

PREPARED BY THE  
FINANCE DIVISION

**COTA**

ANNUAL  
COMPREHENSIVE  
FINANCIAL  
*report*

CENTRAL OHIO TRANSIT AUTHORITY



**2021**

FOR THE FISCAL YEARS ENDING DECEMBER 31, 2021 & 2020

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# Central Ohio Transit Authority

## Annual Comprehensive Financial Report

### For the Fiscal Years Ended December 31, 2021 and 2020

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*introduction*



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## 2021 TRANSMITTAL *letter*

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July 29, 2022

### *To Members of the COTA Board of Trustees and the Citizens of Central Ohio:*

We are pleased to present our **Annual Comprehensive Financial Report** (Financial Report) of the Central Ohio Transit Authority (COTA) for the year ended December 31, 2021. This Financial Report includes financial statements and other financial and statistical data that conform to generally accepted accounting principles (GAAP) in the United States of America and in conformance with standards of financial reporting as established by the Government Finance Officers Association of the United States and Canada (GFOA).

COTA's Finance Division is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of COTA.

COTA is responsible for establishing and maintaining an internal control structure designed to protect its assets from loss, theft or misuse. The internal control structure is designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

***We believe the data presented is accurate in all material aspects*** and that all disclosures necessary have been included to enable the reader to acquire the maximum understanding of the COTA's financial activity.

The Auditor of the State of Ohio has issued an unmodified ("clean") opinion on COTA's financial statements for the year ended **December 31, 2021**. Based upon the audit, the independent auditor concluded there was a reasonable basis for rendering an unmodified opinion that COTA's financial statements for the year ended **December 31, 2021**, are fairly presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

COTA also participates in the federal single audit program, which consists of a single audit of all federally funded programs administered by COTA. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments,

## 2021 TRANSMITTAL *letter*

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including COTA. The single audit, performed by the Auditor of the State of Ohio, met the requirements set forth by the State of Ohio, as well as the audit requirements of Title 2 “U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance).

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). ***This Letter of Transmittal*** is designed to complement the MD&A and should be read in conjunction with it. COTA’s MD&A can be found immediately following the Independent Auditor’s Report.

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### REPORTING ENTITY

#### *General*

***COTA is an independent political subdivision of the State of Ohio with its own taxing power.***

It was established by an agreement executed on February 17, 1971, with Franklin County and the cities of Bexley, Columbus, Gahanna, Grandview Heights, Grove City, Hilliard, Reynoldsburg, Upper Arlington, Westerville, Whitehall and Worthington. In 2008, an amended agreement added the city of Dublin.

COTA is not dependent upon appropriations from any political subdivision for local funding. It is empowered by Ohio Revised Code to issue general obligation debt secured by its own taxing power.

#### *Governance*

***COTA is governed by a Board of Trustees vested by Ohio law*** with the powers necessary to manage COTA. The legislation and agreements establish that COTA provides for a 13-member board serving overlapping three-year terms. Board membership is apportioned as follows:

- City of Columbus, seven members
- Franklin County, two members
- Four members prorated among the 11 municipal corporations including Bexley, Dublin, Gahanna, Grandview Heights, Grove City, Hilliard, Reynoldsburg, Upper Arlington, Westerville, Whitehall and Worthington.

## 2021 TRANSMITTAL *letter*

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The appointments of the members within the group rotate among the municipal corporations. Members are appointed by the Mayor of the appropriate municipal corporation with the consent of its City Council. The Franklin County Board of Commissioners appoints the Franklin County representatives.

### *Administration*

The President/CEO, who is appointed by the Board, directs the administration of COTA, subject to the policies and supervision of the Board. The President/CEO selects the senior leadership team. A Table of Organization depicting the key functional responsibilities is shown on **page 11** of the introductory section.

### *Serving the Community*

***Reimagining our Experience*** was the theme of COTA's 2021 Annual Report. Guided by our strategic pillars, we are working to improve the customer experience, achieve organizational excellence, provide access to mobility options and prioritize the use of data and analytics. With principles of Equity, Diversity and Inclusion at the center of all we do, COTA is committed to these four pillars, acutely aware that our service directly impacts the economic viability of the Central Ohio community.

***2021 was a year of continued change for our world***, and Team COTA viewed every change as an opportunity. Our innovations included enhanced digital and mobile customer service solutions and artificial intelligence that improves traffic safety and reduces travel time. COTA expanded our on-demand mobility service, COTA//Plus, to offer more than 67,000 rides within the cities of Grove City and Westerville, and within 17 neighborhoods on the South Side of Columbus. We began adding our first all-electric, zero-emission transit vehicles, launching a multiyear initiative to help our community achieve carbon neutrality. We launched a dynamic, reimagined website constructed from direct customer feedback and the highest standards of accessibility. And day-to-day operations continue to adjust in real time to allow for the largest renovation in our history at the McKinley Avenue facility to provide modern, safer work environments for our team members and build infrastructure for a rapidly changing electric fleet.

At the heart of our advancements is an equitable new fare structure adopted by COTA's Board of Trustees to increase access to our services for customers who need them most. We simplified child discounts to help families, eliminated restrictions on transfers to benefit high-use riders, and eliminated upcharges on rush-hour lines to serve our community's workforce.

## 2021 TRANSMITTAL *letter*

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Our new technology, launched in **November 2021**, enables unique fare-capping technology, so customers never pay more than \$4.50 a day or \$62 a month, regardless of how many times they ride in a day. As a result, our cash-paying customers can save hundreds of dollars every year.

While fixed-route transit remained central to our service within the 562 square miles of Franklin County as well as in portions of Delaware, Fairfield, Licking and Union counties, service was delivered differently based on the unique needs and characteristics of individual neighborhoods. In addition to the nearly 8.9 million passengers served on our fixed-route system, COTA Mainstream and Mainstream On-demand provided more than 191,500 rides to individuals whose disabilities prevent them from accessing the fixed-route bus system.

***Thanks to the dedication of Team COTA***, we have kept our community in motion through the second year of a pandemic. As students in Columbus City Schools District returned to the classroom for hybrid learning in spring 2021, COTA partnered with the District to offer a Student Discount Pass Program. We are proud of our ability to pivot in transformative ways to serve our community during a time in which they needed us most.

Together with our partners at the City of Columbus, Franklin County and the Mid-Ohio Regional Planning Commission, we advanced the *LinkUS* initiative, Central Ohio's mobility and growth initiative that will shape the region for decades to come by reimagining mobility investments along key corridors to create greater access to mobility options to support economic development, housing, workforce access, quality of life and a safer cleaner environment. Two corridors – East and West — made significant progress in community input and development and were officially accepted into the Federal Capital Investment Grant (CIG) Program by the U.S. Department of Transportation Federal Transit Administration in October 2021. This is a critical step forward in Central Ohio's ability to partner with federal funding sources to implement transformational infrastructure for our region.

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## ECONOMIC OUTLOOK

The 2020 census reflected a population increase of nearly 250,000 in the Columbus metropolitan area, while the remainder of the state saw an increase of just 26,000. And with the region expected to grow to 3 million people by 2050, Columbus is poised to continue having a strong local economy. In light of COTA's reliance on sales tax revenue, the economy of the Central Ohio region is critical to funding the mobility services provided to the community. The region's economy consists largely of professional and service sectors with a focus on education, healthcare, finance, insurance and banking.

## 2021 TRANSMITTAL *letter*

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With a shift in consumption from services, which are typically excluded from sales tax to taxable goods, sales tax revenue has performed very well. In 2021, COTA's sales tax receipts increased 18.7% over the prior year. The average annual increase over the last five years has been 4.1%.

***This substantial increase was beneficial to the organization as it was the first year in which 10% of COTA's sales tax revenue was dedicated to the Capital Improvement Tax Fund.*** As such, we entered 2021 expecting the General Operating Fund to see a nearly 9% decrease from 2020 actual receipts, when in fact, receipts grew 4.1% considering only 90% of the revenue was attributable to the Fund.

