware Transit Corporation
Statement of Changes in Fiduciary Net Position -
Pension and OPEB Trust Fiduciary Funds
Fiscal Year Ended June 30, 2022

Additions	
Contributions	
Employer contributions	$ 6,142,872
Member contributions	1,814,457
Total contributions	7,957,329
Investment income (expenses)	
Net realized and unrealized loss on investments	(1,024,532)
Interest and dividends	2,550,050
Investment expenses	(297,524)
Net investment income	1,227,994
Total additions	9,185,323
Deductions	
Benefits paid	7,753,354
Refunds of contributions to members	439,929
Administrative expenses	229,598
Total deductions	8,422,881
Increase in net position	762,442
Net position restricted for pension/OPEB	
Net position - beginning of year	114,422,551
Net position - end of year	$ 115,184,993

See independent auditors' report and accompanying notes to financial statements.

(1) Authorizing Legislation

Pursuant to Title 2 of the Delaware Code, Sections 1304(a) and 1307(a) as enacted by 69 Delaware Law Chapter 435, Delaware Transit Corporation (DTC) was created on November 17, 1994 as a subsidiary public corporation of the Delaware Transportation Authority (the Authority). The Authority provides significant operational subsidies to DTC annually. DTC is authorized to operate the public transportation system within the State of Delaware (State).

The Authority is an independent operating arm of the Delaware Department of Transportation (DelDOT) and a body corporate and politic, constituting a public instrumentality of the State. The Authority was created in 1976 and later reorganized in 1979 by the Enabling Act. The Authority was created to foster the planning and financing of an economical, comprehensive, and integrated system of air, water, vehicular, public, and specialized transportation for the benefit of all people of the State.

(2) Summary of Significant Accounting Policies

(a) Measurement Focus and Basis of Accounting

DTC (the reporting entity) is a subsidiary public corporation and a blended component unit of the Authority. As a result of the Authority's relationship with the State, DTC's financial statements are included in the annual comprehensive financial report of the State in accordance with accounting principles generally accepted in the United States of America (GAAP).

DTC operates as a special-purpose government engaged solely in business-type activities. DTC's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Operating revenues and expenses generally result from providing services in connection with DTC's ongoing operations. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are recorded as nonoperating revenues and expenses. When an expense is incurred that can be paid using either restricted or unrestricted resources, it is DTC's policy to first apply the expense towards restricted resources and then towards unrestricted resources.

Fiduciary funds account for assets held by DTC in a trustee capacity or as an agency for other individuals or organizations. Fiduciary funds are not reflected in DTC business-type statements because the resources of those funds are not available to support DTC's operations. However, DTC is considered either financially accountable or the nature and the significance of the fiduciary fund's relationship with DTC are such that exclusion would cause DTC's financial statements to be misleading. The fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The decision to include and how to report a component unit in DTC's reporting entity is based on several criteria, including legal standing, debt responsibility, fiscal dependency, and financial accountability. DTC is financially accountable for legally separate organizations if it appoints a voting majority of the organization's board and: (1) it is able to impose its will on that organization, or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on DTC. DTC may also be financially accountable if an organization is fiscally dependent on DTC and there is a potential for the organization to provide specific benefits to or impose specific financial burdens on DTC, regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. DTC reports the following component units, which are included in the fiduciary fund financial statements:

- Delaware Transit Corporation Pension Plan (DTC Plan) - The DTC Plan is a single-employer, defined benefit, contributory plan covering noncollectively bargained employees of DTC, Delaware Administration for Regional Transit (DART), and the Delaware Administration for Specialized Transit. The DTC Plan is a legally separate entity. It provides retirement, disability, and death benefits exclusively to DTC. The DTC Plan reports may be obtained by writing DTC at 900 Public Safety Boulevard, Dover, Delaware 19901-4503. The plan year reported in the statement of fiduciary net position is as of June 30, 2022 and the related statement of changes in fiduciary net position is for the year then ended.

- DART Contributory Pension Plan (DART Plan) - The DART Plan is a single-employer, defined benefit, contributory plan covering members of Local 32, Office and Professional Employees International Union AFL-CIO, and Local 842, Amalgamated Transit Union AFL-CIO and its collective bargaining units: the North District Fixed Route and Maintenance Employees and the Paratransit and Greater Dover Area Fixed Route Drivers, who are employed by DTC. The DART Plan is a legally separate entity. It provides retirement, disability, and death benefits exclusively to DTC. The DART Plan reports may be obtained by writing DTC at 900 Public Safety Boulevard, Dover, Delaware 19901-4503. The plan year reported in the statement of fiduciary net position is as of December 31, 2021 and the related statement of changes in fiduciary net position is for the year then ended.

- Delaware Transit Corporation Other Post-Employment Benefits (OPEB) Trust (the OPEB Trust) - The OPEB Trust is a single-employer, defined benefit plan administered by DTC. The OPEB Trust provides retirement medical and life insurance coverage to retired employees and their eligible dependents. The OPEB Trust is a legally separate entity. Policy for and management of the OPEB Trust benefits provided to retirees are the responsibility of DTC. The OPEB Trust reports may be obtained by writing DTC at 900 Public Safety Boulevard, Dover, Delaware 19901-4503. The plan year reported in the statement of fiduciary net position is as of June 30, 2022 and the related statement of changes in fiduciary net position is for the year then ended.

(b) Management Estimates

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

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of demand and time deposits and securities with an original maturity of three months or less when purchased.

(d) Allowance for Doubtful Accounts

Accounts receivable consist of short-term receivables that arise in the normal course of business. Accounts are generally considered past due after 30 days and do not accrue interest.

Management determines the allowance for doubtful accounts based upon prior experience and its assessment of the collectibility of specific accounts. At June 30, 2022, the allowance for doubtful accounts receivable was $17,216. Uncollectible accounts receivable are charged off when management determines that all reasonable collection efforts have been exhausted.

(e) Inventory - Supplies

Inventory consists of equipment parts for revenue and service vehicles and fuel. Inventory is stated at the lower of cost or market value determined using the average cost method.

(f) Investments

Investments are recorded at fair value. Fair value is determined using quoted market prices in an active market, if available. For certain U.S. government securities, U.S. government agency securities, and commercial paper, for which an active market does not exist, fair value is determined using a discounted cash flow model. Significant inputs to the discounted cash flow model are the coupon, yield, and expected maturity date of the security.

(g) Capital Assets

Capital assets, which include land, buildings, vehicles, communication and support equipment, furniture and fixtures, bus signs and shelters, construction in progress, and intangible right-to-use leased assets are reported in DTC's financial statements.

Capital assets are defined by DTC as all tangible assets purchased with State and federal grant funds, any tangible asset with an individual acquisition cost greater than $5,000 purchased with operating funds, and intangible right-to-use leased assets with an initial measurement value in excess of $5,000. Capital assets, other than intangible right-to-use leased assets, are recorded at historical cost. Intangible right-to-use leased assets are recorded at their initial measurement value (see Note 2(h)).

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Buildings, vehicles, equipment, furniture and fixtures, bus signs and shelters, and intangible right-to-use leased assets are depreciated or amortized using the straight-line method over the following estimated useful lives or lease terms:

Buildings and improvements	5 - 40 years
Revenue vehicles	4 - 25 years
Service vehicles and equipment	3 - 20 years
Communications equipment	10 - 40 years
Furniture and fixtures	3 - 10 years
Bus signs and shelters	10 years
Right-to-use leased equipment	3 years

(h) Leases

Lessee

DTC is a lessee of various equipment. DTC recognizes lease liabilities and intangible right-to-use leased assets in the financial statements if the initial measurement value of an individual lease exceeds $5,000.

Lease liabilities are initially measured at the commencement of the lease term at the present value of payments expected to be made during the lease term. Lease liabilities are subsequently reduced by the principal portion of payments made. Intangible right-to-use leased assets are initially measured at the value of the corresponding liability, adjusted for payments made at or before the lease commencement date, plus certain initial direct costs. Intangible right-to-use leased assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments made by DTC in measuring lease liabilities and intangible right-to-use leased assets are as follows:

- Discount rate - DTC uses the interest rate implicit in the lease, if readily determinable, or DTC's estimated incremental borrowing rate.

- Lease term - The lease term includes the period during which DTC has a noncancelable right to use the underlying asset, plus periods covered by DTC's options to extend or terminate a lease if it is reasonably certain that DTC will exercise or not exercise those options.

- Lease payments - Lease payments included in the measurement of lease liabilities include fixed payments required under the leases, variable payments that are fixed in substance or dependent on an index or rate, and any purchase price option that DTC is reasonably certain to exercise.

DTC monitors changes in circumstances that would require a remeasurement of its lease liabilities and intangible right-to-use leased assets and performs remeasurements in the period that those changes in circumstances become known if such changes are expected to significantly affect the amount of the lease liabilities.

Lessor

DTC is a lessor of various buildings. DTC recognizes lease receivables and deferred inflows of resources in the financial statements.

Lease receivables are initially measured at the commencement of the lease term at the present value of payments expected to be received during the lease term, net of any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced by the principal portion of payments received. Deferred inflows of resources are initially measured at the value of the corresponding receivable, adjusted for payments received at or before the lease commencement date. Deferred inflows of resources related to leasing activities are recognized as lease revenues over the lease term.

Key estimates and judgments made by DTC in measuring lease receivables and related deferred inflows of resources are as follows:

- Discount rate - DTC uses its estimated incremental borrowing rate.
- Lease term - The lease term includes the period during which the lessee has a noncancelable right to use the underlying asset, plus periods covered by the lessee's options to extend or terminate a lease if it is reasonably certain that the lessee will exercise or not exercise those options.
- Lease payments - Lease payments included in the measurement of lease receivables include fixed payments expected to be received under the leases, variable payments that are fixed in substance or dependent on an index or rate, and any purchase price option that the lessee is reasonably certain to exercise.

DTC monitors changes in circumstances that would require a remeasurement of its lease receivables and deferred inflows of resources and performs remeasurements in the period that those changes in circumstances become known if such changes are expected to significantly affect the amount of the lease receivables.

(i) Capital Contributions and Transfers

Capital contributions arise from State and federal grants generally restricted to capital acquisition. Most capital grants and contributions are in the form of cash, which is then used to purchase capital assets or fund other approved uses.

DTC receives transfers from DelDOT, including subsidy amounts received for operating assistance, pass-through grant revenue, and capital funding for the purchase of capital assets.

(j) Compensated Absences

Compensated absences are absences for which DTC employees will be paid, such as vacation, sick leave, and certain other qualifying absences. The number of days compensated for various absence categories is generally based on length of service. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of DTC and its employees is accrued as employees earn the right to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of DTC and its employees are accounted for in the period in which such services are rendered or such events take place.

(k) Pension

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

(l) Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Trust, and additions to/deductions from the OPEB Trust's fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(m) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources are defined as consumption of net assets by the government that is applicable to future reporting periods. Deferred inflows of resources are defined as acquisition of net assets by the government that is applicable to future reporting periods. Deferred outflows increase net position, similar to assets, and deferred inflows decrease net position, similar to liabilities.

(n) Revenues and Expenses

Passenger fare revenues are recorded as revenue at the time services are provided to passengers. Revenues from DART cards are recognized at the point of sale. DTC defines nonoperating revenues as federal operating subsidies, pass-through grant revenues, investment income, capital contributions, lease revenue, and transfers from DelDOT. All other revenues are derived from the normal operations of DTC. Nonoperating expenses are primarily composed of pass-through grant expenses and loss on disposal of assets. All other expenses are a result of normal operations.

Pass-through revenues and expenses relate to federal, State, and other agency funding received by DTC that is subsequently distributed to local nonprofit, subrecipient organizations, and other agencies to fund transportation-related operations and capital improvement programs.

