DELAWARE TRANSIT CORPORATION

FINANCIAL STATEMENT AUDIT
FISCAL YEAR ENDED JUNE 30, 2024

DELAWARE TRANSIT CORPORATION

REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2024

BACKGROUND

The Office of Auditor of Accounts presents a financial statement audit of the Delaware Transit Corporation (DTC). This audit was conducted for Fiscal Year ended June 30, 2024. The primary objective of a financial statement audit is to provide reasonable assurance that the financial statements present fairly, in all material respects, the financial position of an entity.

DTC is a division of the Delaware Department of Transportation (DelDOT) and was formed in 1994 to manage the combined operations of DART, the Delaware Administration for Specialized Transit, the Delaware Railroad Administration, and Commuter Services Administration. Currently, 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. The division's mission is to design and provide the highest-quality public transportation services that satisfy the needs of customers and the community.

DTC began basic implementation of the DART Reimagined study in Fiscal Year 2024. The purpose of this comprehensive transit study is to improve transportation services across the State and chart the course for a more sustainable transit future. The overarching objectives of this plan include establishing a core network, improving service quality, promoting an easy-to-use system, enhancing user experience, and prioritizing safe access. The DART Reimagined initiative began implementation in 2024 and will continue over several years of transit service changes through 2028. When the plan is fully realized, it is expected to provide transit access to 35% more Delawareans. Also, the overall fleet costs are anticipated to decrease by $49.1 million.

AOA completed this engagement under the authority of 2 Del. C. § 1323 and 29 Del. C., §2906.

KEY INFORMATION AND FINDINGS

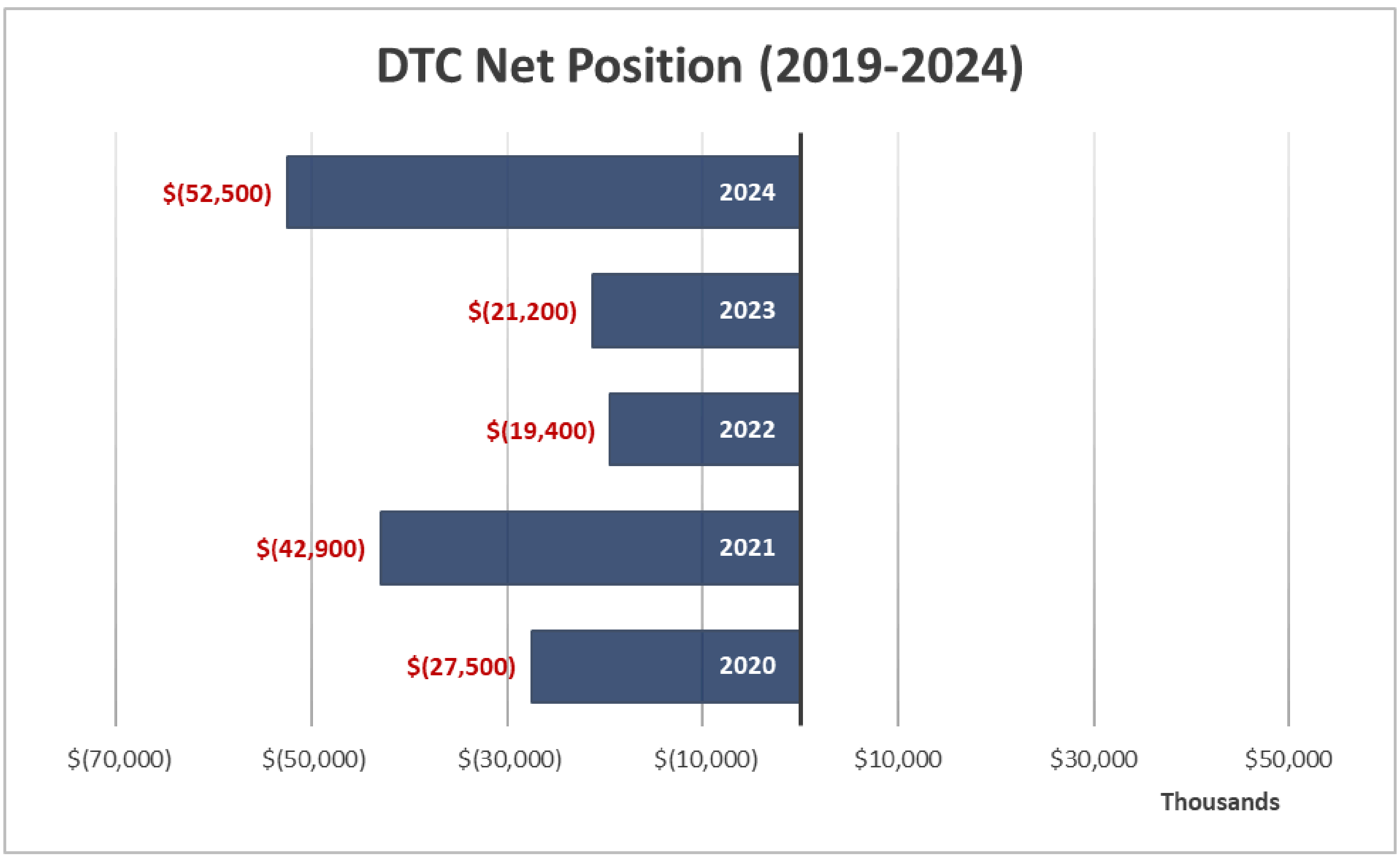
The financial statement audit contains an unmodified "clean" opinion. An unmodified opinion expresses that the financial statements present fairly, in all material respects, an entity's financial position, results of operations and cash flows in conformity with generally accepted accounting principles.

The auditor's reports over internal control over financial reporting did not identify any deficiencies in internal control that is considered to be a material weakness. There were no findings required to be reported under Government Auditing Standards.

KEY INFORMATION & FINDINGS CONT.

Total net position (deficit) at June 30, 2024 was a deficit of approximately $52.1 million, a 145.8% decrease in net position from June 30, 2023, which had a deficit of $21.2 million. The decrease in net position from 2023 to 2024 is primarily due to an increase in operating expenses of $9.4 million and decrease in federal operating assistance. Federal operating assistance decreased to $16.6 million for the Fiscal Year Ended June 30, 2024 from $42.6 million for the Fiscal Year Ended June 30, 2023.

DTC Net Position (2020-2024)				
2024	2023	2022	2021	2020
($ 52.2 Million)	($ 21.2 Million)	($ 19.4 Million)	($42.9 Million)	($27.5 Million)



DELAWARE TRANSIT CORPORATION

Financial Statements

JUNE 30, 2024
(With Independent Auditors' Report Thereon)

Santora CPA Group
Right, By Your Side

Delaware Transit Corporation

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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, 2024, 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, 2024, 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.

We did not audit the financial statements of The DART Contributory Pension Plan, DTC Admin Pension Plan, and the DTC OPEB Trust Plan, which represent 100% of the aggregate remaining fund information as of June 30, 2024. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The DART Contributory Pension Plan, DTC Admin Pension Plan, and the DTC OPEB Trust Plan, are based solely on the report of the other auditors.

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.

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 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 December 11, 2024, 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
December 11, 2024

Delaware Transit Corporation
Management's Discussion and Analysis
June 30, 2024

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, 2024.

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 530 transit vehicles (a combination of fixed route and paratransit) 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 leases four rail stations that are serviced by SEPTA. All services carried over 6.9 million riders.

Financial Highlights

- Total 2024 operating revenues were approximately $16.3 million and were $0.7 million more than 2023 operating revenues. The increase is primarily due to a 9.3% increase in overall ridership due to post-pandemic economic reopening and recovery efforts occurring in Fiscal Year 2024.

- Total 2024 operating expenses before depreciation and amortization were approximately $153.1 million and were $8.0 million higher than 2023 operating expenses. The increase in operating expenses before depreciation and amortization is primarily due to increased operator and maintenance staff salaries and wages from increased overtime, and higher fuel, repair, and purchased transportation costs occurring in Fiscal Year 2024.