The trend is continuing but slowing slightly with sales tax receipts through March 2022 reflecting an ***11.6% increase over 2021.***

In addition to strong sales tax receipts, COTA's financial position was strengthened due to federal funding provided under the American Rescue Plan Act of 2021 (ARPA), Coronavirus Aid Relief, and Economic Security Act of 2020. As a result of this funding, the COTA Board of Trustees approved the 2022 Operating Budget which reflected a one-time \$31.3 million deficit. Of that amount \$10.4 million was attributable to project expenditures that are not recurring in nature, while \$15.9 million was attributable to the Board of Trustee's new financial policy commitment to allocate 10% of sales tax revenue to the Capital Improvement Fund. The decision to utilize the reserves in this manner, which were built up substantially by this federal funding, was done so recognizing that when we invest in accessible, equitable public transportation, we open the door for hundreds of thousands of jobs, billions of dollars in economic activity, and most importantly, a more prosperous and vibrant community for all.

The Board of Trustees and the Leadership Team of COTA closely monitor the local economy for impacts on COTA's financial position. However, the stability of the Central Ohio Region combined with the growth that has occurred and is expected to occur lends itself to a strong regional economy moving forward.

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## FISCAL POLICIES AND PROCEDURES

### *Internal Control Structure*

The management of COTA is responsible for establishing and maintaining an adequate internal control structure. Internal accounting controls are designed to ensure that COTA's assets are protected from loss, theft or misuse and that adequate accounting data are compiled to allow for the preparation of the financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

***The concept of reasonable assurance recognizes two things:***

- that the cost of the control should not exceed the benefits likely to be derived
- that the valuation of costs and benefits requires estimates and judgment by management.

We believe COTA's internal control structure ***adequately safeguards assets and provides reasonable assurance*** of proper recording of financial transactions. Because of inherent limitations in any internal control structure, errors or irregularities nevertheless may occur and not be detected. Also, the projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

### ***Basis of Accounting***

COTA's financial records are maintained on the accrual basis of accounting. The activities are accounted for in a single-enterprise, proprietary-type fund. Additional information on COTA's accounting policies can be found in Note 2 in the Notes to the Financial Statements located on ***page 30***.

### ***Budgetary Controls***

In addition to internal accounting controls, COTA maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Trustees. This resolution is approved by the Board of Trustees in a public meeting, typically held in the month preceding a new fiscal year. Amendments to the annual appropriations, if needed, are approved by the Board of Trustees in a public meeting(s) throughout the fiscal year. The annual budget is prepared to support projects and initiatives identified as part of COTA's strategic plan.

Management control for the budget is maintained by not permitting total expenditures to exceed total appropriations without the approval of the Board of Trustees. It is the responsibility of each Division to administer its operations in a manner to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Trustees. Financial statements prepared on a budgetary basis, in accordance with generally accepted accounting principles, have been provided on ***page 69*** to demonstrate budgetary compliance.

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## OTHER INFORMATION

### *Use of This Report*

This report is published to provide to the Board of Trustees, as well as to Central Ohio residents and other interested persons, detailed information concerning the financial condition of COTA. We believe the information, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial activity of COTA; and that all disclosures necessary to enable the reader to gain the maximum understanding of COTA's financial activity have been included. Copies of this report will be available on COTA's website at [cota.com](http://cota.com).

### *2021 Awards and Recognition*

Achieving organizational excellence is one of COTA's strategic pillars. COTA's focus on solution-oriented thinking resulted in several accolades that speak to our team's innovative approach to mobility, as well as our central focus on equity, diversity, and inclusion (EDI).

#### ***The following are a list of accolades received by Team COTA in 2021:***

2021 Smart Business Magazine

#### **Columbus Smart 50 Award**

Joanna M. Pinkerton, President/CEO, COTA

Columbus Business First

#### **C-Suite Aware Honoree Recognition**

Joanna M. Pinkerton, President/CEO, COTA

#### **Best Companies for Women to Advance**

Parity.Org

Ohio Public Transit Association

Excellence Awards 2021

#### **Community Impact Award**

Olando Epps, Bus Operators/VERG Chair

U.S. Department of Labor

#### **Hire Vets Gold Medallion Award**

U.S. Department of Homeland  
Security/Transportation Security  
Administration

#### **TSA Patriot Award**

Amanda Brooks, Manager, Risk Assessment

American Public Transportation Association

#### **2021 Adwheel Grand Award**

COTA's Safe & Security Campaign

Columbus CEO

#### **Future 50 Class of 2022**

Aslyne Rodriguez, Director of  
Government Affairs

Leadership Columbus Program

#### **Graduate 2021**

Elizabeth Murch, Legal

## 2021 TRANSMITTAL *letter*

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2021 Intelligent Transportation  
Society of America  
**Best of Mobility On Demand Award**  
COTA//Plus and Bus On-Demand

2021 Columbus Business First/Columbus  
Inno BizTech Awards  
**Outstanding Innovation**  
COTA//Plus and Bus On-Demand

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to COTA for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. The Certificate of Achievement is the highest form of recognition for excellence in financial reporting. This was the 39th consecutive year that COTA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Financial Report. This report must satisfy both GAAP and applicable legal requirements.

***A Certificate of Achievement is valid for a period of one year only.*** We believe that our current Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

While we are proud of our external accolades, we also recognize our employees have learned a commitment to excellence starts from within our organization; driven by the needs and aspirations of our team members. COTA was proud to support four Employee Resource Groups in 2021 — The Veterans Employee Resource Group (VERG), Parents Activity Collaborating Together (PACT), Black Employees Leading Inclusion, Excellence, Vision and Education (BELIEVE), and Women for Inspiration, Strength and Excellence (WISE).

### ***Acknowledgments***

This Annual Comprehensive Financial Report reflects the dedicated efforts of the entire Finance Division, and in particular Joseph Homan, CPA, Chief Accountant. Our sincere appreciation is extended to everyone throughout the organization whose efforts have made this report possible.

### ***Kindest Regards,***



Joanna M. Pinkerton  
President/CEO



Erin W. Delffs  
Interim Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Central Ohio Transit Authority**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