(o) Adoption of Government Accounting Standards Board (GASB) Statements

In Fiscal Year 2022, DTC adopted a new accounting standard. This standard was adopted as of July 1, 2021, the beginning of the earliest period presented in these financial statements.

In June 2017, GASB issued Statement No. 87 - *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The adoption of this standard did not impact prior period net position or changes in net position.

(p) GASB Statement Not Yet Adopted

The following Statement was issued by GASB, which management believes may impact the financial reporting of DTC.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for cloud computing and similar subscription-based information technology arrangements. GASB Statement No. 96 is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. DTC has not adopted GASB Statement No. 96 as of June 30, 2022.

(3) Deposits and Investments

(a) Cash Management Policy and Investment Guidelines

Cash Management Policy Board

DTC follows the *Statement of Objectives and Guidelines for the Investment of State of Delaware Funds* (the Policy) of the State’s Cash Management Policy Board (the Board). The Board, created by State law, establishes policies for investment of all money belonging to the State or on deposit from its political subdivisions, other than money deposited in any State Pension Fund or the State Deferred Compensation Program, and to determine the terms, conditions, and other matters relating to those investments, including the designation of permissible investments [29 Del.C. §2716(a)]. By law, all deposits and investments belonging to the State are under the control of the State Treasurer in various pooled investment funds (State Investment Pool) except for those that, by specific authority, are under the control of other agencies or component units, as determined by the Board. As mandated by State statutes, the State's funds shall be invested pursuant to the prudent person standard as defined in the Policy. The prudent person standard allows the Board to establish investment policies based on investment criteria that it defines, and it allows the Board to delegate investment authority to investment professionals. This standard of care not only permits, but also encourages, diversifying investments across various asset classes.

Investment Guidelines and Management

The Policy requires State funds to be allocated and held in the following categories of accounts:

- Collection and disbursement accounts
- Liquidity accounts
- Reserve accounts
- Endowment accounts
- Operating accounts
- Settlement accounts

DTC's accounts are considered operating accounts. State agencies and other public authorities maintain operating accounts with the intent of segregating such funds for accounting and reporting purposes. Operating accounts may also be created to meet particular purposes and/or to comply with State statutes, bond trust agreements, and/or federal guidelines. The investment objectives of such funds are to ensure safety and maximize return while providing for the liquidity requirements specifically identifiable to the use of such funds.

The Policy specifies the type of investments that investment managers can make; the maximum percentage of assets that may be invested in particular instruments; the minimum credit quality of these investments; and the maximum length of time the assets can be invested. The following investments are permissible for operating accounts, subject to the percentage limitations of the account:

- U.S. Treasury obligations
- U.S. government agency obligations
- Certificates of deposit and time deposits
- Corporate debt instruments
- Repurchase agreements
- Money market funds
- Canadian treasury bills
- Canadian agency securities
- Mortgage-backed and asset-backed securities
- Supranational organizations or international agencies

The Policy is available on the Office of the State Treasurer's website at http://treasury.delaware.gov.

(b) Custodial Credit Risk

Cash and Cash Equivalents

Cash and cash equivalents, as reported on the statement of net position, are under the control of DTC. DTC maintains all of its cash and cash equivalents with one financial institution. The carrying amount of DTC's deposits at June 30, 2022 was $7,869,934, and the bank balance was $7,908,712. The differences between bank balance and carrying amount resulted from outstanding checks and deposits-in-transit. The bank balance of $7,908,712 at June 30, 2022 was covered up to $250,000 by the Federal Deposit Insurance Corporation and the remainder by collateral held by DTC's Trustee, in DTC's name.

Investments

At June 30, 2022, all of DTC's investments were insured or registered with securities held by DTC or the counterparty in DTC's name.

DTC measures and records its investments using fair value measurement guidelines. These guidelines recognize a three-tiered, fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs.

	Assets at Fair Value at June 30, 2022			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments measured at fair value				
U.S. government securities	$ -	$ 6,575,222	$ -	$ 6,575,222
Commercial paper	-	824,881	-	824,881
	$ -	$ 7,400,103	$ -	$ 7,400,103

Investments categorized as Level 2 are valued through several industry accepted methodologies, including yield to maturity and benchmark yields. Standard inputs in the valuation methodologies include reported trades, broker/dealer quotes, issuer spreads, and market publications.

(c) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the value of an investment. The Policy provides that maximum maturity for investments in DTC accounts, at the time of purchase, shall not exceed two years, except when it is prudent to match a specific investment instrument with a known specific future liability, in which case the maturity limitation shall match the maturity of the corresponding liability.

The following table presents a listing of directly held investments and related maturities as follows:

		Investment Maturities (in Years) June 30, 2022		
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**	**6 - 10**
U.S. government securities	$ 6,575,222	$ 1,574,490	$ 5,000,732	$ -
Commercial paper	824,881	824,881	-	-
Total investments	$ 7,400,103	$ 2,399,371	$ 5,000,732	$ -

(d) *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. DTC follows the Policy by investing only in authorized securities. DTC's general investment policy for credit risk is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments.

The Policy requires that investments in:

- Certificates of deposit and time deposits be with a banking institution with assets of not less than $100 billion that is rated not lower than A1/P-1/F1 short term by at least two rating agencies;
- Money market funds be invested solely in government securities that are rated in the highest rating category by at least one rating agency;
- Asset-backed securities have the highest credit rating from at least two rating agencies; and
- Corporate debt instruments must be rated by Standard and Poor's Ratings Services (S&P) and/or Moody's Investor Service (Moody's) and/or Fitch Ratings (Fitch) as follows:

Investment	S&P	Moody's	Fitch
Commercial paper	A-2	P-2	F2
Senior long-term debt	A-	A3	A-*
Corporate bonds and debentures	A-	A3	A-

*Excluding asset-backed commercial paper that is rated A1 or better

DTC's investments carry ratings that are in compliance with the Policy as of June 30, 2022.

Based on S&P, DTC had $824,881 in commercial paper investments with a rating of A-1 as of June 30, 2022.

(e) Investments in Excess of 5%

Concentration of credit risk is the risk of loss attributed to the magnitude of DTC's investments in a single issuer (5% or more of total investments). When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure.

The Policy provides that the purchase of securities cannot exceed the following percentage of account limitations, valued at market.

A. U.S. Treasury obligations - no restrictions
B. U.S. government agency obligations - 50% in total; 20% in any one issuer
C. Certificates of deposit and time deposits - 50% in total (domestic and non-domestic combined); 25% in all non-domestic banking institutions; 5% in any one issuer
D. Corporate debt - 50% in total; 25% in all non-domestic corporations; 25% in any one industry; 5% in any one issuer
E. Repurchase agreements - 50% in total; provided that any securities purchased subject to repurchase agreements shall be subject to the respective Percentage Limit for such security type as set forth in the Policy and valued for such purposes at the lesser of fair market value and 102% of the maturity value of the securities pursuant to the repurchase agreement and marked-to-the-market daily as requested by the investment manager
F. Money market funds - no restrictions
G. Canadian treasuries - 25% in total
H. Canadian agency securities - 25% in total; 10% in any one agency
I. Mortgage-backed and asset-backed securities - 10% in total
J. Asset-backed securities - 10% in total
K. Supranational organizations or international agencies - 25% in total; 10% in any one agency

The following issuers have investments at fair value in excess of 5% of the investment portfolio at June 30, 2022:

United States Treasury	$ 6,575,222	89%
Bank of Nova Scotia	$ 824,881	11%

(f) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Although DTC does not have a formal policy governing foreign currency risk, DTC does manage its exposure to fair value loss by requiring its investment managers to maintain diversified portfolios to limit foreign currency risk. DTC does not deem foreign currency risk significant.

(g) Investment Commitments

DTC has made no investment commitments as of June 30, 2022.

(h) Funding of Unpaid Loss Insurance Reserve Liability

Included in cash and investments at June 30, 2022 was $6,228,000, which will be utilized to fund the remaining loss insurance reserve liability (Note 14), net of escrow insurance deposits.

(4) Capital Assets

Capital asset activity for the Fiscal Year Ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital asset not being depreciated				
Land	$ 1,872,536	$ -	$ -	$ 1,872,536
Construction in progress	9,271,679	605,521	-	9,877,200
Total capital asset not being depreciated	11,144,215	605,521	-	11,749,736
Capital assets being depreciated and amortized				
Buildings and improvements	105,365,998	6,742,145	-	112,108,143
Revenue vehicles	198,092,077	22,588,570	(25,516,165)	195,164,482
Service vehicles and equipment	11,167,268	346,760	(212,480)	11,301,548
Communication equipment	22,600,591	1,662,199	(195,152)	24,067,638
Furniture and fixtures	695,151	-	-	695,151
Bus signs and shelters	13,942,863	883,359	-	14,826,222
Right-to-use leased equipment	-	155,999	-	155,999
Total capital assets being depreciated and amortized	351,863,948	32,379,032	(25,923,797)	358,319,183
Less accumulated depreciation and amortization for:				
Buildings and improvements	40,498,749	3,916,487	-	44,415,236
Revenue vehicles	122,244,799	13,686,481	(21,720,534)	114,210,746
Service vehicles and equipment	9,368,483	484,382	(193,750)	9,659,115
Communication equipment	17,411,984	974,961	(169,809)	18,217,136
Furniture and fixtures	661,135	8,930	-	670,065
Bus signs and shelters	8,533,655	1,066,140	-	9,599,795
Right-to-use leased equipment	-	49,964	-	49,964
Total accumulated depreciation and amortization	198,718,805	20,187,345	(22,084,093)	196,822,057
Total capital assets being depreciated and amortized, net	153,145,143	12,191,687	(3,839,704)	161,497,126
Total capital assets, net	$ 164,289,358	$ 12,797,208	$ (3,839,704)	$ 173,246,862

Depreciation and amortization expense for the Fiscal Year Ended June 30, 2022 was $20,187,345.

See independent auditors' report.

(5) Leases

Lessee

DTC, as lessee, has lease liabilities attributable to leasing office equipment. The leases are expected to terminate at various times between December 2022 and February 2025 with monthly payments ranging from $141 to $283. Discount rates for these leases range from 0.23% to 0.31%. Variable payments and short-term leases are not included in the measurement of lease liabilities. Expenses related to DTC's lessee leasing activities were as follows for the Fiscal Year Ended June 30, 2022:

Expenses	Amount
Amortization of right-to-use leased equipment	$ 49,964
Interest on lease liabilities	311
Total	$ 50,275

The annual requirement to amortize all lease liabilites as of June 30, 2022 was as follows:

Years Ending June 30,	Principal	Interest	Total
2023	$ 55,948	$ 218	$ 56,166
2024	40,647	78	40,725
2025	6,876	10	6,886
	$ 103,471	$ 306	$ 103,777

On September 2, 2016, DTC entered into a lease agreement for transit vehicle tires that included options to renew through September 30, 2021. DTC exercised those options. On October 1, 2021, DTC entered into a lease agreement for transit vehicle tires that covers a three-year period with the option to extend the contract for an additional two one-year periods. The lease agreements require DTC to make variable monthly payments based on miles driven multiplied by a mileage rate as set forth in the agreements. The mileage rate is based on contract year and estimated annual vehicle miles. For the Fiscal Year Ended June 30, 2022, DTC incurred expenses related to these leases of $409,774. These expenses are recognized as a current year outflow of resources and reported within materials and supplies on the statement of revenues, expenses, and changes in net position.

Lessor

DTC, as lessor, has lease receivables attributable to leasing various buildings. Variable payments and short-term leases are not included in the measurement of lease receivables. Revenues related to DTC's lessor leasing activities were as follows for the Fiscal Year Ended June 30, 2022:

Revenues	Amount
Lease revenue	$ 1,231,317
Interest revenue	276,889
Total	$ 1,508,206

DTC has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2022, deferred inflows of resources related to leasing activities were $12,593,287.