- A $12.4 million investment was made in capital assets during 2024 (funding consisted of $5.3 million in state capital grants, $7.1 million in federal capital grants). 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 decreased 11.4% to $205.3 million in 2024. Total liabilities increased 4.7% to $208.3 million in 2024. Total net position (deficit) at June 30, 2024 was a deficit of approximately $52.1 million, a 145.8% decrease in net position from June 30, 2023. The decrease in net position from 2023 to 2024 is primarily due to an increase in total operating expenses of $9.4 million and decrease in federal operating assistance. Federal operating assistance decreased to $16.6 million for the Fiscal Year Ended June 30, 2024 from $42.6 million for the Fiscal Year Ended June 30, 2023.

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

	2024	2023	Percentage Change 2024 - 2023
Current assets	$ 25.5	$ 45.2	(43.6)
Capital assets, net	170.6	176.4	(3.3)
Other noncurrent assets	9.2	10.0	(8.0)
Total assets	205.3	231.6	(11.4)
Deferred outflows of resources	51.7	61.0	(15.2)
Current liabilities	17.4	14.0	24.3
Noncurrent liabilities	190.9	185.0	3.2
Total liabilities	208.3	199.0	4.7
Deferred inflows of resources	100.8	114.8	(12.2)
Net position (deficit)			
Net investment in capital assets	165.8	176.1	(5.8)
Unrestricted deficit	(217.9)	(197.3)	10.4
Total net position (deficit)	$ (52.1)	$ (21.2)	(145.8)

The decrease of $9.3 million in deferred outflows of resources was primarily due to changes in actuarial assumptions of DTC's Other Post-Employment Benefits (OPEB) Trust. The increase in total liabilities was primarily due to an increase in subscription-based IT arrangement liability of $4.4 million. The $14.0 million decrease in deferred inflows of resources was primarily due to differences between expected and actual experience and changes in assumptions for DTC's OPEB Trust.

Changes in Net Position

The decrease in net position for the Fiscal Year Ended June 30, 2024 was approximately $30.9 million, which is a decrease in net position of 145.8% over 2023. Total operating revenues increased 4.5% to approximately $16.3 million in 2024. Total operating expenses increased 5.7% to approximately $175.5 million in 2024.

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

	2024	2023	Percentage Change 2024 - 2023
Operating revenues			
Passenger revenue	$ 9.5	$ 9.8	(3.1)
Other operating revenues	6.8	5.8	17.2
Total operating revenues	16.3	15.6	4.5
Operating expenses			
Operating expenses	153.1	145.1	5.5
Depreciation and amortization	22.4	21.0	6.7
Bad debt expense	-	-	
Total operating expenses	175.5	166.1	5.7
Operating loss	(159.2)	(150.5)	5.8
Nonoperating revenues, net	13.3	40.5	(67.2)
Capital contributions	7.1	15.7	(54.8)
Transfers from DelDOT	107.9	92.5	16.6
Changes in net position	(30.9)	(1.8)	1,616.7
Total net position (deficit) - beginning of year	(21.2)	(19.4)	(9.3)
Total net position (deficit) - end of year	$ (52.1)	$ (21.2)	(145.8)

The increase in total operating revenue in 2024 is primarily due to a 9.3% increase in ridership due to post-pandemic economic reopening and recovery efforts occurring in Fiscal Year 2024.

The increase in total operating expenses in 2024 is primarily due to increased operator and maintenance staff salaries and wages from increased overtime, and higher fuel, repair, and purchased transportation costs occurring in Fiscal Year 2024.

Nonoperating revenues in 2024 decreased by $27.2 million primarily due to a decrease in federal operating assistance of $26.0 million. This decrease was furthered by a loss on disposal of assets of $0.4 million in 2024 compared to a gain on disposal of assets of $0.6 million in 2023.

In 2024, capital contributions decreased $8.6 million due to supply chain issues and manufacturer delays for capital procurements for revenue vehicles. Transfers from DelDOT increased to $107.9 million in 2024 from $92.5 in 2023 primarily to offset the reduction in federal operating assistance.

Capital Assets

As of June 30, 2024 and 2023, DTC had $376.5 million and $366.4 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, right-to-use subscription assets, and construction in progress. Net of accumulated depreciation and amortization, DTC's net capital assets at June 30, 2024 and 2023 totaled $170.6 million and $176.4 million, respectively.

The $5.8 million decrease of net capital assets during the Fiscal Year Ended June 30, 2024 is primarily attributed to depreciation and amortization expense of $22.4 million, partially offset by the purchase of revenue vehicles, facility construction and renovations, purchase and installation of communication equipment, and the addition of intangible subscription assets.

Assets disposed of during 2024 and 2023 totaled $7.0 million and $27.9 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 2025 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 2025 total operating budget is $150.8 million. The capital budget is $104.3 million, which authorizes funding for purchases of replacement and expansion transit vehicles, facility construction, and rail projects.

DTC's Fiscal Year 2025 State budgeted operating assistance is $118.4 million compared to Fiscal Year 2024 State budgeted operating assistance of $89.6 million. The increase in State operating assistance is primarily due to a decrease in federal operating assistance for Fiscal Year 2024. As of June 30, 2024, DTC has expended all but $0.4 million of stimulus funds awarded from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and the American Rescue Plan Act (ARPA), therefore, federal assistance is expected to continue to decrease in future years.

DTC began basic implementation of the DART Reimagined study in Fiscal Year 2024. The purpose of this comprehensive transit study is to improve transportation services across the State and chart the course for a more sustainable transit future. The overarching objectives of this plan include establishing a core network, improving service quality, promoting an easy-to-use system, enhancing user experience, and prioritizing safe access. The DART Reimagined initiative began implementation in 2024 and will continue over several years of transit service changes through 2028. When the plan is fully realized, it is expected to provide transit access to 35% more Delawareans. Also, the overall fleet costs are anticipated to decrease by $49.1 million.

DTC provides post-retirement healthcare benefits to all employees who retire from DTC after meeting eligibility requirements. Governmental Accounting Standards Board 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 were $3.9 million and $3.5 million for the Fiscal Years Ended June 30, 2024 and 2023, respectively. The impact on the financial statements was the recognition of $2.3 million and $5.8 million in benefit expenses for the Fiscal Years Ended June 30, 2024 and 2023, respectively. DTC expects a similar cash basis cost in 2025.

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, 2024

Assets

Current assets	
Cash and cash equivalents	$ 10,123,753
Investments - at fair value, unrestricted	399,446
Accounts receivable	
Trade	1,216,855
Federal	5,182,194
State	192,874
Inventory - supplies	7,268,815
Escrow insurance deposits	313,843
Lease receivables	795,757
Total current assets	25,493,537
Noncurrent assets	
Capital assets, nondepreciable	
Land	1,872,536
Construction in progress	4,458,635
Capital assets, depreciable and amortizable	
Buildings and improvements	123,578,414
Fixtures, vehicles, and equipment	240,721,345
Right-to-use leased equipment	228,449
Right-to-use subscription assets	5,592,143
Total capital assets	376,451,522
Less: accumulated depreciation and amortization	(205,891,872)
Total capital assets, net	170,559,650
Lease receivables - net of current portion	9,212,656
Total noncurrent assets	179,772,306
Total assets	205,265,843
Deferred outflows of resources	
Pension and OPEB contributions made after the measurement date	6,869,529
Differences between projected and actual earnings on pension plans and OPEB Trust investments	8,463,799
Net difference between expected and actual experience on pension plans and OPEB Trust	4,591,317
Changes in assumptions - pension plans and OPEB Trust	31,725,514
Total deferred outflows of resources	51,650,159

(Continued)