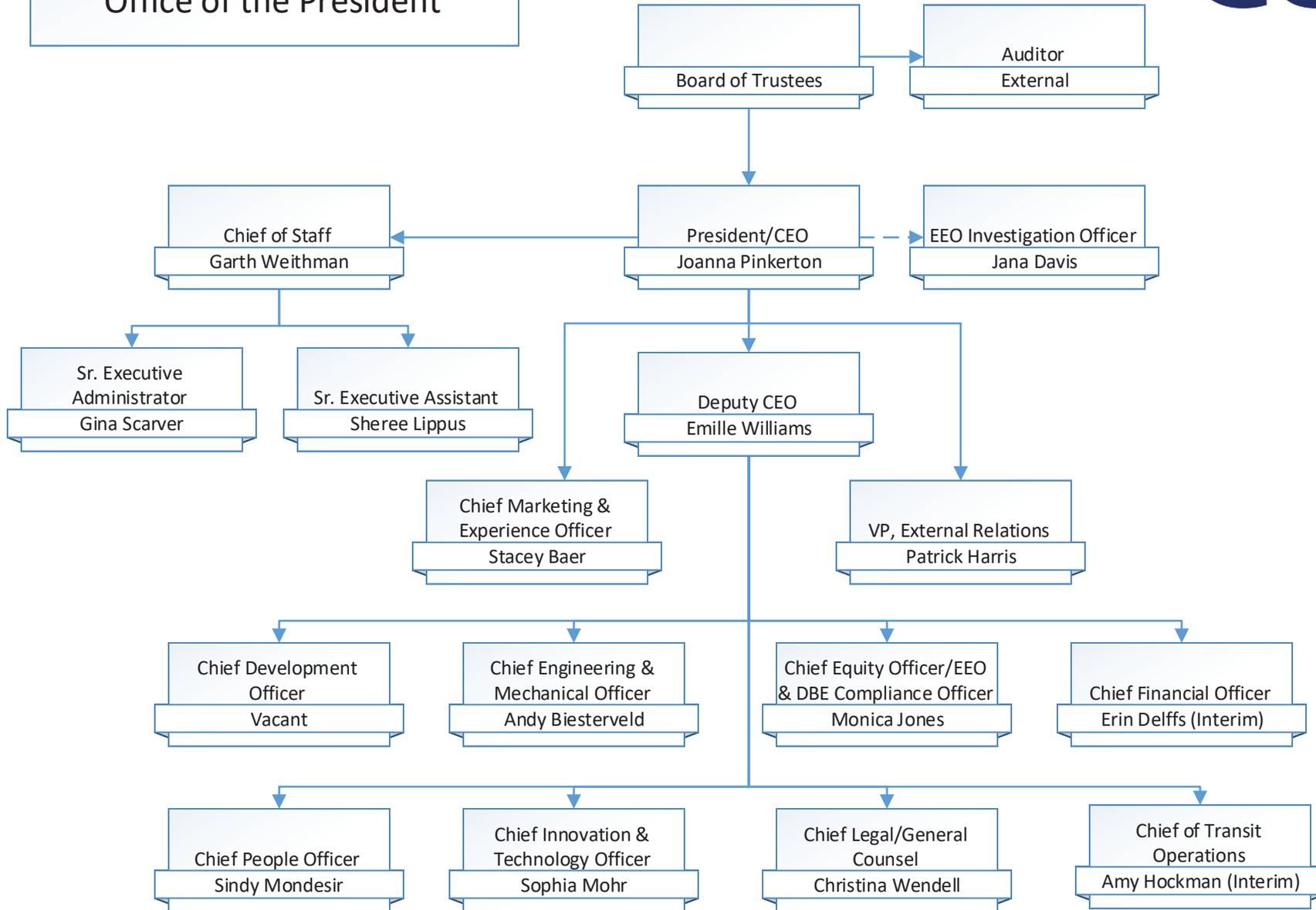
December 31, 2020

*Christopher P. Morrill*

Executive Director/CEO

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COTA  
Office of the President





**BOARD OF TRUSTEES**  
As of December 31, 2021

Chair	Craig P. Treneff Appointed by Franklin County
Vice-Chair	Marlon Moore Appointed by the City of Columbus
Trustee	Trudy A. Bartley Appointed by the City of Columbus
Trustee	Julie Colley Appointed by the City of Westerville
Trustee	Jennifer Gallagher Appointed by the City of Columbus
Trustee	Steven D. Gladman Appointed by the City of Grandview Heights
Trustee	Amy M. Landino Appointed by the City of Columbus
Trustee	Doug McCollough Appointed by the City of Reynoldsburg
Trustee	Sean Mentel Appointed by the City of Columbus
Trustee	Timothy Skinner Appointed by the City of Columbus
Trustee	Julie Sloat Appointed by the City of Columbus
Trustee	Kumi Walker Appointed by the City of Bexley

**ADMINISTRATION**

President/CEO	Joanna Pinkerton	Deputy CEO	Emille Williams
Chief Financial Officer	Erin Delffs (Interim)	Chief of Transit Operations	Amy Hockman (Interim)
Chief People Officer	Sindy Mondesir	Chief Development Officer	Vacant
Chief Legal/General Counsel	Christina Wendell	Chief Innovation Officer	Sophia Mohr
AVP, Gov't Affairs/Corp. Comm.	Patrick Harris	Chief Marketing/Experience Officer	Stacey Baer
Chief Equity Officer	Monica Jones	Chief Engineering & Mechanical Officer	Andy Biesterveld



*financials*

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT

Central Ohio Transit Authority  
Franklin County  
33 N. High Street  
Columbus, Ohio 43215

To the Board of Trustees:

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of the Central Ohio Transit Authority, Franklin County, Ohio (Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Central Ohio Transit Authority, Franklin County, Ohio as of December 31, 2021, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter**

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

#### **Other Matters**

The financial statements of the Central Ohio Transit Authority, Franklin County, (the Authority), as of and for the year ended December 31, 2020, were audited by a predecessor auditor whose report dated June 28, 2021, expressed an unmodified opinion on those statements.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

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

**Supplementary information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The *Supplemental Schedule of Revenues, Expenses and Changes in Net Position – Budget vs. actual (Accrual Basis)* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we will also issue our report dated June 29, 2022, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 29, 2022

# **CENTRAL OHIO TRANSIT AUTHORITY**

## **Management's Discussion and Analysis**

### **Years Ended December 31, 2021 and 2020**

#### **UNAUDITED**

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As the management of the Central Ohio Transit Authority (the Authority or COTA), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2021. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and identifying any significant changes in financial position. We encourage readers to consider the information presented here, in conjunction with the basic financial statements and notes to the financial statements, which follows this section and provides more specific detail

#### **Overview of Financial Highlights**

- The Authority has net position of \$541.8 million. Of this amount, \$287.3 million is invested in capital assets, net of accumulated depreciation.
- The Authority's net position increased by \$206.1 million in 2021 mainly due to increases in cash and investments of \$133.2 million and elimination of the net OPEB liability of \$72 million.
- Current assets of \$362.6 million consist of cash and cash equivalents of \$299.0 million, receivables of \$49.3 million (sales tax receivables of \$42.8 million, federal capital grant receivable of \$5.0 million, other receivables of \$1.6 million), inventory of \$4.6 million, Board designated assets of \$7.8 million and other assets of \$1.9 million.
- Current liabilities of \$21.1 million primarily consist of accrued payroll and fringe benefits of \$10.8 million, and accounts payable of \$4.4 million.
- The Authority's long-term liabilities of \$70.8 million primarily consists of the net pension liability of \$69.0 million.

#### **Basic Financial Statements and Presentation**

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

The Statements of Net Position on page 27 presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between these reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position, on page 28, present information showing how the Authority's net position changed during the year. These statements summarize operating revenues and expenses along with non-operating revenues and expenses. In addition, these statements list capital grant revenues received from federal and state/local governments.

The Statements of Cash Flows on page 29 allow financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. These statements are classified into four categories: 1) cash flows from operating activities, 2) cash flows from non-capital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2021 and 2020**  
**UNAUDITED**

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to full understanding of the data provided in the financial statements. The notes to the financial statements are on pages 30-58.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension and OPEB liabilities. The required supplementary information can be found on pages 60-68 of this report.

**Financial Analysis of the Authority**

Condensed Summary of Net Position

The Authority's comparative analysis of the condensed summary of Net Position is as follows:

Description	2021	2020	2019
<b>Assets</b>			
Current Assets	\$ 354,823,903	\$ 230,329,189	\$ 207,186,510
Board Designated Assets (current)	7,773,122	10,554,040	13,221,556
Total Current Assets	<u>362,597,025</u>	<u>240,883,229</u>	<u>220,408,066</u>
Non-Current Assets	10,487,027	54,777	53,555
Board Designated Assets (non-current)	16,105,396	16,092,234	15,978,630
Capital Assets (net of accumulated depreciation)	289,912,772	264,073,768	235,687,233
Total Non-Current Assets	<u>316,505,195</u>	<u>280,220,779</u>	<u>251,719,418</u>
<b>Total Assets</b>	<b>679,102,220</b>	<b>521,104,008</b>	<b>472,127,484</b>
<b>Deferred Outflows of Resources</b>	<b><u>23,391,520</u></b>	<b><u>49,065,292</u></b>	<b><u>42,413,340</u></b>
<b>Liabilities</b>			
Current Liabilities	21,080,807	21,770,942	18,854,088
Non-Current Other Liabilities	1,748,653	2,081,090	2,489,429
Net Pension Liability	69,037,032	102,189,495	110,351,252
Net OPEB Liability	-	72,044,732	53,405,611
Total Liabilities	<u>91,866,492</u>	<u>198,086,259</u>	<u>185,100,380</u>
<b>Deferred Inflows of Resources</b>	<b><u>68,843,682</u></b>	<b><u>36,433,669</u></b>	<b><u>10,774,320</u></b>
<b>Net Position</b>			
Net Position Investment in Capital Assets	287,349,366	264,073,768	235,687,233
Net Position Unrestricted	254,434,200	71,575,604	82,978,891
Total Net Position	<u>\$ 541,783,566</u>	<u>\$ 335,649,372</u>	<u>\$ 318,666,124</u>