Lease receivables consisted of the following lease contracts as of June 30, 2022:

Lease Terms	Amount
Lease receivable - Monthly payments of $60,000 until April 2036; discount rate of 2.41%	$ 10,049,441
Lease receivable - Monthly payments of $3,250 until May 2024; discount rate of 0.28%	74,541
Lease receivable - Annual payments of $6,200 until April 2036; discount rate of 2.41%	72,802
Lease receivable - Monthly payments of $13,100 until March 2032; discount rate of 1.50%	1,425,064
Lease receivable - Monthly payments of $30,000 until June 2025; discount rate of 0.31%	1,074,855
	12,696,703
Less: current portion	1,156,827
Lease receivables - net of current portion	$ 11,539,876

DTC, as lessor, leases parking garage spaces through a contract that includes variable lease payments. Lease revenue related to variable lease payments is recognized as a current year inflow of resources and reported as miscellaneous revenue on the statement of revenues, expenses, and changes in net position. Variable lease revenue was $142,346 for the Fiscal Year Ended June 30, 2022.

(6) Long-Term Liabilities

Long-term liability activity for the Fiscal Year Ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 4,484,637	$ -	$ (268,180)	$ 4,216,457	$ 1,416,629
Insurance loss reserve	7,672,000	4,190,794	(5,634,794)	6,228,000	1,520,041
Lease liabilities	-	155,999	(52,528)	103,471	55,948
Long-term liabilities	$ 12,156,637	$ 4,346,793	$ (5,955,502)	$ 10,547,928	$ 2,992,618

(7) Union Contracts

Operators and maintenance personnel of the North District Fixed Route system are represented by the Amalgamated Transit Union AFL-CIO, Local 842. The term of the current Collective Bargaining Agreement (CBA) covers the period from September 1, 2019 through August 31, 2023.

Paratransit Specialists statewide and South District Fixed Route Operators are also represented by the Amalgamated Transit Union AFL-CIO, Local 842, under a separate CBA. The term of the current CBA covers the period from September 1, 2019 through August 31, 2023.

Certain administrative, operations, and maintenance personnel are represented by the Office and Professional Employees International Union AFL-CIO, Local 32. The term of the current CBA covers the period from January 1, 2021 through December 31, 2024.

Service and Automotive Technicians and Automotive Parts/Inventory Control Specialists are represented by the International Brotherhood of Electrical Workers, Local 2270. The term of the current CBA covers the period from July 1, 2019 through June 30, 2023.

(8) Defined Benefit Pension Plans

(a) Plan Descriptions

DTC administers the DTC Plan and the DART Plan.

The DTC Plan is a single-employer, defined benefit, contributory plan covering noncollectively bargained employees of DTC, DART, and Delaware Administration for Specialized Transit.

The DART Plan is a single-employer, defined benefit, contributory plan covering members of Local 32, Office and Professional Employees International Union AFL-CIO, and Local 842, Amalgamated Transit Union AFL-CIO and its collective bargaining units: the North District Fixed Route and Maintenance Employees and the Paratransit and Greater Dover Area Fixed Route Drivers, who are employed by DTC.

Each plan provides retirement, disability, and death benefits to plan members and beneficiaries.

Both plans issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing DTC at 900 Public Safety Boulevard, Dover, Delaware 19901-4503.

The following employees were covered by the DTC Plan at June 30, 2021:

Active members	366
Inactive members or beneficiaries currently receiving benefits	116
Terminated, vested members	124
Total	606

The following employees were covered by the DART Plan at December 31, 2021:

Active members	623
Inactive members or beneficiaries currently receiving benefits	235
Terminated, vested members	130
Total	988

(b) Benefits

The DTC Plan provides retirement, disability, and death benefits. All employees with 10 years of credited service are eligible for early retirement at age 55. All employees may retire at any age after 25 years of credited service or upon reaching the age of 62. If an employee terminates their employment after at least five years of credited service, but before normal retirement age, they may defer pension benefits until reaching retirement age. Benefits fully vest after five years of credited service.

Death benefits for a DTC Plan participant who dies while employed after completing five years of credited service is equal to 75% of the service pension to which the participant would have been eligible at age 65. The DTC Plan was amended to add a survivorship pop-up benefit for participants who retire on or after January 1, 2018 and elect a joint and survivorship annuity.

The authority under which the DTC Plan benefit provisions are established, evaluated, and amended resides with DTC. DTC reserves the right to amend, modify, or terminate the DTC Plan and completely discontinue contributions with respect to eligible participants. However, no such action shall adversely affect eligible participants who have retired under the DTC Plan prior to such action, nor shall any such amendment have the effect of decreasing the amount of a participant's accrued benefit. DTC expects to continue the DTC Plan indefinitely.

The DART Plan provides retirement, disability, and death benefits. All employees with 10 years of credited service are eligible to receive pension benefits at age 65. All employees may retire at any age after 25 years of credited service or upon reaching the age of 65 with a minimum of five years of continuous service. If an employee terminates their employment after at least five years of continuous service, but before normal retirement age, they may defer pension benefits until reaching retirement age. As of December 31, 2021, the monthly benefit was $76.00 per year of service. This benefit is then multiplied by the applicable years of service credited to the eligible participant. Effective January 1, 2022, the monthly benefit paid to retirees receiving benefits under the DART Plan as of December 31, 2021 was increased by 1%, and the multiplier for employees who retire after December 31, 2021 was increased to a monthly benefit per year of service of $79.00, up from $76.00. Upon the death of a retiree or active participant, a lump-sum payment will be made comprised of the aggregate of the participant's contributions that exceed the aggregate of the payments that have been made to the participant.

The authority under which the DART Plan benefit provisions are established, evaluated, and amended resides with the DART Plan Pension Committee. The DART Plan Pension Committee is comprised of three members appointed by DTC and three members appointed by Amalgamated Transit Union AFL-CIO, Local 842.

(c) Funding Policy

For the DTC Plan, DTC retains the authority to establish, evaluate, and amend the obligations to contribute to the DTC Plan. DTC's annual contribution determined by the actuary is funded monthly until the required contribution is met. Employees hired after June 30, 2012 are required to contribute 3% of eligible annual compensation in excess of $6,000.

For the DART Plan, the DART Plan Pension Committee retains the authority to establish, evaluate, and amend the obligations to contribute to the DART Plan of both the Plan members, as collectively bargained, and DTC. Plan members are required to contribute 5% of their hourly wages for each hour worked to a maximum of 2,080 hours per year. DTC contributes 5% of the regular hourly wages to the DART Plan.

Employer contributions recognized by the DTC Plan and the DART Plan during the Fiscal Year Ended June 30, 2022 were $1,825,930 and $1,190,079, respectively.

(d) Net Pension Asset

The DTC Plan's net pension asset as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021. Update procedures were used to roll forward the valuation results to the measurement date. There have been significant changes in stock and bond market conditions between the measurement date and DTC's report date, which may have a significant effect on the valuation of the net pension asset. The amount of any resulting change to the net pension asset is unknown.

The total pension liability used to calculate the net pension asset was determined using the following actuarial assumptions, applied to all periods included in the measurements for the Fiscal Year Ended June 30, 2022:

Investment rate of return	7.0%, net of plan investment expense, including inflation
Salary increases	2.5%, including inflation
Inflation	2.0%
Mortality	RP-2014 Mortality with generational projection using scale MP-2017

The long-term expected rate of return on the DTC Plan's investments of 7.0% was determined using a building-block method, where return expectations are established for each asset class. The building-block approach uses the current underlying fundamentals, not historical returns. These return expectations are weighted based on the following asset/target amounts for the Fiscal Year Ended June 30, 2022:

Asset Class	Long-Term Expected Real Rate of Return	Asset Allocation Percentage
Domestic equity	6.4%	42.0%
International equity	6.3%	16.0%
Emerging equity	7.2%	7.0%
Core fixed income	1.5%	17.5%
Investment Grade Corporate Debt	1.7%	8.7%
High yield	2.9%	4.4%
Emerging debt	2.9%	4.4%

The DART Plan's net pension asset as of December 31, 2021 was determined by an actuarial experience study as of January 1, 2021. There have been significant changes in stock and bond market conditions between the measurement date and DTC's report date, which may have a significant effect on the valuation of the net pension asset. The amount of any resulting change to the net pension asset is unknown.

The total pension liability used to calculate the net pension asset was determined using the following actuarial assumptions, applied to all periods included in the measurement for the Fiscal Year Ended June 30, 2022:

Investment rate of return	7.0%, including inflation
Salary increases	2.5%, including inflation
Inflation	2.5%
Mortality	Sex distinct RP-2014 Blue Collar table, fully generational with scale MP-2018

The long-term expected rate of return on the DART Plan's investments of 7.0% was determined using a building-block method, where return expectations are established for each asset class. The building-block approach uses the current underlying fundamentals, not historical returns. These return expectations were weighted based on the following asset/target amounts for the Fiscal Year Ended June 30, 2022:

Asset Class	Long-Term Expected Real Rate of Return	Asset Allocation Percentage
Domestic equity	8.0%	39.0%
International equity	7.0%	21.0%
Fixed income	4.0%	39.0%
Cash equivalents	2.0%	1.0%

(e) Discount Rate

The discount rate used to measure the total pension liability was 7.0% for both the DTC Plan and the DART Plan for all measurement periods. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from DTC will be made at rates determined by DTC or the DART Plan Pension Committee, actuarially calculated. Based on those assumptions, the fiduciary net position for both the DTC Plan and the DART Plan was projected to be available to make all projected future benefit payments of current members of each Plan. Therefore, the long-term expected rate of return on investments for both the DTC Plan and the DART Plan was applied to all periods of projected benefit payments to determine the total pension liability.

(f) Changes in the Net Pension Liability (Asset)

Changes in DTC's net pension liability (asset) for the Fiscal Year Ended June 30, 2022 were as follows:

	DTC Plan			DART Plan			Totals		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 7/1/20 (DTC Plan) and 1/1/21 (DART Plan)	$ 36,020,436	$ 32,494,066	$ 3,526,370	$ 68,598,087	$ 66,264,238	$ 2,333,849	$ 104,618,523	$ 98,758,304	$ 5,860,219
Changes for the year									
Service cost	1,642,874	-	1,642,874	2,215,348	-	2,215,348	3,858,222	-	3,858,222
Interest	2,474,134	-	2,474,134	4,834,219	-	4,834,219	7,308,353	-	7,308,353
Changes of benefit terms	-	-	-	1,789,381	-	1,789,381	1,789,381	-	1,789,381
Differences between expected and actual experience	236,857	-	236,857	(847,084)	-	(847,084)	(610,227)	-	(610,227)
Contributions - employer	-	1,648,285	(1,648,285)	-	1,190,079	(1,190,079)	-	2,838,364	(2,838,364)
Contributions - member	-	265,483	(265,483)	-	1,516,543	(1,516,543)	-	1,782,026	(1,782,026)
Net investment income (loss)	-	8,979,649	(8,979,649)	-	8,072,868	(8,072,868)	-	17,052,517	(17,052,517)
Benefit payments, including refunds of member contributions	(1,351,339)	(1,351,339)	-	(3,566,650)	(3,566,650)	-	(4,917,989)	(4,917,989)	-
Administrative expenses	-	(76,853)	76,853	-	(97,585)	97,585	-	(174,438)	174,438
Net changes	3,002,526	9,465,225	(6,462,699)	4,425,214	7,115,255	(2,690,041)	7,427,740	16,580,480	(9,152,740)
Balances at 6/30/21 (DTC Plan) and 12/31/21 (DART Plan)	$ 39,022,962	$ 41,959,291	$ (2,936,329)	$ 73,023,301	$ 73,379,493	$ (356,192)	$ 112,046,263	$ 115,338,784	$ (3,292,521)

See independent auditors' report.