Delaware Transit Corporation
Statement of Net Position
June 30, 2024

Liabilities and Net Position

Current liabilities	
Accounts payable and other accrued expenses	$ 7,811,323
Accrued payroll and related expenses	3,654,987
Insurance loss reserve	2,855,085
Compensated absences	1,641,568
Lease liabilities	47,431
Subscription liabilities	1,350,114
Total current liabilities	17,360,508
Noncurrent liabilities	
Compensated absences - net of current portion	2,758,793
Insurance loss reserve - net of current portion	1,682,915
Lease liabilities - net of current portion	69,066
Subscription liabilities - net of current portion	3,302,967
Net OPEB liability	164,350,429
Net pension liability	18,713,947
Total noncurrent liabilities	190,878,117
Total liabilities	208,238,625
Deferred inflows of resources	
Differences between expected and actual experience - pension plans and OPEB Trust	32,596,985
Changes in assumptions - pension plans and OPEB Trust	58,508,732
Lease related	9,704,763
Total deferred inflows of resources	100,810,480
Net position (deficit)	
Net investment in capital assets	165,790,072
Unrestricted deficit	(217,923,175)
Total net position (deficit)	$ (52,133,103)

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, 2024

Operating revenues	
Passenger fares	$ 9,486,692
Advertising	848,301
Miscellaneous	919,933
Auxiliary transportation	4,985,986
Total operating revenues	16,240,912
Operating expenses	
Payroll expense	99,410,004
Professional fees and services	29,760,306
Materials and supplies	16,073,658
Office and miscellaneous	7,848,506
Total operating expenses before depreciation and amortization and bad debt	153,092,474
Depreciation and amortization	22,361,334
Total operating expenses	175,453,808
Operating loss	(159,212,896)
Nonoperating revenues (expenses)	
Income from investments	759,736
Federal operating assistance	16,589,137
Pass-through grant revenues	343,610
Pass-through grant expenses	(5,353,881)
Lease revenue	1,137,985
Interest revenue	239,278
Interest expense	(67,846)
Loss on disposal of assets	(410,559)
Excess of nonoperating revenues over nonoperating expenses	13,237,460
Loss before contributions and transfers	(145,975,436)
Capital contributions	7,077,675
Transfers from DelDOT	107,934,090
Decrease in net position	(30,963,671)
Net position (deficit) - beginning of year	(21,169,432)
Net position (deficit) - end of year	$ (52,133,103)

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

Delaware Transit Corporation
Statement of Cash Flows
Fiscal Year Ended June 30, 2024

Cash flows from operating activities	
Receipts from passengers	$ 9,079,214
Payments to suppliers	(51,538,320)
Payments to employees	(97,358,940)
Insurance claims paid	(3,156,329)
Other receipts	6,754,220
Net cash used in operating activities	(136,220,155)
Cash flows from noncapital financing activities	
Federal operating subsidies	16,016,861
Pass-through grant revenue	343,610
Pass-through grant payments	(5,353,881)
Transfers from DelDOT	102,609,196
Net cash provided by noncapital financing activities	113,615,786
Cash flows from capital and related financing activities	
Proceeds from capital contributions	7,137,860
Transfers from DelDOT - capital	5,266,888
Acquisition of capital assets	(11,669,995)
Proceeds from disposal of assets	40,277
Lease receipts	1,288,369
Lease payments	(63,688)
Subscription payments	(856,379)
Net cash provided by capital and related financing activities	1,143,332
Cash flows from investing activities	
Net proceeds from sale and maturities of investments	9,591,367
Net deposits to insurance escrow account	(257,533)
Investment income	639,134
Net cash provided by investing activities	9,972,968
Net decrease in cash and cash equivalents	(11,488,069)
Cash and cash equivalents - beginning of year	21,611,822
Cash and cash equivalents - end of year	$ 10,123,753

(Continued)

Delaware Transit Corporation
Statement of Cash Flows
Fiscal Year Ended June 30, 2024

Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (159,212,896)
Adjustment to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization	22,361,334
(Increases) decreases in assets and deferred outflows of resources	
Trade accounts receivable	(407,478)
Inventory - supplies	(431,165)
Deferred outflows of resources	9,384,785
Increases (decreases) in liabilities and deferred inflows of resources	
Accounts payable and other accrued expenses	1,325,067
Insurance loss reserve	(492,000)
Compensated absences	153,088
Accrued payroll and related expenses	153,347
Net pension liability	(1,052,157)
OPEB liability	4,730,204
Deferred inflows of resources	(12,732,284)
Net cash used in operating activities	$ (136,220,155)
Supplemental disclosure of noncash capital and related financing activities	
Acquisition of right-to-use leased equipment through lease liabilities	$ 108,331
Acquisition of right-to-use subscription assets through subscription liabilities	$ 5,318,969

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, 2024

Assets	
Current assets	
Cash and cash equivalents	$ 1,825,835
Receivables	
Accrued interest and dividends	105,259
Member contributions receivable	88,715
Employer contributions receivable	71,763
Total current assets	2,091,572
Noncurrent assets	
Investments, at fair value	
Fixed income	44,104,135
Domestic equities	49,857,712
International equities	25,983,084
Total noncurrent assets	119,944,931
Total assets	122,036,503
Liabilities	
Current liabilities	
Accrued expenses	47,491
Total current liabilities	47,491
Net position restricted for:	
Pension	115,457,326
OPEB	6,531,686
Total net position	$ 121,989,012

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, 2024

Additions	
Contributions	
Employer contributions	$ 6,862,115
Member contributions	2,019,548
Total contributions	8,881,663
Investment earnings	
Net increase in fair value of investments	11,101,056
Interest and dividends	3,174,220
Investment costs	(283,489)
Net investment income	13,991,787
Total additions	22,873,450
Deductions	
Benefits paid	9,945,109
Refunds of contributions to members	332,398
Administrative expenses	254,454
Total deductions	10,531,961
Increase in net position	12,341,489
Net position restricted for pension/OPEB	
Net position - beginning of year	109,647,523
Net position - end of year	$ 121,989,012

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:

- DTC 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 (DAST). 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, 2024 and the related statement of changes in fiduciary net position is for the fiscal 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 June 30, 2024 and the related statement of changes in fiduciary net position is for the fiscal year then ended.

- DTC Other Post-Employment Benefits (OPEB) Trust (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, 2024 and the related statement of changes in fiduciary net position is for the fiscal 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, 2024, accounts receivable were considered fully collectible by management; therefore, no allowance for doubtful accounts has been provided. 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, intangible right-to-use leased assets, and intangible right-to-use subscription-based information technology arrangement assets (subscription 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 and subscription assets with an initial measurement value in excess of $5,000. Capital assets, other than intangible right-to-use assets, are recorded at historical cost. Intangible right-to-use assets are recorded at their initial measurement value (see Notes 2(h) and 2(i), respectively).

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 assets are depreciated or amortized using the straight-line method over the following estimated useful lives, lease terms, or subscription 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
Right-to-use subscription assets	1 - 5 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) Subscription-Based Information Technology Arrangements (SBITAs)

DTC has SBITAs for various software products. DTC recognizes subscription liabilities and intangible right-to-use subscription assets in the financial statements if the initial measurement value of an individual agreement exceeds $5,000.

Subscription liabilities are initially measured at the commencement of the subscription term at the present value of payments expected to be made during the subscription term. Subscription liabilities are subsequently reduced by the principal portion of payments made. Intangible right-to-use subscription assets are initially measured at the value of the corresponding liability, adjusted for payments made at the commencement date of the SBITAs, plus capitalizable initial implementation costs. Intangible right-to-use subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying information technology (IT) asset.

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

- Discount rate - DTC uses its estimated incremental borrowing rate.

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

- Subscription payments - Subscription payments included in the measurement of subscription liabilities include fixed payments required under the SBITA, variable payments that are fixed in substance or dependent on an index or rate, certain subscription contract incentives, and any other payments to the SBITA vendor that are reasonably certain of being paid by DTC.

DTC monitors changes in circumstances that would require a remeasurement of its subscription liabilities and intangible right-to-use subscription 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 subscription liabilities.

(j) 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.

(k) 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.

(l) Pension

For purposes of measuring the net pension 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.

(m) 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.

(n) 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.

(o) 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, loss on disposal of assets, 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. 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.