The net pension liability (NPL) is reported pursuant to GASB 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27" and the Other Postemployment Benefits (OPEB) are reported in accordance with GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". These two standards significantly revised accounting for costs and liabilities related to pension and OPEB plans. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or OPEB liability. Both GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 required the net pension liability and the net OPEB liability to equal the Authority's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement systems. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

In accordance with GASB 68 and GASB 75, the Authority's statements include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

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Most of the Authority's Net Position reflects investment in capital assets such as buses, maintenance equipment, and operating facilities. The Authority uses these capital assets to provide public transportation services for Franklin County and portions of the cities of Columbus, Dublin, Reynoldsburg, and Westerville that are located in counties adjacent to Franklin County. The Authority's investment in capital assets as of December 31, 2021 amounts to \$287.3 million. The increase in COTA's investment in capital assets in 2021 was \$25.8 million.

Major capital asset events during 2021 included the following:

- Purchase of 28 Heavy Duty CNG Transit Buses and 25 Paratransit Vehicles
- Purchase of Greyhound's Downtown Columbus Inter-State Transit Facility

Contributions to construction in progress including the following projects:

- Fields Avenue Renovation
- Development of Information Technology Systems and Infrastructure

Additional information on the Authority's capital assets can be found in Note 6, page 24 in the Notes to the Financial Statements.

The Authority's current assets at the end of 2021 are composed of cash and cash equivalents (82.47%), receivables (13.60%), inventory (1.26%), and other assets (2.68%) consisting predominately of Board designated cash and prepaid expenses.

In 2021, the Authority's total liabilities, other than net pension and net OPEB liabilities, decreased \$1.0 million due to timing of accruals. The decrease in the net OPEB liability of \$72.0 million On January 15, 2020, OPERS approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the Authority at December 31, 2021. These changes along with changes in assumptions related to an increase in discount rate from 3.16% to 6.00% significantly decreased the total OPEB liability for the measurement date December 31, 2020.

**Expenses by Functional Category**

The Statements of Revenues, Expenses and Changes in Net Position are presented on the next page with explanations and analysis. The Authority's operating expenses, excluding leases and rentals and depreciation, can be classified by functional category as defined by the Authority's National Transit Database Report (NTDR) and are summarized in the following table:

Description	2021	2020	2019
Vehicle Operations	\$ 82,987,714	\$ 98,805,823	\$ 92,751,877
Vehicle Maintenance	27,282,743	30,102,497	32,050,147
Facilities Maintenance	9,702,090	11,834,651	8,760,703
General and Administrative	39,939,078	41,733,861	36,490,242
	<u>\$ 159,911,625</u>	<u>\$ 182,476,832</u>	<u>\$ 170,052,969</u>

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Condensed Summary of Revenues, Expenses and Changes in Net Position:

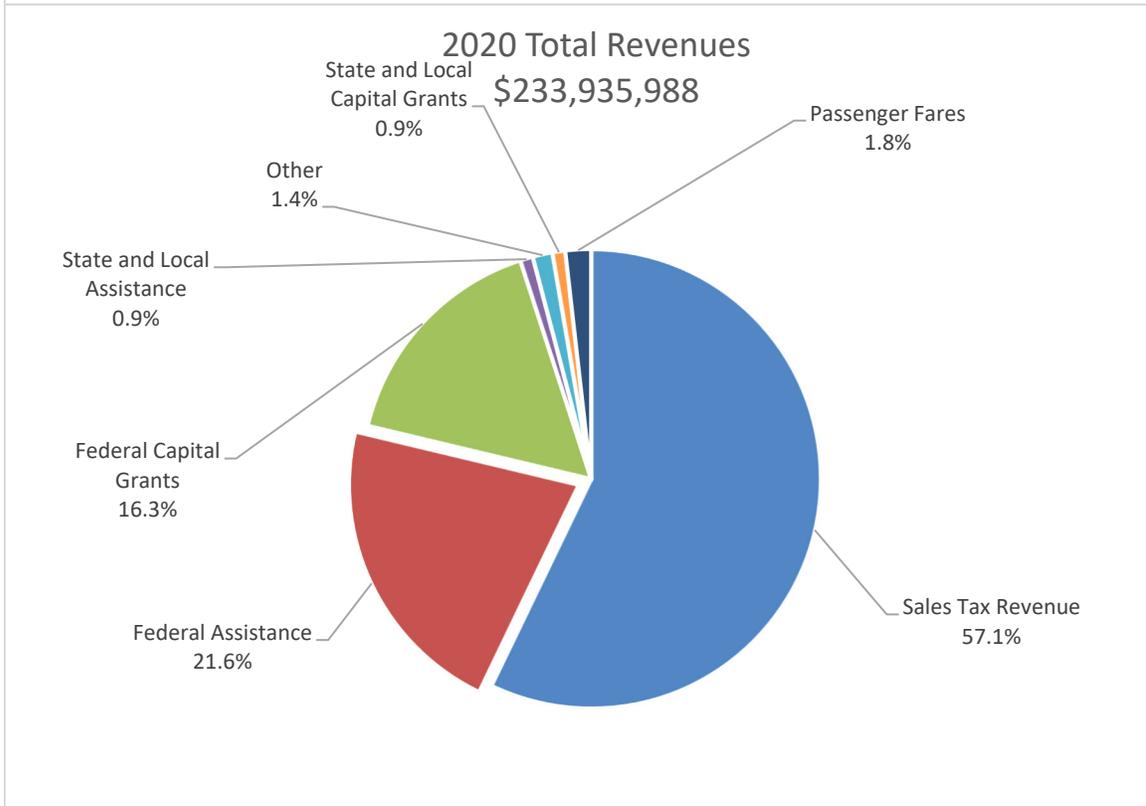
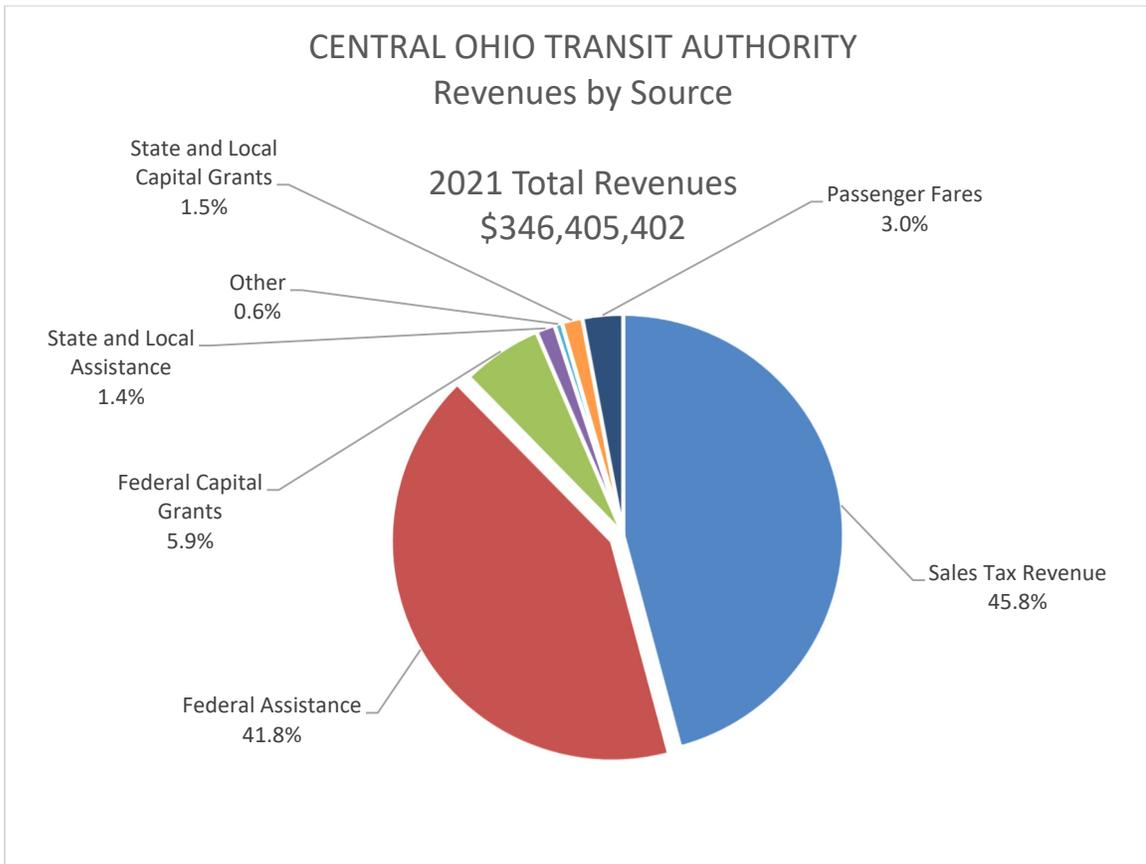
Description	2021	2020	2019
Operating Revenues			
Passenger Fare Revenues	\$ 10,274,922	\$ 4,166,012	\$ 18,208,917
Special Services Revenue	619,460	200,487	822,880
Total Operating Revenues	<u>10,894,382</u>	<u>4,366,499</u>	<u>19,031,797</u>
Non-Operating Revenues			
Sales Tax Revenues	158,738,492	133,699,649	135,701,616
Federal Operating Assistance	144,901,343	50,601,514	436,008
State Operating Assistance	4,223,160	1,783,392	748,250
Local Operating Assistance	606,019	255,975	-
Investment Income	337,116	1,188,206	3,976,278
Non-transportation and Other Revenues	945,004	1,792,205	1,557,032
Total Non-Operating Revenues	<u>309,751,134</u>	<u>189,320,941</u>	<u>142,419,184</u>
Total Revenue before Capital Grants	<u>320,645,516</u>	<u>193,687,440</u>	<u>161,450,981</u>
Operating Expenses			
Labor	79,932,401	63,664,363	64,771,226
Fringe Benefits	(28,742,152)	69,144,543	56,782,782
Materials and Supplies and Fuel	14,270,531	14,489,287	18,607,643
Purchased Transportation	9,149,049	10,630,800	8,778,525
Services	20,123,531	18,811,102	14,505,867
Other Expenses	6,275,048	5,942,973	6,780,261
Depreciation Expense	32,959,706	30,556,473	29,499,960
Total Operating Expenses	<u>133,968,114</u>	<u>213,239,541</u>	<u>199,726,264</u>
Non-Operating Expenses			
Loss on Disposal of Capital Assets	843,639	1,010,270	74,904
Regional Transit Subsidy	4,023,607	2,242,304	3,585,334
Fair Value Adjustment	1,361,364	-	-
Non-Operating Project Expense	74,484	460,625	289,012
Total Non-Operating Expense	<u>6,303,094</u>	<u>3,713,199</u>	<u>3,949,250</u>
Change before Capital Grants	180,374,308	(23,265,300)	(42,224,533)
Capital Grant Revenues			
Federal	20,505,100	38,079,805	25,015,028
State	5,178,067	1,614,766	-
Local	76,719	553,977	192,224
Total Capital Grant Revenues	<u>25,759,886</u>	<u>40,248,548</u>	<u>25,207,252</u>
Change in Net Position during the Year	<u>\$ 206,134,194</u>	<u>\$ 16,983,248</u>	<u>\$ (17,017,281)</u>