(g) Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate

The sensitivity of the net pension liability (asset) to changes in the DTC Plan's discount rate as of June 30, 2021 and the DART Plan's discount rate as of December 31, 2021 were as follows:

	1% Decrease	Current Discount Rate	1% Increase
DTC Plan (7.0%)	$ 1,914,535	$ (2,936,329)	$ (7,000,681)
DART Plan (7.0%)	$ 8,453,315	$ (356,192)	$ (7,782,293)

(h) Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

The components of pension expense for the DTC Plan were as follows for the Fiscal Year Ended June 30, 2022:

Service cost	$ 1,642,874
Interest	2,474,134
Changes of benefit terms	-
Member contributions	(265,483)
Differences between expected and actual experience	(202,718)
Changes in assumptions	396,620
Administrative expenses	76,853
Projected earnings on plan investments	(2,291,580)
Amortization of investment return differences	(1,545,275)
Pension expense	$ 285,425

The components of pension expense for the DART Plan were as follows for the Fiscal Year Ended June 30, 2022:

Service cost	$ 2,215,348
Interest	4,834,219
Member contributions	(1,516,543)
Benefit changes	1,789,381
Differences between expected and actual experience	(244,087)
Changes in assumptions	477,178
Administrative expenses	97,585
Projected earnings on plan investments	(4,605,547)
Amortization of investment return differences	(2,471,080)
Pension expense	$ 576,454

For the Fiscal Year Ended June 30, 2022, DTC recognized pension expense of $861,879.

Contributions Made Subsequent to the Measurement Period - Contributions made subsequent to the measurement period (Fiscal Year June 30, 2022 contributions) are included as deferred outflows of resources and will be recognized as a reduction to the net pension liability or an increase to the net pension asset in Fiscal Year 2023.

Expected and Actual Experience Differences - The differences between expected and actual experience with regard to economic and demographic factors is amortized over the weighted average of the expected remaining service life of active and inactive members. The first year of amortization is recognized as pension expense, with the remaining years recognized as either a deferred outflow or deferred inflow of resources.

Changes in Assumptions - The changes in assumptions about future economic or demographic factors or other inputs is amortized over the weighted average of the expected remaining service life of active and inactive Plan members. The first year of amortization is recognized as pension expense, with the remaining years recognized as either a deferred outflow or deferred inflow of resources.

Differences Between Projected and Actual Investment Earnings on Pension Plan Investments - The differences between the actual earnings on Plan investments compared to the DTC Plan's expected rate of return of 7.0% and the DART Plan's expected rate of return of 7.0% is amortized over a closed period of five years. The first year of amortization is recognized as pension expense, with the remaining four years recognized as either a deferred outflow or deferred inflow of resources.

The following presents the deferred outflows of resources and deferred inflows of resources related to the DTC Plan and DART Plan as of June 30, 2022:

	DTC Plan		DART Plan		Totals	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 741,313	$ 1,113,664	$ 288,991	$ 1,220,962	$ 1,030,304	$ 2,334,626
Changes in assumptions	1,539,543	-	1,431,532	-	2,971,075	-
Net differences between projected and actual earnings on pension plan investments	-	5,264,212	-	7,202,694	-	12,466,906
Employer contributions subsequent to the measurement date	1,825,930	-	1,113,552	-	2,939,482	-
Totals	$ 4,106,786	$ 6,377,876	$ 2,834,075	$ 8,423,656	$ 6,940,861	$ 14,801,532

See independent auditors' report.

As of June 30, 2022, DTC reported $2,939,482 as deferred outflows of resources related to pensions resulting from DTC contributions subsequent to the measurement dates, which will be recognized as a reduction of the net pension liability for the Fiscal Year Ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the Fiscal Years Ending June 30,:

	DTC Plan	DART Plan	Total
2023	$ (1,165,103)	$ (1,504,545)	$ (2,669,648)
2024	(1,035,353)	(2,769,094)	(3,804,447)
2025	(983,613)	(1,536,323)	(2,519,936)
2026	(1,187,229)	(809,791)	(1,997,020)
2027	126,050	(83,380)	42,670
Thereafter	148,228	-	148,228

(i) Payable to the Plans

DTC had no payables for outstanding contributions due to the DTC Plan as of June 30, 2022.

DTC reported payables of $405 for outstanding contributions due to the DART Plan as of June 30, 2022.

(9) Note to Pension Plans reported in Statement of Fiduciary Net Position

Investment Policy

The respective Pension Committees of the DTC Plan and DART Plans (Pension Plans) have adopted separate Investment Policy Statements (IPS) to set forth the factors involved in the management of investment assets for the Pension Plans. The Pension Committees have the authority to establish and amend the IPS of their respective Pension Plans.

The Pension Committees have adopted the philosophy that the most effective risk control procedure is to adequately diversify the investments among different asset classes with differing risk profiles. Diversification is achieved through providing a wide variety of investment classes in which to invest the funds.

The DTC Plan IPS sets the allowable asset ranges and target asset allocations for the DTC Plan funds:

	Asset Weightings	
Asset Class	Range	Target
Domestic equity	22% to 62%	42%
International equity	3% to 43%	23%
Other equity	0% to 20%	0%
Fixed income	15% to 55%	35%
Cash equivalent	0% to 20%	0%

The DART Plan IPS sets the allowable asset ranges and target asset allocations for the DART Plan funds:

	Asset Weightings	
Asset Class	Range	Target
Domestic equity	19% to 59%	39%
International equity	1% to 41%	21%
REIT	0% to 20%	0%
Inflation hedge	0% to 20%	0%
Fixed income	19% to 59%	39%
Cash equivalent	0% to 20%	1%

The allowable ranges mean the minimum and maximum percentage of each asset class allowed. The target asset allocation is the average allocation desired over time. The Pension Committees have the ability to deviate from these ranges when it deems necessary based on market conditions.

Along with diversification, the Pension Committees of the Pension Plans set forth the following investment goals and objectives in each IPS:

- To invest assets in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of plan participants and their beneficiaries, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments.

- To provide for the funding and anticipated withdrawals on a continuing basis for payment of benefits and reasonable expenses of operation of the Plan.

- To enhance the value of plan assets in real terms over the long-term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.

- Subject to performance expectations over the long-term, to minimize principal fluctuations over the time horizon, as defined in the IPS.

- To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the Plans' actuarial discount rate.

Implementing and complying with these goals and guidelines are the responsibilities of the Pension Committees, third-party consultants, and investment managers. Each Pension Plan IPS also outlines the review and control procedures, which the Pension Committees monitor for compliance.

Investments

The fair value of the Pension Plans' investments based on quoted market prices are presented, by type, as follows:

Investments by Type	Total	Fair Value Measurements at June 30, 2022		
		Level 1	Level 2	Level 3
Debt securities				
Fixed income mutual funds	$ 33,348,775	$ 33,348,775	$ -	$ -
Equity securities				
Domestic equity mutual funds	51,997,706	51,997,706	-	-
International equity mutual funds	20,940,186	20,940,186	-	-
Total investments measured at fair value	$ 106,286,667	$ 106,286,667	$ -	$ -

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Pension Plans will not be able to recover the value of investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Pension Plans, and are held by either the counterparty or the counterparty's trust department or agent but not in the Pension Plans' names. As of June 30, 2022, the Pension Plans' investment securities were not exposed to custodial credit risk because all securities were held by the Pension Plans' custodians in the Pension Plans' names.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The DTC Plan does not have a formal policy that limits investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

The DART Plan does not directly own any fixed income securities, such as government and corporate bonds and obligations. All fixed income securities are owned through mutual funds that are managed by fund managers and openly traded in the financial markets. All mutual fund investments are reviewed and recommended by the DART Plan Committee’s independent investment consultant prior to inclusion in the DART Plan’s portfolio.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations to the Pension Plans.

The DTC Plan investment in the Wilmington Trust U.S. Government Money Market Fund had an Aaa rating at June 30, 2022. The DTC Plan has no other direct investment in fixed income securities as of June 30, 2022.

The DART Plan IPS states the overall rating for fixed income assets shall be at least "A" according to one of the three major rating agencies. In cases where the yield spread adequately compensates for additional risk, securities where two of the three rating agencies have assigned ratings of "Baa3" or "BBB-" can be purchased up to a maximum of 20% of the total market value of fixed income securities.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Pension Plans' investment in a single issuer.

The following presents investments that represent 5% or more of the DTC Plan's net position as of June 30, 2022:

PGIM Total Return Bond Fund	$ 2,237,027
Baird Core Plus Bond Fund	$ 2,249,342
Vanguard Total Stock Market ETF	$ 8,808,366
Vanguard Total International Stock ETF	$ 2,567,081

As of June 30, 2022, there were no securities issued by a single issuer that comprised more than 5% of the DART Plan investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Although the DTC Plan does not have a formal policy governing foreign currency risk, the DTC Plan does manage its exposure to fair value loss by requiring its investment managers to maintain diversified portfolios to limit foreign currency risk. The DART Plan's policy is to hold foreign stocks through American Depository Receipts, which carry no exposure to foreign currency risk since they are denominated in U.S. dollars and accounted for at fair market value.

(10) OPEB

(a) Plan Description

In June 2010, the OPEB Trust was established pursuant to Section 115 of the Internal Revenue Code. The OPEB Trust was amended and restated on January 1, 2014. Furthermore, the OPEB Trust was amended to change employee eligibility and DTC subsidy requirements effective January 1, 2016. The OPEB Trust is administered by DTC. Policy for and management of the OPEB Trust benefits provided to retirees are the responsibility of DTC.

The OPEB Trust issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing DTC at 900 Public Safety Boulevard, Dover, Delaware 19901-4503.

The OPEB Trust is a single-employer, defined benefit plan. The OPEB Trust provides retirement medical and life insurance coverage to retired employees and their eligible dependents.

DTC retains the authority to establish, evaluate, and amend the benefit terms provided under the OPEB Trust. DTC assumes no contractual obligations to continue contributions to the OPEB Trust and reserves the right at any time and for any reason to discontinue or amend the above-mentioned post-employment benefits. Failure by DTC to continue to make contributions to the OPEB Trust shall not give rise to any liability to DTC. It is the expectation of DTC to continue the OPEB Trust indefinitely.

Membership of the OPEB Trust consisted of the following at June 30, 2021:

Retirees and beneficiaries receiving benefits	
Pre-65	94
Post-65	327
Total retirees and beneficiaries receiving benefits	421
Total active members	880
Totals	1,301

Substantially all DTC full-time employees become eligible for post-retirement benefits if they reach retirement age while working for DTC. However, employees who elect early retirement at age 55 with 10 years of service are also eligible for OPEB benefits.

Eligibility

Contract Employees

For employees hired before January 1, 2016 - Age 65 with five years of service or after 25 years of service

For employees hired after January 1, 2016 - Age 65 with 10 years of service or after 25 years of service

Non-Contract Employees

For employees hired before January 1, 2016 - Age 55 with 10 years of service or age 62 with five years of service

For employees hired after January 1, 2016 - Age 55 with 10 years of service

For both contract and non-contract employees, disabled participants must reach retirement age to be eligible

Benefits

During the Fiscal Year Ended June 30, 2022, DTC provided health insurance options through two providers and life insurance through one provider.

Spouse and Survivor Coverage

Surviving spouses of participants are allowed access to the plan and receive the same subsidy as retirees.

Retiree Contributions

The only required contributions by retirees are their respective portion of current year premiums as described in Note 10(c). DTC retains the authority to amend the requirements for retiree contributions at any time.