(p) GASB Not Yet Adopted

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

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. DTC has not adopted GASB Statement No. 101 as of June 30, 2024.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB Statement No. 102 is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. DTC has not adopted GASB Statement No. 102 as of June 30, 2024.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness in providing information that is essential for decision making and assessing a government's accountability. GASB Statement No. 103 is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. DTC has not adopted GASB Statement No. 103 as of June 30, 2024.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This will result in increased disclosure requirements related to capital assets. GASB Statement No. 104 is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. DTC has not adopted GASB Statement No. 104 as of June 30, 2024.

(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, 2024 was $10,123,753, and the bank balance was $10,254,137. The difference between the bank balance and carrying amount resulted from outstanding checks and deposits-in-transit. The bank balance of $10,254,137 at June 30, 2024 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, 2024, 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, 2024			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments measured at fair value				
U.S. government securities	$ -	$ 399,446	$ -	$ 399,446

See independent auditors' report.

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, 2024		
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**	**6 - 10**
U.S. government securities	$ 399,446	$ 399,446	$ -	$ -

(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, 2024.

(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, 2024:

United States Treasury	$ 399,446	100%

(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, 2024.

(h) Funding of Unpaid Loss Insurance Reserve Liability

Included in cash and investments at June 30, 2024 was $4,224,157, which will be utilized to fund the remaining loss insurance reserve liability (Note 15), net of escrow insurance deposits.

(4) Capital Assets

Capital asset activity for the Fiscal Year Ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 1,872,536	$ -	$ -	$ 1,872,536
Construction in progress	8,206,951	2,022,374	(5,770,690)	4,458,635
Total capital assets not being depreciated	10,079,487	2,022,374	(5,770,690)	6,331,171
Capital assets being depreciated and amortized				
Buildings and improvements	118,869,852	4,708,562	-	123,578,414
Revenue vehicles	183,136,817	1,657,678	(6,664,273)	178,130,222
Service vehicles and equipment	12,320,860	3,726,113	(65,179)	15,981,794
Communication equipment	25,230,746	4,617,105	(16,084)	29,831,767
Furniture and fixtures	695,151	-	(3,850)	691,301
Bus signs and shelters	15,377,409	708,852	-	16,086,261
Right-to-use leased equipment	187,106	108,331	(66,988)	228,449
Right-to-use subscription assets	461,298	5,318,969	(188,124)	5,592,143
Total capital assets being depreciated and amortized	356,279,239	20,845,610	(7,004,498)	370,120,351
Less accumulated depreciation and amortization for:				
Buildings and improvements	48,986,652	4,427,923	-	53,414,575
Revenue vehicles	100,382,538	13,302,320	(6,213,475)	107,471,383
Service vehicles and equipment	9,871,664	1,390,220	(65,179)	11,196,705
Communication equipment	19,042,841	1,338,478	(16,084)	20,365,235
Furniture and fixtures	678,500	5,301	(3,850)	679,951
Bus signs and shelters	10,694,944	1,095,245	-	11,790,189
Right-to-use leased equipment	109,883	85,331	(66,951)	128,263
Right-to-use subscription assets	177,976	716,516	(48,921)	845,571
Total accumulated depreciation and amortization	189,944,998	22,361,334	(6,414,460)	205,891,872
Total capital assets being depreciated and amortized, net	166,334,241	(1,515,724)	(590,038)	164,228,479
Total capital assets, net	$ 176,413,728	$ 506,650	$ (6,360,728)	$ 170,559,650

Depreciation and amortization expense for the Fiscal Year Ended June 30, 2024 was $22,361,334.

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 July 2024 and June 2029 with monthly payments ranging from $152 to $359. Discount rates for these leases range from 0.23% to 2.30%. 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, 2024:

Expenses	Amount
Amortization of right-to-use leased equipment	$ 85,332
Interest on lease liabilities	270
Total	$ 85,602

The annual requirement to amortize all lease liabilities as of June 30, 2024 was as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 47,431	$ 507	$ 47,938
2026	33,680	283	33,963
2027	18,956	137	19,093
2028	8,553	61	8,614
2029	7,877	19	7,896
	$ 116,497	$ 1,007	$ 117,504

Right-to-use assets acquired through leases as of June 30, 2024 were as follows:

Right-to-use leased equipment	$ 228,449
Less: accumulated amortization	(128,263)
Total	$ 100,186

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 agreement requires DTC to make variable monthly payments based on miles driven multiplied by a mileage rate as set forth in the agreement. The mileage rate is based on contract year and estimated annual vehicle miles. For the Fiscal Year Ended June 30, 2024, DTC incurred expenses related to this lease of $496,914. 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, 2024:

Revenues	Amount
Lease revenue	$ 1,137,985
Interest revenue	239,278
Total	$ 1,377,263

DTC has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2024, deferred inflows of resources related to leasing activities were $9,704,763.

Lease receivables consisted of the following lease contracts as of June 30, 2024:

Lease Terms	Amount
Lease receivable - Monthly payments of $71,250 until April 2036; discount rate of 2.41%	$ 8,795,096
Lease receivable - Annual payments of $6,200 until April 2036; discount rate of 2.41%	63,842
Lease receivable - Monthly payments of $13,100 until March 2032; discount rate of 1.50%	1,149,475
	10,008,413
Less: current portion	795,757
Lease receivables - net of current portion	$ 9,212,656

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 $150,150 for the Fiscal Year Ended June 30, 2024.

(6) Subscription-Based Information Technology Arrangements (SBITA)

DTC has subscription liabilities attributable to arrangements entered into for transportation scheduling and diagnostic software programs. The SBITAs are expected to terminate at various times between July 2025 and December 2028 with payments ranging from $40,000 to $757,228. Discount rates for these arrangements range from 2.24% to 2.30%. Variable payments and short-term arrangements are not included in the measurement of the subscription liabilities. Expenses related to DTC's SBITA activities were as follows for the Fiscal Year Ended June 30, 2024:

Expenses	Amount
Amortization of right-to-use subscription assets	$ 716,516
Interest on subscription liabilities	67,576
Total	$ 784,092

The annual requirement to amortize all subscription liabilities as of June 30, 2024 was as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 1,350,114	$ 101,981	$ 1,452,095
2026	2,645,857	51,449	2,697,306
2027	601,459	6,735	608,194
2028	55,651	1,199	56,850
	$ 4,653,081	$ 161,364	$ 4,814,445

DTC entered into a SBITA for a mobile ticketing application, which requires DTC to pay a variable fee based on the quantity of mobile ticketing transactions. For the Fiscal Year Ended June 30, 2024, DTC incurred variable expenses related to the SBITA of $83,597. These expenses are recognized as a current year outflow of resources and reported within office and miscellaneous on the statement of revenues, expenses, and changes in net position.

(7) Long-Term Liabilities

Long-term liability activity for the Fiscal Year Ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 4,247,273	$ 5,716,753	$ (5,563,665)	$ 4,400,361	$ 1,641,568
Insurance loss reserve	5,030,000	3,836,000	(4,328,000)	4,538,000	2,855,085
Lease liabilities	71,584	108,331	(63,418)	116,497	47,431
Subscription liabilities	271,744	5,318,969	(937,632)	4,653,081	1,350,114
Long-term liabilities	$ 9,620,601	$ 14,980,053	$ (10,892,715)	$ 13,707,939	$ 5,894,198

(8) 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, 2023 through August 31, 2026.

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, 2023 through August 31, 2026.

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. As of the date of this report, both parties continue to operate under the expired contract terms.

(9) 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 DAST.

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, 2023:

Active members	353
Inactive members or beneficiaries currently receiving benefits	141
Terminated, vested members	138
Total	632

The following employees were covered by the DART Plan at June 30, 2023:

Active members	628
Inactive members or beneficiaries currently receiving benefits	280
Terminated, vested members	187
Total	1,095

(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. Death benefits for a former DTC Plan participant who dies after completing five years of service is equal to 50% of the accrued benefit that would have been payable at age 65, with payment commencing on the month that the participant would have been eligible to receive such pension. 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 ten 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 June 30, 2023, the monthly benefit was $79.00 per year of service. This benefit is then multiplied by the applicable years of service credited to the eligible participant. 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 attributable to the DTC Plan and the DART Plan during the Fiscal Year Ended June 30, 2024 were $1,517,691 and $1,421,302, respectively. DTC's average contribution rate to the DTC Plan and DART Plan was 7.6% and 4.2%, respectively of covered payroll for the Fiscal Year Ended June 30, 2024.