**Requests for Information**

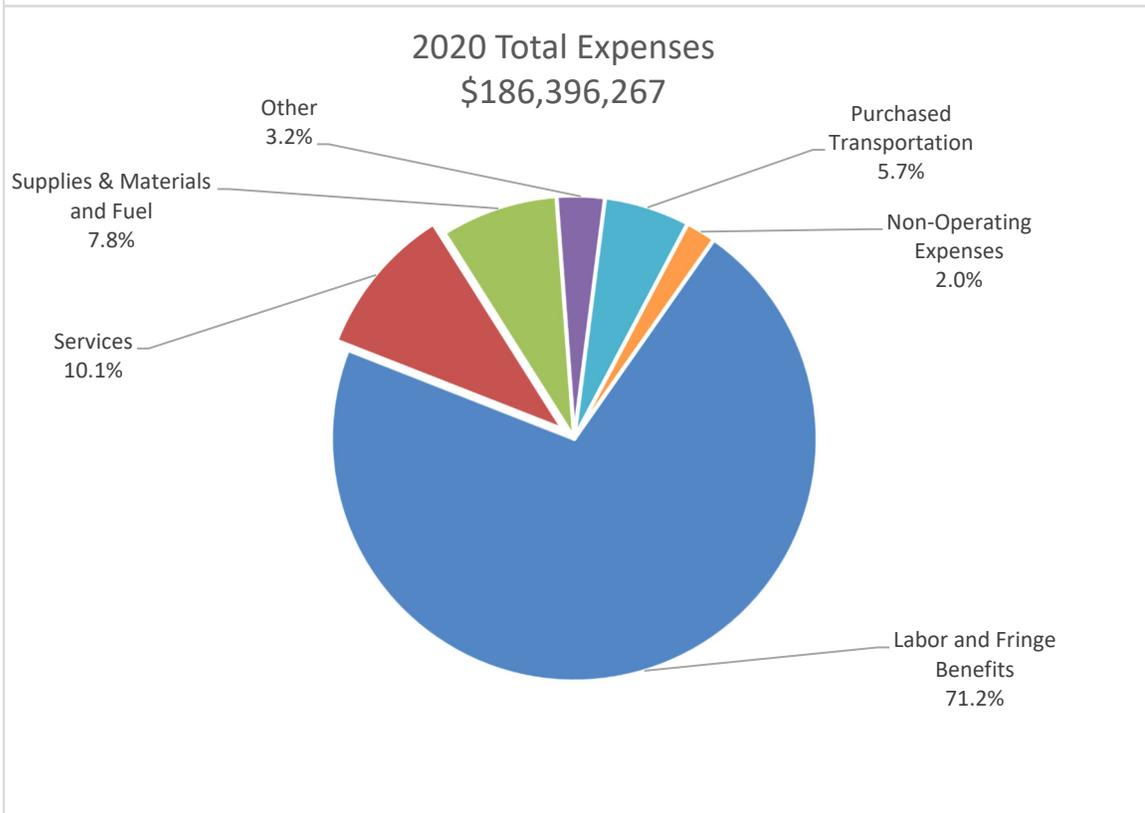
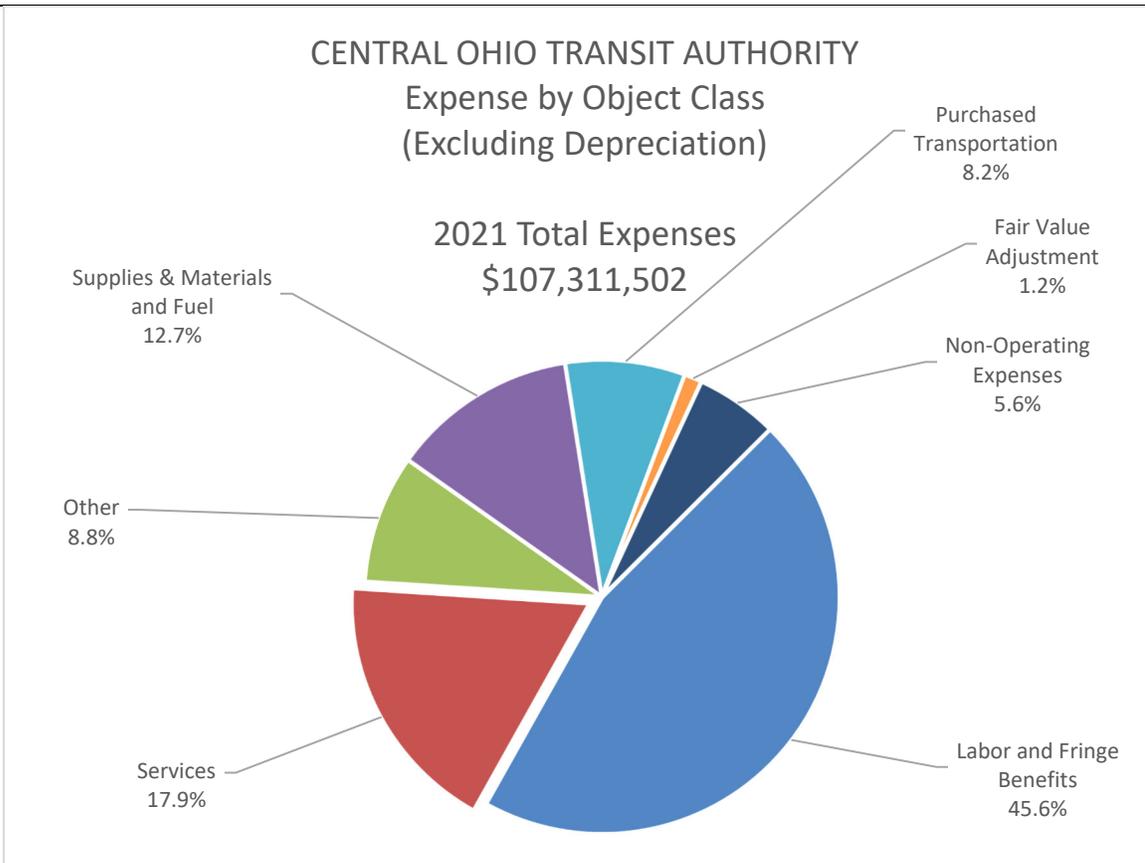
This financial report is designed to provide a general overview of the Central Ohio Transit Authority's financial status and performance. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Office of Chief Financial Officer  
Central Ohio Transit Authority  
William J. Lhota Building  
33 N. High Street  
Columbus, OH 43215  
www.cota.com