(b) Funding Policy and Employer Contributions

DTC funds the OPEB Trust on a pay-as-you-go basis with additional funding provided on an ad-hoc basis. Contributions to the OPEB Trust are generally made at the same time and in the same amount as benefit payments and expenses becoming due. Funds are recorded in the OPEB Trust for the payment of retiree healthcare and life insurance claims and investment expenses. Employer contributions for healthcare are recorded in the OPEB Trust. The funds available are invested under DTC's management, who acts as the Trustee of and is responsible for the financial management of the OPEB Trust. DTC's cash basis cost associated with these benefits was $3,126,863 for the Fiscal Year Ended June 30, 2022.

(c) Employer Subsidy

Medical, Dental, and Vision for Employees Hired Before January 1, 2016

DTC subsidizes 90% of medical premiums based on published rates for retirees less than age 65 and 100% for retirees age 65 or greater. DTC subsidizes 100% of the dental and vision coverage for non-contract employees. Contract employees are allowed access to dental and vision coverage, but must pay the full premium.

Medical, Dental, and Vision for Employees Hired After January 1, 2016

DTC subsidizes 50% of medical premiums based on published rates after 10 years of service and 75% after 15 years of service. For retirees less than age 65 and greater than 20 years of service, retirees are responsible for the same premium paid by active employees, with DTC subsidizing the remaining amount. For retirees greater than age 65 and greater than 20 years of service, DTC subsidizes 100% of the medical premiums. DTC subsidizes 100% of dental and vision coverage for all retirees and their spouses and dependents after 10 years of service.

Life Insurance

Life insurance is provided to retirees. Retirees under age 70 receive $6,000 in coverage.

Once the participant reaches age 70, the coverage drops to $5,000. DTC must pay $0.20 per month per $1,000 of coverage for each employee.

The premium payment for post-employment benefits paid by retirees was $115,667 for the Fiscal Year Ended June 30, 2022.

(d) Net OPEB Liability

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021. Actuarial valuations are performed every two years, and rollforward or rollback procedures are performed between the actuarial valuation date and measurement date. There have been significant changes in stock and bond market conditions between the measurement date and DTC's report date, which may have a significant effect on the valuation of the net OPEB liability. The amount of any resulting change to the net OPEB liability is unknown.

The total OPEB liability used to calculate the net OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurements for the Fiscal Year Ended June 30, 2022:

Inflation	2.5%
Salary increases	2.5%, including inflation
Investment rate of return	1.9%, based on the government bond index rate as of June 30, 2021

The healthcare cost trend rate was 4.7% as of June 30, 2021, based on the Society of Actuaries Long-Run Medical Cost Trend Model. Sample trends for the total medical and prescription costs are as follows:

	Medical Rate
2030	5.2%
2040	5.2%
2050	5.2%
2070	4.4%

Mortality rates were based on: Pri-2012 Blue Collar Dataset Employee Headcount-Weighted Mortality MP2020 for Contract Members; Pri-2012 White Collar Dataset Employee Headcount-Weighted Mortality for Non-Contract Members; Pri-2012 Blue Collar Dataset Retiree Headcount-Weighted Mortality for Retired Contract Members; Pri-2012 White Collar Dataset Retiree Headcount-Weighted Mortality for Retired Non-Contract Members; and Pri-2012 Total Dataset Disabled Headcount-Weighted Mortality for Disabled Members. All tables were projected using Scale MP-2020 and base year 2012.

All participants currently enrolled in healthcare coverage are assumed to continue to elect healthcare coverage in the future. All participants that have waived healthcare coverage are assumed to continue to waive healthcare coverage in the future.

Of those currently enrolled, 87% are assumed to continue coverage into retirement. This assumption is based on DTC's experience.

(e) Discount Rate

The discount rate used to measure the total OPEB liability was 1.92% based on the 20-year general obligation bond index as of June 30, 2021.

(f) Changes in the Net OPEB Liability

Changes in DTC's net OPEB liability for the Fiscal Year Ended June 30, 2022 were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of July 1, 2020	$ 179,681,099	$ 4,857,347	$ 174,823,752
Changes for the year			
Service cost	10,690,889	-	10,690,889
Interest	4,357,638	-	4,357,638
Differences between expected and actual experience	(674,479)	-	(674,479)
Changes in assumptions	19,483,157	-	19,483,157
Contributions - employer	-	2,962,193	(2,962,193)
Net investment income	-	1,341,675	(1,341,675)
Benefit payments, including refunds of member contributions	(2,962,193)	(2,962,193)	-
Net changes	30,895,012	1,341,675	29,553,337
Balances at June 30, 2021	$ 210,576,111	$ 6,199,022	$ 204,377,089

(g) Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

The sensitivity of the net OPEB liability to changes in the OPEB Trust's discount rate as of June 30, 2021 was as follows:

	1% Decrease (0.9%)	Current Discount Rate (1.9%)	1% Increase (2.9%)
Net OPEB liability	$249,268,452	$204,377,089	$169,639,150

See independent auditors' report.

The sensitivity of the net OPEB liability to changes in the OPEB Trust's healthcare cost trend rate as of June 30, 2021 was as follows:

	1% Decrease (3.7%)	Current Healthcare Trend Rate (4.7%)	1% Increase (5.7%)
Net OPEB liability	$165,715,835	$204,377,089	$255,833,476

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The components of OPEB expense were as follows for the Fiscal Year Ended June 30, 2022:

Service cost	$10,690,889
Interest	4,357,638
Projected earnings on OPEB Trust	(340,014)
Administrative and investment expenses	-
Current period amortization of deferred outflows associated with differences between projected and actual earnings	(249,463)
Current period amortization of deferred inflows associated with differences between projected and actual experience	(7,144,445)
Current period amortization of deferred inflows associated with changes in assumptions	3,877,515
OPEB expense	$11,192,120

Contributions Made Subsequent to the Measurement Period - Contributions made subsequent to the measurement date of June 30, 2021 (Fiscal Year June 30, 2022 contributions) are included as deferred outflows of resources and will be recognized as a reduction to the net OPEB liability in Fiscal Year 2023.

Expected and Actual Experience Differences - The differences between expected and actual experience with regard to economic and demographic factors are amortized over the weighted average of the expected remaining service life of active and inactive members. The first year of amortization is recognized as OPEB expense, with the remaining years recognized as either a deferred outflow or deferred inflow of resources.

Changes in Assumptions - The changes in assumptions about future economic or demographic factors or other inputs are amortized over the weighted average of the expected remaining service life of active and inactive members. The first year of amortization is recognized as OPEB expense, with the remaining years recognized as either a deferred outflow or deferred inflow of resources.

Differences Between Projected and Actual Investment Earnings on OPEB Trust Investments - The differences between the actual earnings on OPEB investments compared to the expected rate of return of 1.9% are amortized over a closed period of five years. The first year of amortization is recognized as OPEB expense, with the remaining four years recognized as either a deferred outflow or deferred inflow of resources.

The following presents a summary of the deferred outflows of resources and deferred inflows of resources related to the OPEB Trust as of June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 44,415,395
Changes in assumptions	42,291,856	10,683,446
Net differences between projected and actual earnings on OPEB Trust investments	-	837,934
Employer contributions subsequent to the measurement date	3,126,863	-
Totals	$ 45,418,719	$ 55,936,775

At June 30, 2022, DTC reported $3,126,863 as deferred outflows of resources related to OPEB resulting from DTC contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability for the Fiscal Year Ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense during the Fiscal Years Ending June 30,:

2023	$ (3,520,374)
2024	(3,454,879)
2025	(3,463,138)
2026	(3,467,263)
2027	(3,266,924)
Thereafter	3,527,659

(i) Payable to the OPEB Trust

At June 30, 2022, there was no outstanding amount for contributions due to the OPEB Trust.

(11) Note to OPEB Trust reported in Statement of Fiduciary Net Position

Investment Policy

DTC has appointed the DTC OPEB Trust Committee (the OPEB Trust Committee) to administer the OPEB Trust and to oversee certain policies and procedures related to the investment of the OPEB Trust assets.

The OPEB Trust Committee has adopted an IPS to set forth the factors involved in the management of investment assets for the Trust, and the IPS is included with every investment manager's agreement. The OPEB Trust Committee has the authority to establish and amend the IPS. The IPS was most recently amended with an effective date of April 2015.

The OPEB Trust Committee has adopted the philosophy that the most effective risk control procedure is to adequately diversify the investments of the OPEB Trust among different asset classes with differing risk profiles. Diversification is achieved through providing a wide variety of investment classes in which to invest the funds.

The OPEB Trust IPS sets the allowable asset ranges and target asset allocations for the OPEB Trust funds:

	Asset Weightings	
Asset Class	Range	Target
Domestic equity	22% to 62%	42%
International equity	3% to 43%	23%
Other equity	0% to 20%	0%
Fixed income	15% to 55%	35%
Cash equivalent	0% to 20%	0%

Along with diversification, DTC set forth the following investment goals and objectives in the IPS:

- To invest assets of the OPEB Trust in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of OPEB Trust participants and their beneficiaries, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments.

- To provide for the funding and anticipated withdrawals on a continuing basis for payment of benefits and reasonable expenses of operation of the OPEB Trust.

- To enhance the value of OPEB Trust assets in real terms over the long-term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.

- Subject to performance expectations over the long-term, to minimize principal fluctuations over the time horizon, as defined in the IPS.

- To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the OPEB Trust's actuarial discount rate.

Implementing and complying with these goals and guidelines are the responsibilities of the OPEB Trust Committee, third-party consultants, and investment managers. The IPS also outlines the review and control procedures that the OPEB Trust Committee monitors for compliance.

Investments

The fair value of the OPEB Trust's investments based on quoted market prices are presented, by type, as follows:

Investments by Type	Total	Fair Value Measurements at June 30, 2022 Level 1	Level 2	Level 3
Debt securities				
Fixed income mutual funds	$ 1,472,237	$ 1,472,237	$ -	$ -
Equity securities				
Domestic equity mutual funds	2,429,569	2,429,569	-	-
International equity mutual funds	1,017,077	1,017,077	-	-
Total investments measured at fair value	$ 4,918,883	$ 4,918,883	$ -	$ -

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the OPEB Trust will not be able to recover the value of investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the OPEB Trust, and are held by either the counterparty or the counterparty's trust department or agent but not in the OPEB Trust's name. As of June 30, 2022, the OPEB Trust's investment securities were not exposed to custodial credit risk because all securities were held by the OPEB Trust's custodian in the OPEB Trust's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The OPEB Trust does not have a formal policy that limits investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations to the OPEB Trust. The OPEB Trust's investments in the Wilmington Trust U.S. Government Money Market Fund had an Aaa rating at June 30, 2022. The OPEB Trust had no other direct investment in fixed income securities as of June 30, 2022.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Although the OPEB Trust does not have a formal policy governing foreign currency risk, the OPEB Trust does manage its exposure to fair value loss by requiring its investment managers to maintain diversified portfolios to limit foreign currency risk.

Concentration of Credit Risk

As of June 30, 2022, there were no securities issued by a single issuer that comprised more than 5% of the OPEB Trust investments.

(12) Economic Dependency

DTC's revenue from operating subsidies from State entities was approximately 51% of total revenue for the Fiscal Year Ended June 30, 2022.

DTC's revenue from operating subsidies from federal entities was approximately 31% of total revenue for the Fiscal Year Ended June 30, 2022.

(13) Commitments and Contingencies

Litigation

DTC is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of DTC with the possibility of the following exception.