(d) Net Pension Liability

The DTC Plan's net pension liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2022. Update procedures were used to roll forward the valuation results to the measurement date of June 30, 2023. 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 liability. The amount of any resulting change to the net pension liability is unknown.

The total pension liability used to calculate the net pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement for the Fiscal Year Ended June 30, 2024:

Investment rate of return	7.0%, net of plan investment expense, including inflation
Salary increases	5% for 0-4 years of service, 3.5% for 5-9, and 2.5% for 10 or more
Inflation	2.0%
Mortality	Pub-2010 general tables with generational projection using scale MP-2021

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, 2024:

Asset Class	Long-Term Expected Real Rate of Return	Asset Allocation Percentage
Domestic equity	5.6%	42.0%
International equity	5.1%	16.0%
Emerging equity	5.5%	7.0%
Core fixed income	2.7%	35.0%

The DART Plan's net pension liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, 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 liability. The amount of any resulting change to the net pension liability is unknown.

The total pension liability used to calculate the net pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement for the Fiscal Year Ended June 30, 2024:

Investment rate of return	7.0%, including inflation
Salary increases	2.5%, including inflation
Inflation	2.5%
Mortality	RP-2014 Blue Collar table, sex distinct, 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, 2024:

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	5.0%	39.0%
Cash equivalents	3.0%	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

Changes in DTC's net pension liability for the Fiscal Year Ended June 30, 2024 were as follows:

	DTC Plan			DART Plan			Totals		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 7/1/22	$ 41,654,835	$ 36,488,870	$ 5,165,965	$ 74,824,914	$ 60,224,775	$ 14,600,139	$ 116,479,749	$ 96,713,645	$ 19,766,104
Changes for the year									
Service cost	1,673,735	-	1,673,735	2,106,198	-	2,106,198	3,779,933	-	3,779,933
Interest	2,859,584	-	2,859,584	5,243,592	-	5,243,592	8,103,176	-	8,103,176
Differences between expected and actual experience	(468,561)	-	(468,561)	527,671	-	527,671	59,110	-	59,110
Changes in assumptions	(132,425)	-	(132,425)	-	-	-	(132,425)	-	(132,425)
Contributions - employer	-	1,645,982	(1,645,982)	-	1,356,998	(1,356,998)	-	3,002,980	(3,002,980)
Contributions - member	-	324,791	(324,791)	-	1,714,045	(1,714,045)	-	2,038,836	(2,038,836)
Net investment income (loss)	-	3,343,733	(3,343,733)	-	4,862,277	(4,862,277)	-	8,206,010	(8,206,010)
Benefit payments, including refunds of member contributions	(1,607,262)	(1,607,262)	-	(4,114,900)	(4,114,900)	-	(5,722,162)	(5,722,162)	-
Administrative expenses	-	(275,756)	275,756	-	(110,119)	110,119	-	(385,875)	385,875
Net changes	2,325,071	3,431,488	(1,106,417)	3,762,561	3,708,301	54,260	6,087,632	7,139,789	(1,052,157)
Balances at 6/30/23	$ 43,979,906	$ 39,920,358	$ 4,059,548	$ 78,587,475	$ 63,933,076	$ 14,654,399	$ 122,567,381	$ 103,853,434	$ 18,713,947

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 and the DART Plan's discount rate as of June 30, 2023 were as follows:

	1% Decrease	Current Discount Rate	1% Increase
DTC Plan (7.0%)	$ 9,598,675	$ 4,059,548	$ (570,413)
DART Plan (7.0%)	$ 23,777,624	$ 14,654,399	$ 6,946,893

(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, 2024:

Service cost	$ 1,673,735
Interest	2,859,584
Member contributions	(324,791)
Differences between expected and actual experience	(254,795)
Changes in assumptions	380,067
Administrative expenses	275,756
Projected earnings on plan investments	(2,557,293)
Amortization of investment return differences	359,732
Pension expense	$ 2,411,995

The components of pension expense for the DART Plan were as follows for the Fiscal Year Ended June 30, 2024:

Service cost	$ 2,106,198
Interest	5,243,592
Member contributions	(1,714,045)
Differences between expected and actual experience	(148,984)
Changes in assumptions	477,178
Administrative expenses	110,119
Projected earnings on plan investments	(4,176,028)
Amortization of investment return differences	513,917
Pension expense	$ 2,411,947

For the Fiscal Year Ended June 30, 2024, DTC recognized pension expense of $4,823,942.

Contributions Made Subsequent to the Measurement Period - Contributions made subsequent to the measurement period (Fiscal Year June 30, 2024 contributions) are included as deferred outflows of resources and will be recognized as a reduction to the net pension liability in Fiscal Year 2025.

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 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 are 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% are 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, 2024:

	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	$ 504,079	$ 1,101,699	$ 674,233	$ 768,133	$ 1,178,312	$ 1,869,832
Changes in assumptions	746,303	115,872	715,765	-	1,462,068	115,872
Net differences between projected and actual earnings on pension plan investments	2,082,105	-	6,060,812	-	8,142,917	-
Employer contributions subsequent to the measurement date	1,525,105	-	1,421,302	-	2,946,407	-
Totals	$ 4,857,592	$ 1,217,571	$ 8,872,112	$ 768,133	$ 13,729,704	$ 1,985,704

As of June 30, 2024, DTC reported $2,946,407 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, 2025. 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
2025	$ 536,744	$ 826,221	$ 1,362,965
2026	333,128	1,805,879	2,139,007
2027	1,646,407	2,532,349	4,178,756
2028	(144,394)	1,426,701	1,282,307
2029	(76,118)	91,527	15,409
Thereafter	(180,851)	-	(180,851)

(i) Payable to the Plans

DTC reported payables of $16,622 for outstanding contributions due to the DTC Plan as of June 30, 2024.

DTC reported payables of $143,856 for outstanding contributions due to the DART Plan as of June 30, 2024.

(10) Note to Pension Plans Reported in the Statement of Fiduciary Net Position

Investment Policy

The respective Pension Committees of the DTC Plan and DART Plan (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 Pension Plans.

- 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 Pension 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 in mutual and exchange-traded funds is based on quoted market prices, which are presented by type, as follows:

		Fair Value Measurements at June 30, 2024		
Investments by Type	**Total**	**Level 1**	**Level 2**	**Level 3**
Debt securities				
Fixed income mutual funds	$ 41,915,098	$ 41,915,098	$ -	$ -
Equity securities				
Domestic equity mutual funds	47,073,200	47,073,200	-	-
International equity mutual funds	24,518,858	24,518,858	-	-
Total investments measured at fair value	$ 113,507,156	$ 113,507,156	$ -	$ -

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, 2024, 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. None of the pooled mutual or exchange funds held by the Pension Plans are rated.

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 weighted average duration of fixed income funds held by the DTC Plan is 5.5 years.

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. The weighted average duration of fixed income funds held by the DART Plan is 5.5 years.

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, 2024. The DTC Plan has no other direct investment in fixed income securities as of June 30, 2024.

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.

As of June 30, 2024, there were no securities issued by a single issuer that comprised more than 5% of the DTC Plan or 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. The Pension Plans had international exposure, but held no investments denominated in foreign currency at June 30, 2024.

(11) OPEB Trust

(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, 2023:

Retirees and beneficiaries receiving benefits	
Pre-65	60
Post-65	290
Total retirees and beneficiaries receiving benefits	350
Total active members	915
Total	1,265

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, 2024, 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 11(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 $3,923,122 for the Fiscal Year Ended June 30, 2024.