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**Revenues**

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

**Passenger Fares** are comprised of farebox revenues and special services revenues. When compared to 2020, the 2021 farebox revenue is up 146.64% as a result of the suspension of ridership fares in response to the COVID-19 pandemic in 2020. Fare revenue in 2020 was down 77.1% when compared to 2019 as a result of the suspension of ridership fares in response to the COVID-19 pandemic .

**Sales Tax Revenues** are received from a permanent .25% sales tax levy approved by voters in November 1999 and a temporary .25% sales tax levy approved by voters in November 2016 applicable to the Authority's service area for a ten-year period. In 2021, 2020, and 2019, the Authority saw a 18.7%, -1.5%, and 3.3% change in sales tax revenue, respectively. The Sales tax saw a slight decrease in 2020 due to the COVID pandemic restriction on economic activity decreased slightly. As the restrictions eased in 2021, economic activity increased and the sales tax grew as a result.

**Federal Assistance** is received from the Federal Transit Administration (FTA). In 2021, 2020, and 2019, COTA received operating assistance through §5310 to offset the cost of mobility services.

**Federal Capital Grants** are received from the Federal Transit Administration (FTA). Eligible expenditures fall into two general categories: capital expenditures and other expenditures which are limited to specific programs. The Authority's funding, as authorized in the *Moving Ahead for Progress in the 21st Century, (MAP-21)*, comes primarily from §5307 which is the Urbanized Area Formula Program. The Authority utilizes these funds primarily for capital programs, transit improvements and enhancements. In 2021, 2020, and 2019, the Authority's §5307 funding allocation decreased 46.2% and increased 52.2% and 653.7%, respectively.

**State and Local Assistance** is the combination of two (2) revenue sources. 1.) The reimbursement of Ohio State fuel taxes. COTA is required to remit state taxes on diesel fuel but is refunded \$0.46 of the \$0.47 per gallon paid. 2.) In 2021, Local Assistance included subsidized payments from various city to offer on-demand micro-transit services.

**Investment Income** is earned on invested funds. In 2021, 2020, and 2019, the Authority recognized -71.63%, -70.1%, and 20.1% change, respectively in investment income. These changes are directly impacted by decreasing interest rates and cash balances.

**Non-Transportation and Other Revenue** consists of auxiliary transportation and non-transportation revenue. Non-transportation revenue includes miscellaneous income items such as rental income. In 2021, 2020, and 2019 respectively, the Authority recognized a -47.3%, 15.1%, and 27.5% change in Non-Transportation and Other Revenue. In 2021, the decrease was due to the Authority receiving one-time reimbursement payments during 2019 for information technology improvements to the vehicle fleet from the Smart Columbus program.

**State and Local Capital Grants** State and Local Capital Grants are Ohio Department of Transportation urban transit grants. The amount of the 2021 increase the State Fiscal Year (SFY)2020 and 2021 were received in 2021. The SFY2020 grant was for \$2,572,536 and the SFY2021 grant was for \$2,605,531. Both of these grants were used to pay for 5 CNG buses (5 per grant) and paid for 80% of the buses. This funding made up 1.5% of COTA's 2021 total revenue.

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**Expenses**

**Labor** includes hourly wages paid to union represented employees (bus operators, mechanics and facility maintenance personnel), and salaries and wages paid to administrative staff (clerical, supervisory and management personnel). In 2021 and 2020, the Authority recognized a 25.55% and -1.7% change, respectively, in labor expense. In 2021, the increase in labor was the result of scheduled increases related to the Authority's collective bargaining units and those provided to non-union staff. In 2020 the labor costs saw a slight decrease due to administrative staffing changes resulting from the COVID Pandemic and reduction in routes.

**Fringe Benefits** consist primarily of vacation, sick and holiday pay, pension and OPEB expenses and employee medical benefits. Required employer contributions to OPERS were made at the rate of 14% of total gross taxable wages. The negative fringe benefit expense in 2021 were due to structural changes made by OPERS to their OPEB benefits, which eliminated the liability for OPERS expense and instead the Authority now has an OPEB asset.

**Materials and Supplies** include the Authority's diesel fuel expense and parts used to maintain buses and facilities. In 2021, 2020, and 2019, the Authority recognized a 5.2%, -37.6%, and 6.2% change, respectively, in fuel expenses incurred. The increase in 2021 was due to the increase in routes resulting from the return of ridership due to the easing of the COVID Pandemic restrictions. The decrease in 2020 was due to the reduction in routes resulting from the loss of ridership due to COVID Pandemic. During the year fuel prices were extremely low as a result of the lower demand. Travel restrictions caused lower than normal demands on the usage. The increase in 2019 was due to increases in the commodity pricing, offset by the lower cost of natural gas. In 2021, 2020, and 2019, the Authority recognized a -3.63%, -15.5%, and 12.4% change, respectively, in materials and supplies (excluding fuel). The majority of the material and supply costs for the Authority are related to parts for the repair and maintenance of revenue buses and materials used to maintain Authority owned facilities. Increased material and supply costs, exclusive of fuel, are directly related to service expansions year over year.