As of June 30, 2022, DTC was threatened with litigation by a third-party contractor, but a formal complaint has not yet been filed. On March 9, 2018, the third-party contractor was awarded a contract for the design and construction of the Lewes Park & Ride Maintenance Facility, Phase 2, in Sussex County, Delaware (the Project). During the Project, DTC documented a series of contractual breaches by the third-party contractor, which led to a Notice of Default in December 2020 and a contract termination in June 2021. The surety has taken over the Project and allowed the third-party contractor to finish the work as the minority partner. The Project is ongoing. The third-party contractor is claiming approximately $2 million in monies owed to it. DTC is unable to estimate the likelihood of success in any resulting litigation.

(14) Risk Management

In the past three years of insured coverage, settled claims have not exceeded commercial coverage.

(a) Workers' Compensation Insurance

DTC maintains coverage for workers' compensation benefits. DTC manages the coverage through both the retention of risk and the purchase of commercial insurance. The payment of workers' compensation claims is processed through a third-party administrator.

For years prior to 2003, DTC established workers' compensation loss contingency reserves based upon insurance carriers' actuarial reviews. Benefit claims in an amount of $100,000 or less per person, per coverage year are paid by DTC from the workers' compensation loss contingency reserve. Once any claim exceeds $100,000 or total claims for a given policy period exceed the maximum loss amount, the insurance policy covers the excess.

For Fiscal Year 2003, DTC changed its coverage to a first dollar program. Also, all claims were subject to a $5,000 deductible for the medical portion of a claim. All other expenses related to a claim were covered by the insurance carrier.

Subsequent to Fiscal Year 2003, DTC changed its coverage and was insured through Fiscal Year 2011 by the State. For Fiscal Years 2012 through 2014, DTC was insured through Liberty Mutual. In Fiscal Year 2015, DTC returned to being covered by the State.

The premium for Fiscal Year 2022 was calculated as $1.55 per $100 on gross wages. DTC is not responsible for any costs other than the premium paid, thus no loss contingency reserves were established.

(b) Auto Insurance

DTC maintains auto insurance coverage through both the retention of risk and the purchase of commercial insurance. Auto loss reserves that are based upon actuarial reviews were established by DTC.

For fiscal years prior to 2003, DTC established auto loss reserves based upon insurance carriers' actuarial reviews. Individual claims in an amount of $100,000 or less per incident, per coverage year were paid from the auto loss reserve funds. Once a specific claim exceeds $100,000 or total claims for a given policy period exceed the maximum loss amount established by the insurance carrier, the insurance policy covers the excess.

For 2003 and subsequent years, DTC changed its auto insurance coverage whereby they established self-insured retention thresholds up to certain dollar amounts and purchased commercial insurance (wrap-around) policies for coverage amounts in excess of the self-insured retention thresholds.

DTC established initial loss reserve insurance liabilities for each of the years based upon actuarially determined valuations assuming DTC's maximum liability exposure to be $1,000,000 per occurrence (this reflects the sovereign immunity cap pursuant to Title 2 of the Delaware Code, Subsection 1329). In Fiscal Year 2022, DTC had no cases that were settled in excess of the sovereign immunity cap.

For individual claims in excess of the sovereign immunity cap, DTC established a maximum amount of loss based upon their self-insured retention program, as well as purchasing commercial insurance coverage in the amounts identified in the following table:

Fiscal Year		Initial Loss Reserve Insurance Liability Established	Maximum Amount of Loss Under Self-Insured Retention Program (Per Occurrence)	Excess Commercial Coverage (Aggregate)
2022		$ 4,164,000	$ 1,000,000	***
2021		4,800,000	1,000,000	***
2020		4,737,000	1,000,000	***
2019		4,435,000	1,000,000	***
2018		4,929,000	1,000,000	***
2017		5,040,000	1,000,000	***
2016		4,679,000	1,000,000	***
2015		5,078,000	1,000,000	***
2014		4,510,000	1,000,000	***
2013		4,304,004	1,000,000	***
2012		3,828,996	1,000,000	***
2011		3,372,000	1,000,000	***
2010		3,467,000	1,000,000	***
2009		3,129,000	900,000	**
2008		3,106,000	900,000	**
2007	(01/15/07 - 06/30/07)	*	900,000	**
2007	(07/01/06 - 01/14/07)	2,607,350	2,300,000	$ 5,000,000
2006		2,858,258	2,300,000	5,000,000
2005		2,763,367	2,300,000	5,000,000
2004		2,666,763	1,300,000	6,000,000
2003		2,561,000	1,300,000	10,000,000

* Initial loss reserve established July 1, 2006 in the amount of $2,607,350 for the entire fiscal year.

** For these loss years, DTC was self-insured for the first $900,000, and the next $100,000 was commercial coverage. DTC had no additional coverage beyond this point.

*** For these years, DTC was self-insured with no commercial coverage.

The components of the remaining insurance loss reserve on DTC's statement of net position were as follows at June 30, 2022:

Fiscal Year	Auto Loss Reserve Remaining
2022	$ 2,261,000
2021	1,754,000
2020	930,000
2019	732,000
2018	100,000
2017	447,000
2000	4,000
	$ 6,228,000

See independent auditors' report.

Changes in the balance of total claim liabilities during the Fiscal Years Ended June 30, 2022 and 2021 were as follows:

Fiscal Year	Beginning Balance - July 1	Current Year Estimated Claims and Changes in Estimates	Actual Claim Payments	Ending Balance - June 30
2022	$ 7,672,000	$ 4,190,794	$ (5,634,794)	$ 6,228,000
2021	$ 9,249,000	$ 4,800,000	$ (6,377,000)	$ 7,672,000

(15) Transfers

The following amounts were transferred from DelDOT and related entities to DTC for the Fiscal Year Ended June 30, 2022:

Amounts transferred as operating assistance	$ 79,804,300
Amounts transferred as pass-through grant revenues	2,091,784
Amounts transferred as capital funding for purchase of capital assets	14,423,149
Total transfers from DelDOT	$ 96,319,233

(16) COVID 19 Pandemic Funds

During the Fiscal Years Ended June 30, 2022 and 2021, DTC was awarded multiple federal operating and capital grants through the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and the American Rescue Plan Act (ARPA). The purposes of both the CRRSAA and ARPA grants are to prevent, prepare for, and respond to the Coronavirus pandemic. As of June 30, 2022, total grants awarded through CRRSAA were $38,586,361 and the total amount expended was $31,793,016. CRRSAA grant funding expires at various dates through June 30, 2023. As of June 30, 2022, total grants awarded through ARPA were $73,660,742 and the total amount expended was $26,711,742. ARPA grant funding expires at various dates through September 30, 2024.

Total operating expenditures reimbursed under these grants for the Fiscal Year Ended June 30, 2022 were $50,976,452. These grants have been recorded as federal operating assistance in the statement of revenues, expenses, and changes in net position.

Total capital expenditures reimbursed under these grants for the Fiscal Year Ended June 30, 2022 were $2,915,250. These grants have been recorded as capital contributions in the statement of revenues, expenses, and changes in net position.

(17) Deficit on Unrestricted Net Position

DTC had a deficit on unrestricted net position of $195,799,035 as of June 30, 2022. The deficit was initially caused by the implementation of GASB Statement No. 45, which required DTC to record the annual unfunded required contribution related to post-employment benefits provided to retirees. The deficit increased substantially for Fiscal Years 2018 and thereafter as a result of implementing GASB Statement No. 75. For the overall financial impact related to post-employment benefits (see Note 10).

(18) COVID-19 Pandemic

In 2020, the COVID-19 outbreak in the United States, including geographical regions in which DTC operates, caused business disruption through mandated and voluntary closings of businesses. DTC, however, was deemed to be an essential business under the Delaware State of Emergency Declaration and, therefore, remained operational. DTC did experience a negative impact on their transportation services due to the impact of COVID-19. As of the date of this report, DTC has experienced a gradual increase in ridership since the onset of the pandemic. The full extent of the impact of COVID-19 on DTC's operational and financial performance will continue to depend on current developments, which are uncertain and cannot be fully predicted.

(19) Subsequent Events

Events and transactions subsequent to year end have been evaluated for potential recognition in the financial statements or disclosure in the accompanying notes to financial statements. All events and transactions have been evaluated through November 18, 2022, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Delaware Transit Corporation

Required Supplementary Information

June 30, 2022

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - DTC Plan

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total pension liability										
Service cost	$ 1,643	$ 1,465	$ 1,289	$ 1,137	$ 1,060	$ 873	$ 843	$ 840		
Interest	2,474	2,252	2,077	1,920	1,691	1,724	1,612	1,483		
Changes of benefit terms	-	-	209	-	-	-	-	-		
Differences between expected and actual experience	237	712	(1,095)	(294)	(192)	(693)	(297)	-		
Changes in assumptions	-	-	1,154	489	1,530	-	-	-		
Benefit payments, including refunds of member contributions	(1,351)	(1,169)	(1,103)	(899)	(753)	(705)	(629)	(569)		
Net changes in total pension liability	3,003	3,260	2,531	2,353	3,336	1,199	1,529	1,754		
Total pension liability - beginning of year	36,020	32,760	30,229	27,876	24,540	23,341	21,812	20,058		
Total pension liability - end of year (a)	$ 39,023	$ 36,020	$ 32,760	$ 30,229	$ 27,876	$ 24,540	$ 23,341	$ 21,812		
Plan fiduciary net position										
Contributions - employer	$ 1,648	$ 1,493	$ 1,343	$ 1,255	$ 1,104	$ 1,104	$ 1,176	$ 1,158	Information for	
Contributions - members	265	217	186	145	116	81	57	30	Fiscal Year 2013	
Net investment income	8,980	1,945	1,805	2,261	2,529	405	554	2,443	and earlier	
Benefit payments, including refunds of member contributions	(1,351)	(1,169)	(1,103)	(899)	(753)	(705)	(629)	(569)	is not available.	
Administrative expense	(77)	(208)	(149)	(134)	(161)	(166)	(94)	(116)		
Other	-	-	-	3	-	-	-	-		
Net changes in plan fiduciary net position	9,465	2,278	2,082	2,631	2,835	719	1,064	2,946		
Plan fiduciary net position - beginning of year	32,494	30,216	28,134	25,503	22,668	21,949	20,885	17,939		
Plan fiduciary net position - end of year (b)	$ 41,959	$ 32,494	$ 30,216	$ 28,134	$ 25,503	$ 22,668	$ 21,949	$ 20,885		
Net pension liability (asset) - end of year (a) - (b)	$ (2,936)	$ 3,526	$ 2,544	$ 2,095	$ 2,373	$ 1,872	$ 1,392	$ 927		
Plan fiduciary net position as a percentage of total pension liability	107.52 %	90.21 %	92.23 %	93.07 %	91.49 %	92.37 %	94.04 %	95.75 %		
Covered payroll	$ 18,215	$ 16,552	$ 15,099	$ 14,985	$ 14,161	$ 13,142	$ 12,261	$ 12,099		
Net pension liability (asset) as a percentage of covered payroll	(16.12)%	21.30 %	16.85 %	13.98 %	16.76 %	14.24 %	11.35 %	7.66 %		

Notes to Schedule

Benefit changes: None.
Changes in assumptions: None.

See independent auditors' report.