(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 $172,589 for the Fiscal Year Ended June 30, 2024.

(d) Net OPEB Liability

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022. 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 measurement for the Fiscal Year Ended June 30, 2024:

Inflation	2.5%
Salary increases	2.5%, including inflation
Discount rate	3.9%, based on the Fidelity 20-year Municipal General Obligation AA bond index rate as of June 30, 2023

The healthcare cost trend rate was 5.8% as of June 30, 2023, 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	5.0%
2040	4.8%
2050	4.6%
2070	4.2%

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 3.86% based on the Fidelity 20-year Municipal General Obligation AA bond index rate as of June 30, 2023.

(f) Changes in the Net OPEB Liability

Changes in DTC's net OPEB liability for the Fiscal Year Ended June 30, 2024 were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of July 1, 2022	$ 164,936,856	$ 5,316,631	$ 159,620,225
Changes for the year			
Service cost	7,964,535	-	7,964,535
Interest	6,009,160	-	6,009,160
Differences between expected and actual experience	(686,455)	-	(686,455)
Changes in assumptions	(4,606,889)	-	(4,606,889)
Contributions - employer	-	3,487,520	(3,487,520)
Net investment income	-	462,627	(462,627)
Benefit payments, including refunds of member contributions	(3,487,520)	(3,487,520)	-
Net changes	5,192,831	462,627	4,730,204
Balances at June 30, 2023	$ 170,129,687	$ 5,779,258	$ 164,350,429

(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, 2023 was as follows:

	1% Decrease (2.9%)	Current Discount Rate (3.9%)	1% Increase (4.9%)
Net OPEB liability	$ 193,824,947	$ 164,350,429	$ 140,110,566

The sensitivity of the net OPEB liability to changes in the OPEB Trust's healthcare cost trend rate as of June 30, 2023 was as follows:

	1% Decrease (4.8%)	Current Healthcare Trend Rate (5.8%)	1% Increase (6.8%)
Net OPEB liability	$ 137,020,925	$ 164,350,429	$ 198,557,930

(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, 2024:

Service cost	$ 7,964,535
Interest	6,009,160
Projected earnings on OPEB Trust	(372,164)
Current period amortization of deferred outflows associated with differences between projected and actual earnings	57,223
Current period amortization of deferred inflows associated with differences between projected and actual experience	(6,661,418)
Current period amortization of deferred inflows associated with changes in assumptions	(4,690,307)
OPEB expense	$ 2,307,029

Contributions Made Subsequent to the Measurement Period - Contributions made subsequent to the measurement date of June 30, 2023 (Fiscal Year June 30, 2024 contributions) are included as deferred outflows of resources and will be recognized as a reduction to the net OPEB liability in Fiscal Year 2025.

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 3.9% 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, 2024:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,413,005	$ 30,727,153
Changes in assumptions	30,263,446	58,392,860
Net differences between projected and actual earnings on OPEB Trust investments	320,882	-
Employer contributions subsequent to the measurement date	3,923,122	-
Totals	$ 37,920,455	$ 89,120,013

At June 30, 2024, DTC reported $3,923,122 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, 2025. 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,:

2025	$ (11,302,761)
2026	(11,306,886)
2027	(11,106,549)
2028	(6,577,169)
2029	(8,172,707)
Thereafter	(6,656,608)

(i) Payable to the OPEB Trust

At June 30, 2024, there was no outstanding amount for contributions due to the OPEB Trust.

(12) Note to OPEB Trust Reported in the 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 in mutual and exchange-traded funds is based on quoted market prices, which are presented by type, as follows:

		Fair Value Measurements at June 30, 2024		
Investments by Type	**Total**	**Level 1**	**Level 2**	**Level 3**
Debt securities				
Fixed income mutual funds	$ 2,189,037	$ 2,189,037	$ -	$ -
Equity securities				
Domestic equity mutual funds	2,784,512	2,784,512	-	-
International equity mutual funds	1,464,226	1,464,226	-	-
Total investments measured at fair value	$ 6,437,775	$ 6,437,775	$ -	$ -

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, 2024, 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. None of the pooled mutual or exchange funds held by the OPEB Trust are rated.

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. The weighted average duration of fixed income funds held by the OPEB Trust is 5.5 years.

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, 2024. The OPEB Trust had no other direct investment in fixed income securities as of June 30, 2024.

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. The OPEB Trust had international exposure, but held no investments denominated in foreign currency at June 30, 2024.

Concentration of Credit Risk

As of June 30, 2024, there were no securities issued by a single issuer that comprised more than 5% of the OPEB Trust investments.

(13) Economic Dependency

DTC's revenue from operating subsidies from State entities was approximately 72% of total revenue for the Fiscal Year Ended June 30, 2024.

DTC's revenue from operating subsidies from federal entities was approximately 11% of total revenue for the Fiscal Year Ended June 30, 2024.

(14) 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.

Long-Term Construction Projects

Under the normal course of business, DTC has ongoing construction projects aimed at improving and expanding public transportation infrastructure and operations. Projects are funded through a combination of federal and state grants and operating funds. Projects are included within DTC’s capital budget and appropriated funding sources are secured prior to commitment. DTC has implemented risk management practices to monitor and mitigate potential risks associated with these construction projects.

(15) 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 through its insurance policy with the State.

The premium for Fiscal Year 2024 was calculated as $1.45 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 a risk retention strategy. DTC establishes initial loss reserve insurance liabilities for each year 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 2024, DTC had no cases that were settled in excess of the sovereign immunity cap.

Initial loss reserve insurance liabilities established for the last five fiscal years are identified in the following table:

Fiscal Year	Initial Loss Reserve Insurance Liability Established	Maximum Amount of Loss Under Self-Insured Retention Program (Per Occurrence)
2024	$ 3,836,000	$ 1,000,000
2023	3,554,000	1,000,000
2022	4,164,000	1,000,000
2021	4,800,000	1,000,000
2020	4,737,000	1,000,000

The components of the remaining insurance loss reserve on DTC's statement of net position were as follows at June 30, 2024:

Fiscal Year	Auto Loss Reserve Remaining
2024	$ 1,848,000
2023	1,487,000
2022	717,000
2021	401,000
2020	79,000
2019	2,000
2000	4,000
	$ 4,538,000

Changes in the balance of total claim liabilities during the Fiscal Years Ended June 30, 2024 and 2023 were as follows:

Fiscal Year	Beginning Balance - July 1	Current Year Estimated Claims and Changes in Estimates	Actual Claim Payments	Ending Balance - June 30
2024	$ 5,030,000	$ 2,664,329	$ (3,156,329)	$ 4,538,000
2023	$ 6,228,000	$ 1,359,876	$ (2,557,876)	$ 5,030,000

(16) Transfers

The following amounts were transferred from DelDOT and related entities to DTC for the Fiscal Year Ended June 30, 2024:

Amounts transferred as operating assistance	$ 98,156,093
Amounts transferred as pass-through grant revenues	4,453,103
Amounts transferred as capital funding for purchase of capital assets	5,324,894
Total transfers from DelDOT	$ 107,934,090

(17) COVID-19 Pandemic Funds

DTC has been 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, 2024, total grants awarded and expended through CRRSAA were $38,586,361 and $38,563,633, respectively. As of June 30, 2024, total grants awarded and expended through ARPA were $73,660,742 and $73,201,533, respectively. CRRSAA funding has no specified expiration date while ARPA funding must be disbursed by September 30, 2029.

Total operating expenditures reimbursed under these grants for the Fiscal Year Ended June 30, 2024 were $10,276,461. 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, 2024 were $4,915,798. These grants have been recorded as capital contributions in the statement of revenues, expenses, and changes in net position.

(18) Deficit on Unrestricted Net Position

DTC had a deficit on unrestricted net position of $217,923,175 as of June 30, 2024. 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 11.