**Purchased Transportation** expenses are amounts paid to private local contractors for the Authority's door-to-door Project Mainstream service. Project Mainstream provides service-on-demand in minibuses equipped with wheelchair lifts for persons with disabilities. Contracted costs are based on a fixed fee in addition to a variable rate based on revenue hours provided. In 2021, 2020, and 2019, the Authority recognized a -13.9%, 21.1%, and 11.6% change respectively. In response to the COVID Pandemic, COTA supplemented its fixed route service with the purchased transportation contract. While ridership was suppressed, capacity restrictions put in place to encourage social distancing resulted in tradition fixed route services not being able to meet the travel demands of the community. As such, service providers transported customers who were passed up by the fixed route services. The elimination of the capacity restrictions no longer necessitated the additional services provided by the contractor, reducing costs in 2021 as compared to 2020. Prior to the pandemic, 2019 saw a significant expense increase as a result of expanding services to include the provision of direct, door-to-door services to Mainstream customers.

**Services** are provided by outside contractors to assist the Authority in completing professional, technical, consulting and maintenance related projects. In 2021, 2020, and 2019 the Authority recognized a 6.9%, 29.7%, and 33.0% change, respectively, in the cost of services. These changes are mainly driven by information technology consultants, software maintenance, outside consulting for planning projects and outsourced facility maintenance expenses. Additional contractual services was required to perform tasks required during the COVID Pandemic, focus on changes from an on-premise work force to a remote work force, and provide additional sanitization for the coaches and facilities to remain operational throughout the COVID Pandemic.

**Other Expenses** consist primarily of utilities, taxes, advertising, leases and rentals, claims and insurance and other miscellaneous expenses. In 2021, 2020, and 2019, the Authority recognized a 5.6%, -12.3%, and 5.2% change, respectively, in other expenses, mostly driven by decrease in travel for staff, reduction in advertising expense, and decrease in cost not associated with direct operations.

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**Depreciation Expense** In 2021, 2020, and 2019, the Authority recognized 7.9%, 3.6%, and 0.2% increases respectively, over prior year depreciation expense. Depreciation in 2021 was consistent with prior year.

**Non-Operating Expense** As a result of the 2010 US census, the City of Delaware has been classified as a part of the Columbus Metropolitan Statistical Area (MSA). This change was effective with Federal Fiscal Year 2013 which affected the funding status of the Delaware Area Transit Authority (DATA) moving them from a rural transit funded through Ohio Department of Transportation (ODOT) to an urban transit funded directly from the Federal Transit Administration via Section 5307 formula funds. The change has had a detrimental impact on DATA's ability to utilize their federal funds from the urbanized area. DATA is unable to meet the local funding requirements to utilize their portion of the federal funding. With the assistance of MORPC, COTA and DATA entered into an agreement that specified the method of allocation that will be used going forward to split the 5307 funds awarded to the Columbus MSA on an annual basis. The allocation that DATA receives from this split is significantly less than the funding they received under the rural program administered by ODOT. In recognition of the financial dilemma that DATA is in, ODOT and COTA have entered into an agreement whereby DATA will receive local funding from COTA for use in public transportation in Delaware County and the FTA, upon advisement by ODOT, will transfer an equal amount of federal funds to COTA. In 2021, 2020, and 2019, \$4,023,607, \$2,242,304, and \$3,585,334 respectively, was transferred to Delaware Area Transit Authority.

The Authority has several on-going capital projects that require the improvement of assets that are not owned by the Authority. Such expenses cannot be classified as capital expenses of the project nor can they be classified as operating expenses of the Authority. In 2021, 2020, and 2019 these non-operating projects expenses were \$74,484, \$460,625, and \$289,012, respectively.