Delaware Transit Corporation
Required Supplementary Information
June 30, 2022

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - DART Plan

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total pension liability										
Service cost	$ 2,216	$ 2,184	$ 2,081	$ 2,193	$ 2,098	$ 2,048	$ 1,976	$ 1,766		
Interest	4,834	4,472	4,168	3,681	3,406	3,209	2,925	2,675		
Changes of benefit terms	1,789	1,492	1,160	1,239	1,042	197	1,473	1,030		
Differences between expected and actual experience	(847)	405	(137)	(647)	(121)	(217)	(112)	4		
Changes in assumptions	-	-	-	3,340	-	-	-	-		
Benefit payments, including refunds of member contributions	(3,567)	(3,269)	(2,793)	(2,674)	(2,531)	(2,411)	(2,134)	(2,103)		
Net changes in total pension liability	4,425	5,284	4,479	7,132	3,894	2,826	4,128	3,372		
Total pension liability - beginning of year	68,598	63,314	58,835	51,703	47,809	44,983	40,855	37,483		
Total pension liability - end of year (a)	$ 73,023	$ 68,598	$ 63,314	$ 58,835	$ 51,703	$ 47,809	$ 44,983	$ 40,855		
Plan fiduciary net position										
Contributions - employer	$ 1,190	$ 1,347	$ 1,400	$ 1,213	$ 1,048	$ 1,080	$ 1,253	$ 909	Information for Fiscal Year 2013 and earlier is not available.	
Contributions - members	1,517	1,596	1,584	1,499	1,344	1,360	1,388	1,263		
Net investment income	8,073	9,377	9,507	(2,786)	6,743	2,550	(869)	2,605		
Benefit payments, including refunds of member contributions	(3,567)	(3,269)	(2,793)	(2,674)	(2,531)	(2,411)	(2,134)	(2,103)		
Administrative expense	(98)	(94)	(109)	(91)	(106)	(94)	(100)	(133)		
Net changes in plan fiduciary net position	7,115	8,957	9,589	(2,839)	6,498	2,485	(462)	2,541		
Plan fiduciary net position - beginning of year	66,264	57,307	47,718	50,557	44,059	41,574	42,036	39,495		
Plan fiduciary net position - end of year (b)	$ 73,379	$ 66,264	$ 57,307	$ 47,718	$ 50,557	$ 44,059	$ 41,574	$ 42,036		
Net pension liability (asset) - end of year (a) - (b)	$ (356)	$ 2,334	$ 6,007	$ 11,117	$ 1,146	$ 3,750	$ 3,409	$ (1,181)		
Plan fiduciary net position as a percentage of total pension liability	100.49 %	96.60 %	90.51 %	81.10 %	97.78 %	92.16 %	92.42 %	102.89 %		
Covered payroll	$ 32,633	$ 33,162	$ 32,277	$ 31,684	$ 27,383	$ 27,472	$ 28,203	$ 25,748		
Net pension liability (asset) as a percentage of covered payroll	(1.09)%	7.04 %	18.61 %	35.09 %	4.19 %	13.65 %	12.09 %	(4.59)%		

Notes to Schedule

Benefit changes: Effective January 1, 2021, the multiplier for employees who retire after December 31, 2020 was increased to a monthly benefit per year of service of $76.00.
Changes in assumptions: None.

See independent auditors' report.

Delaware Transit Corporation
Required Supplementary Information
June 30, 2022

Schedule of Contributions - Pension Plans

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
DTC Plan, as of June 30,											
Actuarially determined contribution	$ 1,826	$ 1,648	$ 1,493	$ 1,343	$ 1,255	$ 980	$ 1,104	$ 1,176	$ 1,156		
Contributions in relation to the actuarially determined contribution	1,826	1,648	1,493	1,343	1,255	1,104	1,104	1,176	1,158	Information for	
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (124)	$ -	$ -	$ (2)	Fiscal Year 2013	
Covered payroll	$ 19,246	$ 18,215	$ 16,552	$ 15,099	$ 14,985	$ 14,161	$ 13,142	$ 12,261	$ 12,099	is not available.	
Contributions as a percentage of covered payroll	9.49 %	9.05 %	9.02 %	8.89 %	8.38 %	7.80 %	8.40 %	9.59 %	9.57 %		
DART Plan, as of December 31,											
Actuarially determined contribution		$ 1,251	$ 1,531	$ 1,465	$ 1,063	$ 1,027	$ 1,012	$ 857	$ 635	$ 773	$ 715
Contributions in relation to the actuarially determined contribution		1,190	1,347	1,400	1,213	1,048	1,080	1,253	909	1,250	1,080
Contribution deficiency (excess)		$ 61	$ 184	$ 65	$ (150)	$ (21)	$ (68)	$ (396)	$ (274)	$ (477)	$ (365)
Covered payroll		$ 32,633	$ 33,162	$ 32,277	$ 31,684	$ 27,383	$ 27,472	$ 28,203	$ 25,748	$ 25,579	$ 22,985
Contributions as a percentage of covered payroll		3.65 %	4.06 %	4.34 %	3.83 %	3.83 %	3.93 %	4.44 %	3.53 %	4.89 %	4.70 %

Notes to Schedule

Valuation date: Actuarially determined contribution amounts are calculated as of the beginning of the plan year (July 1 for the DTC Plan and January 1 for the DART Plan) for the year immediately following the fiscal year. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates for 2021:	*DTC Plan*	*DART Plan*
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll (closed), increasing 2.0% per year	Level percentage of pay
Remaining amortization period	Range from 10 to 20 years	15 years rolling
Asset valuation method	Five-year market smoothed	Five-year market smoothed
Inflation	2.0%	2.5%
Salary increases	2.5%, including inflation	2.5%, including inflation
Investment rate of return	7.0%, net of pension plan investment expense, including inflation	7.0%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service	Rates vary by participant age and service
Mortality	RP-2014 Mortality with generational projection using scale MP-2017	Sex distinct RP-2014 Blue Collar Mortality, Fully Generational, using Scale MP-2018

See independent auditors' report.

Delaware Transit Corporation
Required Supplementary Information
June 30, 2022

Schedule of Changes in Net OPEB Liability and Related Ratios

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability										
Service cost	$ 10,690	$ 12,581	$ 10,497	$ 11,454	$ 13,166					
Interest	4,358	5,696	5,571	5,786	4,801					
Changes of benefit terms	-	-	-	-	-					
Differences between expected and actual experience	(674)	(37,630)	(955)	(23,812)	(1,365)					
Changes in assumptions	19,483	18,030	15,478	1,137	(21,367)					
Benefit payments, including refunds of member contributions	(2,962)	(2,703)	(2,516)	(2,280)	(2,072)					
Net changes in total OPEB liability	30,895	(4,026)	28,075	(7,715)	(6,837)					
Total OPEB liability - beginning of year	179,681	183,707	155,632	163,347	170,184					
Total OPEB liability - end of year (a)	$ 210,576	$ 179,681	$ 183,707	$ 155,632	$ 163,347					
Plan fiduciary net position						Information for Fiscal Year 2016 and earlier is not available.				
Contributions - employer	$ 2,962	$ 2,703	$ 2,516	$ 2,280	$ 3,572					
Net investment income	1,342	282	261	589	(20)					
Benefit payments, including refunds of member contributions	(2,962)	(2,703)	(2,516)	(2,280)	(2,072)					
Administrative expense	-	(11)	-	-	-					
Net changes in plan fiduciary net position	1,342	271	261	589	1,480					
Plan fiduciary net position - beginning of year	4,857	4,586	4,325	3,736	2,256					
Plan fiduciary net position - end of year (b)	$ 6,199	$ 4,857	$ 4,586	$ 4,325	$ 3,736					
Net OPEB liability - end of year (a) - (b)	$ 204,377	$ 174,824	$ 179,121	$ 151,307	$ 159,611					
Plan fiduciary net position as a percentage of total OPEB liability	2.94 %	2.70 %	2.50 %	2.78 %	2.29 %					
Covered-employee payroll	$ 59,855	$ 58,119	$ 53,654	$ 52,732	$ 50,228					
Net OPEB liability as a percentage of covered-employee payroll	341.45 %	300.80 %	333.84 %	286.94 %	317.77 %					

Notes to Schedule

Benefit changes: None.
Changes in assumptions: The discount rate was changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

Delaware Transit Corporation
Schedule of Revenues and Expenses Compared to Budget
Fiscal Year Ended June 30, 2022

	Budget	Actual	Positive (Negative)
Operating revenues			
Passenger fares	$ 5,336,818	$ 8,018,830	$ 2,682,012
Advertising	500,000	677,526	177,526
Miscellaneous	125,000	1,245,002	1,120,002
Auxiliary transportation	650,000	3,326,211	2,676,211
Total operating revenues	6,611,818	13,267,569	6,655,751
Operating expenses before depreciation and amortization	127,789,173	136,655,994	8,866,821
Operating expenses in excess of operating revenues before depreciation and amortization	(121,177,355)	(123,388,425)	(2,211,070)
Nonoperating revenue (expenses)			
Federal operating assistance	41,373,055	57,202,348	15,829,293
Pass-through grant revenues	-	591,956	591,956
Pass-through grant expenses	-	(3,164,208)	(3,164,208)
Lease revenue	-	1,231,317	1,231,317
Interest revenue	-	276,889	276,889
Interest expense	-	(311)	(311)
Excess of nonoperating revenues over expenses	41,373,055	56,137,991	14,764,936
Transfers from DelDOT for operating purposes			
State operating assistance	79,804,300	79,804,300	-
State pass-though grant revenue	-	2,091,784	2,091,784
Total transfers for operating purposes	79,804,300	81,896,084	2,091,784
Income before capital contributions, transfers, depreciation, amortization, investment income (loss), and loss on disposal of assets	$ -	$ 14,645,650	$ 14,645,650

See independent auditors' report.

Delaware Transit Corporation
Schedule of Expenses by Mode - All Modes
Fiscal Year Ended June 30, 2022

	Vehicle Operations (10)	Vehicle Maintenance (41)	Nonvehicle Maintenance (42)	General Administration (160)	Total
Payroll expense					
Operator salaries	$ 28,082,401	$ -	$ -	$ -	$ 28,082,401
Other salaries	5,254,621	9,159,314	690,477	6,921,991	22,026,403
Fringe benefits	26,917,691	7,430,807	581,240	5,447,464	40,377,202
	60,254,713	16,590,121	1,271,717	12,369,455	90,486,006
Professional fees and services					
Professional and technical	-	-	7,425	2,490,708	2,498,133
Contract and maintenance	803,823	1,723,937	2,886,698	46,332	5,460,790
Security	1,134,049	-	45,039	-	1,179,088
Purchased transportation	16,838,754	-	-	-	16,838,754
Other	107,022	25,027	248,341	99,053	479,443
	18,883,648	1,748,964	3,187,503	2,636,093	26,456,208
Material and supplies					
Fuel and lubes	8,236,758	138,836	-	-	8,375,594
Tires and tubes	679,160	17,707	-	-	696,867
Other materials	98,214	3,742,020	373,281	949,501	5,163,016
	9,014,132	3,898,563	373,281	949,501	14,235,477
Office and miscellaneous					
Utilities	-	-	-	1,111,426	1,111,426
Insurance	-	-	-	1,731,153	1,731,153
Miscellaneous expenses					
Dues and subscriptions	-	-	2,206	164,027	166,233
Travel and meetings	-	-	-	1,688,070	1,688,070
Advertising	-	-	-	548,172	548,172
Facilities	-	-	12,369	66,162	78,531
Other	-	-	-	154,718	154,718
	-	-	14,575	5,463,728	5,478,303
Total expenses	$ 88,152,493	$ 22,237,648	$ 4,847,076	$ 21,418,777	$ 136,655,994

See independent auditors' report.