(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 December 11, 2024, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Delaware Transit Corporation
Required Supplementary Information
June 30, 2024

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

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 1,673	$ 1,698	$ 1,643	$ 1,465	$ 1,289	$ 1,137	$ 1,060	$ 873	$ 843	$ 840
Interest	2,860	2,679	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	(469)	(245)	237	712	(1,095)	(294)	(192)	(693)	(297)	-
Changes in assumptions	(132)	-	-	-	1,154	489	1,530	-	-	-
Benefit payments, including refunds of member contributions	(1,607)	(1,500)	(1,351)	(1,169)	(1,103)	(899)	(753)	(705)	(629)	(569)
Net changes in total pension liability	2,325	2,632	3,003	3,260	2,531	2,353	3,336	1,199	1,529	1,754
Total pension liability - beginning of year	41,655	39,023	36,020	32,760	30,229	27,876	24,540	23,341	21,812	20,058
Total pension liability - end of year (a)	$ 43,980	$ 41,655	$ 39,023	$ 36,020	$ 32,760	$ 30,229	$ 27,876	$ 24,540	$ 23,341	$ 21,812
Plan fiduciary net position										
Contributions - employer	$ 1,646	$ 1,826	$ 1,648	$ 1,493	$ 1,343	$ 1,255	$ 1,104	$ 1,104	$ 1,176	$ 1,158
Contributions - members	325	298	265	217	186	145	116	81	57	30
Net investment income	3,344	(5,962)	8,980	1,945	1,805	2,261	2,529	405	554	2,443
Benefit payments, including refunds of member contributions	(1,607)	(1,500)	(1,351)	(1,169)	(1,103)	(899)	(753)	(705)	(629)	(569)
Administrative expense	(277)	(132)	(77)	(208)	(149)	(134)	(161)	(166)	(94)	(116)
Other	-	-	-	-	-	3	-	-	-	-
Net changes in plan fiduciary net position	3,431	(5,470)	9,465	2,278	2,082	2,631	2,835	719	1,064	2,946
Plan fiduciary net position - beginning of year	36,489	41,959	32,494	30,216	28,134	25,503	22,668	21,949	20,885	17,939
Plan fiduciary net position - end of year (b)	$ 39,920	$ 36,489	$ 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)	$ 4,060	$ 5,166	$ (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	90.77 %	87.60 %	107.52 %	90.21 %	92.23 %	93.07 %	91.49 %	92.37 %	94.04 %	95.75 %
Covered payroll	$ 19,111	$ 19,246	$ 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	21.24 %	26.84 %	(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: In Fiscal Year 2023, changes in assumptions included expected rates of future mortality changed to Pub-2010 General tables with generational projection using scale MP-2021. The salary increases also changed from 2.5% to 5% for 0-4 years of service, 3.5% for 5-9 years and 2.5% for 10 or more years. There were additional changes to both termination and retirement rates.

See independent auditors' report.

Delaware Transit Corporation
Required Supplementary Information
June 30, 2024

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

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 2,106	$ 1,092	$ 2,216	$ 2,184	$ 2,081	$ 2,193	$ 2,098	$ 2,048	$ 1,976	$ 1,766
Interest	5,243	2,519	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	528	43	(847)	405	(137)	(647)	(121)	(217)	(112)	4
Changes in assumptions	-	-	-	-	-	3,340	-	-	-	-
Benefit payments, including refunds of member contributions	(4,115)	(1,852)	(3,567)	(3,269)	(2,793)	(2,674)	(2,531)	(2,411)	(2,134)	(2,103)
Net changes in total pension liability	3,762	1,802	4,425	5,284	4,479	7,132	3,894	2,826	4,128	3,372
Total pension liability - beginning of year	74,825	73,023	68,598	63,314	58,835	51,703	47,809	44,983	40,855	37,483
Total pension liability - end of year (a)	$ 78,587	$ 74,825	$ 73,023	$ 68,598	$ 63,314	$ 58,835	$ 51,703	$ 47,809	$ 44,983	$ 40,855
Plan fiduciary net position										
Contributions - employer	$ 1,357	$ 574	$ 1,190	$ 1,347	$ 1,400	$ 1,213	$ 1,048	$ 1,080	$ 1,253	$ 909
Contributions - members	1,714	819	1,517	1,596	1,584	1,499	1,344	1,360	1,388	1,263
Net investment income	4,862	(12,590)	8,073	9,377	9,507	(2,786)	6,743	2,550	(869)	2,605
Benefit payments, including refunds of member contributions	(4,115)	(1,852)	(3,567)	(3,269)	(2,793)	(2,674)	(2,531)	(2,411)	(2,134)	(2,103)
Administrative expense	(110)	(105)	(98)	(94)	(109)	(91)	(106)	(94)	(100)	(133)
Net changes in plan fiduciary net position	3,708	(13,154)	7,115	8,957	9,589	(2,839)	6,498	2,485	(462)	2,541
Plan fiduciary net position - beginning of year	60,225	73,379	66,264	57,307	47,718	50,557	44,059	41,574	42,036	39,495
Plan fiduciary net position - end of year (b)	$ 63,933	$ 60,225	$ 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)	$ 14,654	$ 14,600	$ (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	81.35 %	80.49 %	100.49 %	96.60 %	90.51 %	81.10 %	97.78 %	92.16 %	92.42 %	102.89 %
Covered payroll	$ 34,685	$ 16,317	$ 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	42.25 %	89.48 %	(1.09)%	7.04 %	18.61 %	35.09 %	4.19 %	13.65 %	12.09 %	(4.59)%

Notes to Schedule

Benefit changes: None
Changes in assumptions: None
Change in measurement date: Effective June 30, 2022, the DART Plan's fiscal year end changed to June 30. The changes in net pension liability (asset) reported under Fiscal Year 2022 reflects the six-month period from January 1, 2022 through June 30, 2022. Fiscal Years 2021 and prior reflect changes in net pension liability (asset) from January 1 through December 31.

See independent auditors' report.

Delaware Transit Corporation
Required Supplementary Information
June 30, 2024

Schedule of Contributions - Pension Plans

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
DTC Plan, as of June 30,										
Actuarially determined contribution	$ 1,517	$ 1,645	$ 1,826	$ 1,648	$ 1,493	$ 1,343	$ 1,255	$ 980	$ 1,104	$ 1,176
Contributions in relation to the actuarially determined contribution	1,517	1,645	1,826	1,648	1,493	1,343	1,255	1,104	1,104	1,176
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (124)	$ -	$ -
Covered payroll	$ 19,899	$ 19,111	$ 19,246	$ 18,215	$ 16,552	$ 15,099	$ 14,985	$ 14,161	$ 13,142	$ 12,261
Contributions as a percentage of covered payroll	7.62 %	8.61 %	9.49 %	9.05 %	9.02 %	8.89 %	8.38 %	7.80 %	8.40 %	9.59 %
DART Plan, as of June 30*,										
Actuarially determined contribution	$ 1,711	$ 1,735	$ 520	$ 1,251	$ 1,531	$ 1,465	$ 1,063	$ 1,027	$ 1,012	$ 857
Contributions in relation to the actuarially determined contribution	1,421	1,357	574	1,190	1,347	1,400	1,213	1,048	1,080	1,253
Contribution deficiency (excess)	$ 290	$ 378	$ (54)	$ 61	$ 184	$ 65	$ (150)	$ (21)	$ (68)	$ (396)
Covered payroll	$ 33,500	$ 34,685	$ 16,317	$ 32,633	$ 33,162	$ 32,277	$ 31,684	$ 27,383	$ 27,472	$ 28,203
Contributions as a percentage of covered payroll	4.24 %	3.91 %	3.52 %	3.65 %	4.06 %	4.34 %	3.83 %	3.83 %	3.93 %	4.44 %

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 DART Plan for Fiscal Year 2022; January 1 for the DART Plan for Fiscal Years 2021 and prior) for the year immediately following the fiscal year. Actuarial valuations are performed every year.

*Dart Plan year: The DART Plan activity reported under Fiscal Year 2022 reflects the six-month period from January 1, 2022 through June 30, 2022. The DART Plan activity for Fiscal Years 2021 and prior reflect activity from January 1 through December 31.

Continued...

	DTC Plan	*DART Plan*
Methods and assumptions used to determine contribution rates for 2023:		
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	Ranges from 8 to 18 years	15 years rolling
Asset valuation method	Five-year market smoothed	Five-year market smoothed
Inflation	2.0%	2.5%
Salary increases	5% for 0-4 years of service, 3.5% for 5-9 years, and 2.5% for 10 or more years	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	Pub-2010 general tables with generational projection using scale MP-2021	Sex distinct RP-2014 Blue Collar Mortality, Fully Generational, using Scal MP-2018

Delaware Transit Corporation
Required Supplementary Information
June 30, 2024

Schedule of Changes in Net OPEB Liability and Related Ratios

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability										
Service cost	$ 7,965	$ 12,867	$ 10,690	$ 12,581	$ 10,497	$ 11,454	$ 13,166			
Interest	6,009	4,006	4,358	5,696	5,571	5,786	4,801			
Changes of benefit terms	-	-	-	-	-	-	-			
Differences between expected and actual experience	(686)	4,551	(674)	(37,630)	(955)	(23,812)	(1,365)			
Changes in assumptions	(4,607)	(63,936)	19,483	18,030	15,478	1,137	(21,367)			
Benefit payments, including refunds of member contributions	(3,488)	(3,127)	(2,962)	(2,703)	(2,516)	(2,280)	(2,072)			
Net changes in total OPEB liability	5,193	(45,639)	30,895	(4,026)	28,075	(7,715)	(6,837)			
Total OPEB liability - beginning of year	164,937	210,576	179,681	183,707	155,632	163,347	170,184			
Total OPEB liability - end of year (a)	$ 170,130	$ 164,937	$ 210,576	$ 179,681	$ 183,707	$ 155,632	$ 163,347			
Plan fiduciary net position										
Contributions - employer	$ 3,488	$ 3,127	$ 2,962	$ 2,703	$ 2,516	$ 2,280	$ 3,572			
Net investment income	463	(882)	1,342	282	261	589	(20)			
Benefit payments, including refunds of member contributions	(3,488)	(3,127)	(2,962)	(2,703)	(2,516)	(2,280)	(2,072)			
Administrative expense	-	-	-	(11)	-	-	-			
Net changes in plan fiduciary net position	463	(882)	1,342	271	261	589	1,480			
Plan fiduciary net position - beginning of year	5,317	6,199	4,857	4,586	4,325	3,736	2,256			
Plan fiduciary net position - end of year (b)	$ 5,780	$ 5,317	$ 6,199	$ 4,857	$ 4,586	$ 4,325	$ 3,736			
Net OPEB liability - end of year (a) - (b)	$ 164,350	$ 159,620	$ 204,377	$ 174,824	$ 179,121	$ 151,307	$ 159,611			
Plan fiduciary net position as a percentage of total OPEB liability	3.40 %	3.22 %	2.94 %	2.70 %	2.50 %	2.78 %	2.29 %			
Covered payroll	$ 70,038	$ 65,425	$ 59,855	$ 58,119	$ 53,654	$ 52,732	$ 50,228			
Net OPEB liability as a percentage of covered payroll	234.66 %	243.97 %	341.45 %	300.80 %	333.84 %	286.94 %	317.77 %			

Information for Fiscal Year 2016 and earlier is not available.

Notes to Schedule

Benefit changes: None.
Changes in assumptions: The discount rate was changed from 3.69% as of June 30, 2022 to 3.86% as of June 30, 2023.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

Delaware Transit Corporation
Schedule of Revenues and Expenses Compared to Budget
Fiscal Year Ended June 30, 2024

	Budget	Actual	Positive (Negative)
Operating revenues			
Passenger fares	$ 10,303,038	$ 9,486,692	$ (816,346)
Advertising	750,000	848,301	98,301
Miscellaneous	300,000	919,933	619,933
Auxiliary transportation	4,250,000	4,985,986	735,986
Total operating revenues	15,603,038	16,240,912	637,874
Operating expenses before depreciation and amortization and bad debt	138,521,534	153,092,474	(14,570,940)
Operating expenses in excess of operating revenues before depreciation and amortization and bad debt	(122,918,496)	(136,851,562)	(13,933,066)
Nonoperating revenue (expenses)			
Federal operating assistance	33,310,996	16,589,137	(16,721,859)
Pass-through grant revenues	-	343,610	343,610
Pass-through grant expenses	-	(5,353,881)	(5,353,881)
Lease revenue	-	1,137,985	1,137,985
Interest revenue	-	239,278	239,278
Interest expense	-	(67,846)	(67,846)
Excess of nonoperating revenues over expenses	33,310,996	12,888,283	(20,422,713)
Transfers from DelDOT for operating purposes			
State operating assistance	89,607,500	98,156,093	8,548,593
State pass-though grant revenue	-	4,453,103	4,453,103
Total transfers for operating purposes	89,607,500	102,609,196	13,001,696
Loss before capital contributions, transfers, depreciation, amortization, investment income, loss on disposal of assets and bad debt	$ -	$ (21,354,083)	$ (21,354,083)

Please note this schedule is not presented in accordance with GAAP.

See independent auditors' report.

Delaware Transit Corporation
Combining Statement of Fiduciary Net Position -
Pension and OPEB Trust Fiduciary Funds
June 30, 2024

	DTC Plan	DART Plan	OPEB Trust	Total
Assets				
Current assets				
Cash and cash equivalents	$ 714,552	$ 1,017,372	$ 93,911	$ 1,825,835
Accounts receivable				
Accrued interest and dividends	2,246	103,013	-	105,259
Member contributions receivable	16,622	72,093	-	88,715
Employer contributions receivable	-	71,763	-	71,763
Total current assets	733,420	1,264,241	93,911	2,091,572
Noncurrent assets				
Investments, at fair value				
Fixed income	15,121,733	26,793,365	2,189,037	44,104,135
Domestic equities	19,186,085	27,887,115	2,784,512	49,857,712
International equities	10,082,938	14,435,920	1,464,226	25,983,084
Total noncurrent assets	44,390,756	69,116,400	6,437,775	119,944,931
Total assets	45,124,176	70,380,641	6,531,686	122,036,503
Liabilities				
Current liabilities				
Accrued expenses	-	47,491	-	47,491
Total current liabilities	-	47,491	-	47,491
Net position restricted for pension/ OPEB	$ 45,124,176	$ 70,333,150	$ 6,531,686	$121,989,012

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, 2024

	DTC Plan	DART Plan	OPEB Trust	Total
Additions				
Contributions				
Employer contributions	$ 1,517,691	$ 1,421,302	$ 3,923,122	$ 6,862,115
Member contributions	366,323	1,653,225	-	2,019,548
Total contributions	1,884,014	3,074,527	3,923,122	8,881,663
Investment earnings				
Net increase in fair value of investments	4,276,830	6,206,242	617,984	11,101,056
Interest and dividends	1,100,890	1,914,077	159,253	3,174,220
Investment costs	(91,223)	(167,457)	(24,809)	(283,489)
Net investment income	5,286,497	7,952,862	752,428	13,991,787
Total additions	7,170,511	11,027,389	4,675,550	22,873,450
Deductions				
Benefits paid	1,856,985	4,165,002	3,923,122	9,945,109
Refunds of contributions to members	-	332,398	-	332,398
Administrative expenses	124,539	129,915	-	254,454
Total deductions	1,981,524	4,627,315	3,923,122	10,531,961
Increase in net position	5,188,987	6,400,074	752,428	12,341,489
Net position restricted for pension/ OPEB				
Net position - beginning of year	39,935,189	63,933,076	5,779,258	109,647,523
Net position - end of year	$ 45,124,176	$ 70,333,150	$ 6,531,686	$121,989,012

See independent auditors' report.

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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 December 11, 2024. Our report includes a reference to other auditors who audited the financial statements of The DART Contributory Pension Plan, DTC Admin Pension Plan, and the DTC OPEB Trust Plan, as described in our report of Delaware Transit Corporation's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

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
December 11, 2024