Delaware Transit Corporation
Schedule of Expenses by Mode - Fixed Route Directly Operated
Fiscal Year Ended June 30, 2022

	Vehicle Operations (10)	Vehicle Maintenance (41)	Nonvehicle Maintenance (42)	General Administration (160)	Total
Payroll expense					
Operator salaries	$ 16,459,570	$ -	$ -	$ -	$ 16,459,570
Other salaries	2,212,694	5,327,996	311,452	3,063,513	10,915,655
Fringe benefits	15,122,633	4,317,200	262,179	2,410,217	22,112,229
	33,794,897	9,645,196	573,631	5,473,730	49,487,454
Professional fees and services					
Professional and technical	-	-	3,349	1,132,798	1,136,147
Contract and maintenance	54,011	1,294,259	1,302,098	20,899	2,671,267
Security	511,533	-	20,316	-	531,849
Purchased transportation	-	-	-	-	-
Other	-	19,113	112,019	40,455	171,587
	565,544	1,313,372	1,437,782	1,194,152	4,510,850
Material and supplies					
Fuel and lubes	5,807,432	62,625	-	-	5,870,057
Tires and tubes	442,808	7,987	-	-	450,795
Other materials	45,333	2,629,548	168,375	434,957	3,278,213
	6,295,573	2,700,160	168,375	434,957	9,599,065
Office and miscellaneous					
Utilities	-	-	-	501,329	501,329
Insurance	-	-	-	780,868	780,868
Miscellaneous expenses					
Dues and subscriptions	-	-	995	73,985	74,980
Travel and meetings	-	-	-	761,435	761,435
Advertising	-	-	-	428,708	428,708
Facilities	-	-	5,579	29,844	35,423
Other	-	-	-	70,861	70,861
	-	-	6,574	2,647,030	2,653,604
Total expenses	$ 40,656,014	$ 13,658,728	$ 2,186,362	$ 9,749,869	$ 66,250,973

See independent auditors' report.

Delaware Transit Corporation
Schedule of Expenses by Mode - Paratransit Directly Operated
Fiscal Year Ended June 30, 2022

	Vehicle Operations (10)	Vehicle Maintenance (41)	Nonvehicle Maintenance (42)	General Administration (160)	Total
Payroll expense					
Operator salaries	$ 11,622,831	$ -	$ -	$ -	$ 11,622,831
Other salaries	2,702,780	2,964,070	292,013	2,872,304	8,831,167
Fringe benefits	11,508,719	2,409,546	245,815	2,259,784	16,423,864
	25,834,330	5,373,616	537,828	5,132,088	36,877,862
Professional fees and services					
Professional and technical	-	-	3,140	1,042,584	1,045,724
Contract and maintenance	50,640	205,905	1,220,827	19,594	1,496,966
Security	479,606	-	19,048	-	498,654
Purchased transportation	-	-	-	-	-
Other	-	4,770	105,027	37,930	147,727
	530,246	210,675	1,348,042	1,100,108	3,189,071
Material and supplies					
Fuel and lubes	2,249,085	58,716	-	-	2,307,801
Tires and tubes	167,438	7,489	-	-	174,927
Other materials	40,407	674,839	157,866	393,882	1,266,994
	2,456,930	741,044	157,866	393,882	3,749,722
Office and miscellaneous					
Utilities	-	-	-	470,038	470,038
Insurance	-	-	-	732,130	732,130
Miscellaneous expenses					
Dues and subscriptions	-	-	933	69,371	70,304
Travel and meetings	-	-	-	713,910	713,910
Advertising	-	-	-	22,941	22,941
Facilities	-	-	5,231	27,981	33,212
Other	-	-	-	64,197	64,197
	-	-	6,164	2,100,568	2,106,732
Total expenses	$ 28,821,506	$ 6,325,335	$ 2,049,900	$ 8,726,646	$ 45,923,387

See independent auditors' report.

Delaware Transit Corporation
Schedule of Expenses by Mode - Fixed Route Purchased Transportation
Fiscal Year Ended June 30, 2022

	Vehicle Operations (10)	Vehicle Maintenance (41)	Nonvehicle Maintenance (42)	General Administration (160)	Total
Payroll expense					
Operator salaries	$ -	$ -	$ -	$ -	$ -
Other salaries	223,877	688,726	69,101	668,078	1,649,782
Fringe benefits	186,211	559,131	58,168	535,587	1,339,097
	410,088	1,247,857	127,269	1,203,665	2,988,879
Professional fees and services					
Professional and technical	-	-	743	250,970	251,713
Contract and maintenance	696,066	122,324	288,891	4,637	1,111,918
Security	113,492	-	4,507	-	117,999
Purchased transportation	5,870,938	-	-	-	5,870,938
Other	107,022	1,072	24,853	8,976	141,923
	6,787,518	123,396	318,994	264,583	7,494,491
Material and supplies					
Fuel and lubes	68,080	13,894	-	-	81,974
Tires and tubes	62,921	1,772	-	-	64,693
Other materials	9,938	396,859	37,357	96,502	540,656
	140,939	412,525	37,357	96,502	687,323
Office and miscellaneous					
Utilities	-	-	-	111,228	111,228
Insurance	-	-	-	173,248	173,248
Miscellaneous expenses					
Dues and subscriptions	-	-	221	16,416	16,637
Travel and meetings	-	-	-	168,936	168,936
Advertising	-	-	-	95,116	95,116
Facilities	-	-	1,238	6,621	7,859
Other	-	-	-	15,722	15,722
	-	-	1,459	587,287	588,746
Total expenses	$ 7,338,545	$ 1,783,778	$ 485,079	$ 2,152,037	$ 11,759,439

See independent auditors' report.

Delaware Transit Corporation
Schedule of Expenses by Mode - Paratransit Purchased Transportation
Fiscal Year Ended June 30, 2022

	Vehicle Operations (10)	Vehicle Maintenance (41)	Nonvehicle Maintenance (42)	General Administration (160)	Total
Payroll expense					
Operator salaries	$ -	$ -	$ -	$ -	$ -
Other salaries	115,270	178,522	17,911	256,793	568,496
Fringe benefits	100,128	144,930	15,078	221,706	481,842
	215,398	323,452	32,989	478,499	1,050,338
Professional fees and services					
Professional and technical	-	-	193	63,856	64,049
Contract and maintenance	3,106	101,449	74,882	1,202	180,639
Security	29,418	-	1,168	-	30,586
Purchased transportation	1,238,296	-	-	-	1,238,296
Other	-	72	6,442	11,692	18,206
	1,270,820	101,521	82,685	76,750	1,531,776
Material and supplies					
Fuel and lubes	112,161	3,601	-	-	115,762
Tires and tubes	5,993	459	-	-	6,452
Other materials	2,536	40,774	9,683	24,160	77,153
	120,690	44,834	9,683	24,160	199,367
Office and miscellaneous					
Utilities	-	-	-	28,831	28,831
Insurance	-	-	-	44,907	44,907
Miscellaneous expenses					
Dues and subscriptions	-	-	57	4,255	4,312
Travel and meetings	-	-	-	43,789	43,789
Advertising	-	-	-	1,407	1,407
Facilities	-	-	321	1,716	2,037
Other	-	-	-	3,938	3,938
	-	-	378	128,843	129,221
Total expenses	$ 1,606,908	$ 469,807	$ 125,735	$ 708,252	$ 2,910,702

See independent auditors' report.

Delaware Transit Corporation
Schedule of Expenses by Mode - Rail
Fiscal Year Ended June 30, 2022

	Vehicle Operations (10)	Vehicle Maintenance (41)	Nonvehicle Maintenance (42)	General Administration (160)	Total
Payroll expense					
Operator salaries	$ -	$ -	$ -	$ -	$ -
Other salaries	-	-	-	61,303	61,303
Fringe benefits	-	-	-	20,170	20,170
	-	-	-	81,473	81,473
Professional fees and services					
Professional and technical	-	-	-	500	500
Contract and maintenance	-	-	-	-	-
Security	-	-	-	-	-
Purchased transportation	9,729,520	-	-	-	9,729,520
Other	-	-	-	-	-
	9,729,520	-	-	500	9,730,020
Material and supplies					
Fuel and lubes	-	-	-	-	-
Tires and tubes	-	-	-	-	-
Other materials	-	-	-	-	-
	-	-	-	-	-
Office and miscellaneous					
Utilities	-	-	-	-	-
Insurance	-	-	-	-	-
Miscellaneous expenses					
Dues and subscriptions	-	-	-	-	-
Travel and meetings	-	-	-	-	-
Advertising	-	-	-	-	-
Facilities	-	-	-	-	-
Other	-	-	-	-	-
	-	-	-	-	-
Total expenses	$ 9,729,520	$ -	$ -	$ 81,973	$ 9,811,493

See independent auditors' report.

Delaware Transit Corporation
Combining Statement of Fiduciary Net Position -
Pension and OPEB Trust Fiduciary Funds
June 30, 2022

	DTC Plan	12/31/2021 DART Plan	OPEB Trust	Total
Assets				
Current assets				
Cash and cash equivalents	$ 2,816,619	$ 815,325	$ 397,747	$ 4,029,691
Accounts receivable				
Accrued interest and dividends	2,236	3	-	2,239
Member contributions receivable	-	90	-	90
Employer contributions receivable	-	90	-	90
Total current assets	2,818,855	815,508	397,747	4,032,110
Noncurrent assets				
Investments, at fair value				
Fixed income	10,150,818	23,197,957	1,472,237	34,821,012
Domestic equities	18,320,255	33,677,451	2,429,569	54,427,275
International equities	5,198,942	15,741,244	1,017,077	21,957,263
Total noncurrent assets	33,670,015	72,616,652	4,918,883	111,205,550
Total assets	36,488,870	73,432,160	5,316,630	115,237,660
Liabilities				
Current liabilities				
Accrued expenses	-	52,667	-	52,667
Total current liabilities	-	52,667	-	52,667
Net position restricted for pension/ OPEB	$ 36,488,870	$ 73,379,493	$ 5,316,630	$115,184,993

See independent auditors' report.

Delaware Transit Corporation
Combining Statement of Changes in Fiduciary Net Position -
Pension and OPEB Trust Fiduciary Funds
For the Fiscal Year Ended June 30, 2022

	DTC Plan	12/31/2021 DART Plan	OPEB Trust	Total
Additions				
Contributions				
Employer contributions	$ 1,825,930	$ 1,190,079	$ 3,126,863	$ 6,142,872
Member contributions	297,914	1,516,543	-	1,814,457
Total contributions	2,123,844	2,706,622	3,126,863	7,957,329
Investment income (expenses)				
Net realized and unrealized gain (loss) on investments	(6,801,329)	6,775,613	(998,816)	(1,024,532)
Interest and dividends	940,172	1,472,795	137,083	2,550,050
Investment expenses	(101,325)	(175,540)	(20,659)	(297,524)
Net investment income (expenses)	(5,962,482)	8,072,868	(882,392)	1,227,994
Total additions	(3,838,638)	10,779,490	2,244,471	9,185,323
Deductions				
Benefits paid	1,499,770	3,126,721	3,126,863	7,753,354
Refunds of contributions to members	-	439,929	-	439,929
Administrative expenses	132,013	97,585	-	229,598
Total deductions	1,631,783	3,664,235	3,126,863	8,422,881
Increase (decrease) in net position	(5,470,421)	7,115,255	(882,392)	762,442
Net position restricted for pension/ OPEB				
Net position - beginning of year	41,959,291	66,264,238	6,199,022	114,422,551
Net position - end of year	$ 36,488,870	$ 73,379,493	$ 5,316,630	$115,184,993

See independent auditors' report.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Delaware Transportation Authority
Delaware Transit Corporation
Dover, Delaware

We have audited, in accordance with the 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 business-type activities and the aggregate remaining fund information of the Delaware Transit Corporation (DTC), a blended component unit of the Delaware Transportation Authority, a component unit of the State of Delaware and the related notes to the financial statements, which collectively comprise the DTC's basic financial statements, and have issued our report thereon dated November 18, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DTC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DTC's internal control. Accordingly, we do not express an opinion on the effectiveness of DTC's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Board of Trustees
Delaware Transportation Authority
Delaware Transit Corporation

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether DTC'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
November 18, 2022