**Current Financial Related Activities**

As we look ahead and step into what is next, COTA will continue to do so through a lens of learned resiliency and determination. COTA's plans for the future of mobility in our region are stronger than ever, and they will require a tremendous amount of community support to achieve. When we invest in accessible, equitable public transportation, we open the door for hundreds of thousands of jobs, billions of dollars in economic activity and, most importantly, a more prosperous and vibrant community for all. COTA's capital investment plan includes vehicles and vehicle maintenance facilities, shelters, benches and trash bins, park and rides, transit centers and, high-tech computer and security related systems. As Central Ohio continues to experience rapid population and job growth, COTA is positioning itself to meet the area's growing mobility needs.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS:</b>		
CURRENT ASSETS:		
Equity in pooled cash and cash equivalents	\$ 299,025,498	\$ 163,096,630
Receivables:		
Sales tax	42,778,576	36,915,123
Federal capital grants receivable	4,694,456	22,294,902
Federal operating assistance	281,728	202,190
Other	1,550,031	1,618,883
Inventory of materials and supplies	4,550,855	4,532,405
Other	1,942,759	1,669,056
Board designated:		
Cash and cash equivalents - capital grants	7,773,122	10,554,040
Investments - self insurance	16,105,396	16,092,234
<b>TOTAL CURRENT ASSETS</b>	<b>378,702,421</b>	<b>256,975,463</b>
NON-CURRENT ASSETS:		
Net pension asset	1,664,746	-
Net OPEB asset	8,413,707	-
Fair value of derivative	408,574	54,777
Capital assets:		
Non-depreciable land	10,908,509	10,908,509
Non-depreciable construction in progress	30,941,924	63,900,606
Depreciable capital assets, net	248,062,339	189,264,653
Total capital assets, net	289,912,772	264,073,768
<b>TOTAL NON-CURRENT ASSETS</b>	<b>300,399,799</b>	<b>264,128,545</b>
<b>TOTAL ASSETS</b>	<b>679,102,220</b>	<b>521,104,008</b>
DEFERRED OUTFLOWS OF RESOURCES:		
Pension	15,690,482	29,122,296
OPEB	7,701,038	19,942,996
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>23,391,520</b>	<b>49,065,292</b>
<b>LIABILITIES:</b>		
CURRENT LIABILITIES:		
Accounts payable	4,410,461	7,441,913
Accrued payroll and fringe benefits	10,886,845	10,576,318
Accrued payroll taxes	2,484,405	1,165,325
Estimated workers' compensation claims	220,357	478,120
Estimated health insurance claims	1,598,739	-
Estimated claims payable	1,183,517	485,000
Other current liabilities	296,483	1,624,266
<b>TOTAL CURRENT LIABILITIES</b>	<b>21,080,807</b>	<b>21,770,942</b>
NON-CURRENT LIABILITIES:		
Accrued fringe benefits	820,319	1,300,378
Estimated workers' compensation claims	928,334	693,812
Estimated claims payable	-	86,900
Net pension liability	69,037,032	102,189,495
Net OPEB Liability	-	72,044,732
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>70,785,685</b>	<b>176,315,317</b>
<b>TOTAL LIABILITIES</b>	<b>91,866,492</b>	<b>198,086,259</b>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflow from derivative instruments	408,574	54,777
Pension	38,438,523	24,167,154
OPEB	29,996,585	12,211,738
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>68,843,682</b>	<b>36,433,669</b>
<b>NET POSITION:</b>		
Net investment in capital assets	287,349,366	264,073,768
Unrestricted	254,434,200	71,575,604
<b>TOTAL NET POSITION</b>	<b>\$ 541,783,566</b>	<b>\$ 335,649,372</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CENTRAL OHIO TRANSIT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES:</b>		
Passenger fares for transit service	\$ 10,274,922	\$ 4,166,012
Special transit fares	619,460	200,487
Total operating revenues	<u>10,894,382</u>	<u>4,366,499</u>
<b>Operating expenses:</b>		
Labor	79,932,401	63,664,363
Fringe benefits	(28,742,152)	69,144,543
Materials and supplies	10,592,450	10,991,246
Fuel	3,678,081	3,498,041
Purchased transportation	9,149,049	10,630,800
Services	20,123,531	18,811,102
Utilities	3,116,931	2,556,023
Taxes	588,557	760,478
Leases and rentals	147,190	206,236
Claims and insurance, net of settlements	355,392	594,645
Advertising	788,972	351,594
Miscellaneous	1,278,006	1,473,997
Total	<u>101,008,408</u>	<u>182,683,068</u>
Depreciation	<u>32,959,706</u>	<u>30,556,473</u>
Total operating expenses	<u>133,968,114</u>	<u>213,239,541</u>
Operating income (loss)	<u>(123,073,732)</u>	<u>(208,873,042)</u>
<b>Nonoperating revenues (expenses):</b>		
Sales tax revenues	158,738,492	133,699,649
Federal operating grants	144,901,343	50,601,514
State operating grants, reimbursements and special fare assistance	4,223,160	1,783,392
Local operating grants	606,019	255,975
Investment income	337,116	1,188,206
Fair value adjustment	(1,361,364)	-
Regional transit subsidy	(4,023,607)	(2,242,304)
Non-operating project expense	(74,484)	(460,625)
Non-transportation and other revenue	945,004	1,792,205
Gain (loss) on sale of capital assets	(843,639)	(1,010,270)
Total nonoperating revenues (expenses)	<u>303,448,040</u>	<u>185,607,742</u>
Change before capital grants	180,374,308	(23,265,300)
<b>Capital grant revenues:</b>		
Federal	20,505,100	38,079,805
State	5,178,067	1,614,766
Local	76,719	553,977
Total	<u>25,759,886</u>	<u>40,248,548</u>
Change in net position	206,134,194	16,983,248
<b>Net position at beginning of year</b>	<u>335,649,372</u>	<u>318,666,124</u>
<b>Net position at end of year</b>	<u>\$ 541,783,566</u>	<u>\$ 335,649,372</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CENTRAL OHIO TRANSIT AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 10,070,071	\$ 4,366,499
Cash payments to suppliers for goods and services	(54,230,929)	(47,726,120)
Cash payments to employees for services	(79,621,874)	(62,236,913)
Cash payments for employee benefits	(26,388,989)	(40,354,716)
Other receipts	619,460	1,299,429
Net cash provided by (used in) operating activities	<u>(149,552,261)</u>	<u>(144,651,821)</u>
<b>Cash flows from noncapital financing activities:</b>		
Sales taxes received	152,875,039	132,987,322
Federal operating assistance received	144,821,805	51,230,734
Local assistance provided	(4,023,607)	(2,242,304)
State operating and other assistance received	4,223,160	1,783,392
Non-transportation and other revenue	945,004	-
Local operating and other assistance received	606,019	255,975
Net cash provided by (used in) noncapital financing activities	<u>299,447,420</u>	<u>184,015,119</u>
<b>Cash flows from capital and related financing activities:</b>		
Federal capital grants received	38,105,546	28,952,269
State capital grants received	5,178,067	1,614,766
Local capital grants received	76,719	553,977
Acquisition and construction of capital assets	(59,365,494)	(60,335,713)
Acquisition and construction of non-capital project expenses	(74,484)	(460,625)
Proceeds from sale of capital assets	369,847	65,151
Net cash used in capital and related financing activities	<u>(15,709,799)</u>	<u>(29,610,175)</u>
<b>Cash flows from investing activities:</b>		
Fair value adjustment	(1,361,364)	-
Interest received	337,116	1,188,206
Net cash provided by (used in) investing activities	<u>(1,024,248)</u>	<u>1,188,206</u>
Net increase (decrease) in cash and cash equivalents	133,161,112	10,941,329
<b>Cash and cash equivalents at beginning of year</b>	<u>189,742,904</u>	<u>178,801,575</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 322,904,016</u>	<u>\$ 189,742,904</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ (123,073,732)	\$ (208,873,042)
Adjustments:		
Depreciation	32,959,706	30,556,473
Other receipts	-	1,792,205
Changes in assets, deferred inflows, liabilities and deferred outflows:		
Decrease (increase) in other receivables	(273,703)	(45,988)
Decrease (increase) in materials and supplies inventory	(18,450)	55,981
Decrease (increase) in other assets	68,852	
Decrease (increase) in net pension asset	(1,664,746)	
Decrease (increase) in net OPEB asset	(8,413,707)	(446,788)
Decrease (increase) in deferred outflows for pension/OPEB	25,673,772	(6,752,237)
Increase (decrease) in accounts payable, accrued compensation self insurance liabilities, and other	(1,669,274)	2,926,084
Increase (decrease) in net pension liability	(33,152,463)	(8,161,757)
Increase (decrease) in net OPEB liability	(72,044,732)	18,639,121
Increase (decrease) in deferred inflows for pension/OPEB	32,056,216	25,658,127
Net cash provided by (used in) operating activities	<u>\$ (149,552,261)</u>	<u>\$ (144,651,821)</u>
Supplemental Disclosure of Noncash Activity:		
Capital assets acquired through accounts payable	<u>\$ 2,563,406</u>	<u>\$ 2,661,134</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

# CENTRAL OHIO TRANSIT AUTHORITY

## Notes to Financial Statements

### Years Ended December 31, 2021 and 2020

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#### (1) Organization and Reporting Entity

##### **Organization**

The Central Ohio Transit Authority (COTA or the Authority) is an independent, special purpose subdivision of the State of Ohio. The Authority was created on February 17, 1971, pursuant to Sections 306.30 through 306.53 of the Ohio Revised Code for the purpose of providing public transportation in Central Ohio, primarily Franklin County and surrounding areas. The Authority commenced operations on January 1, 1974. As a political subdivision, the Authority is distinct from, and is not an agency of, the State of Ohio or any other local government unit.

Under Ohio law, the Authority is authorized to levy a sales and use tax for transit purposes, including both capital improvement and operating expenses, in 0.25% increments up to a maximum rate of 1.5% if approved by a majority of the electors residing within the territorial boundaries of the Authority. Such a sales and use tax is in addition to the sales and use taxes levied by the State of Ohio and Franklin County. On November 5, 1999, the voters of Franklin County approved a permanent 0.25% sales and use tax. On November 8, 2016, the voters of Franklin County and surrounding counties within the COTA district renewed a temporary 10 year additional 0.25% sales and use tax.

The Authority also has the power, under Section 306.40 of the Ohio Revised Code, to levy and collect both voted (after approval at an election) and unvoted ad valorem taxes on all the taxable property within the territorial boundaries of the Authority, in order to pay debt service on its bonds and notes issued in anticipation thereof. Ad valorem taxes were not levied during fiscal year 2021.

The Authority is governed by a 13-member Board of Trustees; seven (7) members are appointed by the Mayor of Columbus; two (2) members are appointed by the Franklin County Commissioners; and four (4) members are appointed on a rotating basis by the cities of Bexley, Dublin, Gahanna, Grandview Heights, Grove City, Hilliard, Reynoldsburg, Upper Arlington, Westerville, Whitehall, and Worthington.

The Authority is not subject to federal or state income taxes.

##### **Reporting Entity**

The accompanying financial statements comply with the provisions of accounting principles generally accepted in the United States of America in that these financial statements include all of the organization's activities, functions and component units for which the Authority is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either the reporting entity's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the reporting entity. COTA does not have financial accountability over any entities.

The City of Columbus (the City) is a related organization to COTA as the Mayor of the City, with the approval of City Council, appoints a voting majority of COTA's Board. However, the financial statements of COTA are not included within the City's "Reporting Entity" as the City cannot impose its will and there is no financial benefit or financial burden relationship between the City and COTA.

#### (1) Summary of Significant Accounting Policies

##### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

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**(2) Summary of Significant Accounting Policies (continued)**

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased and deposits in the State Treasurer's Asset Reserve investment pool (STAR Ohio) to be cash equivalents.

***Grant and Assistance***

The federal government, through the Federal Transit Administration (FTA), and the Ohio Department of Transportation (ODOT), provides financial assistance and makes grants directly to the Authority for operations and the acquisition of property and equipment.

***Inventory of Materials and Supplies***

Inventory items are stated at cost using the weighted average method. Inventory generally consists of maintenance parts and supplies for transportation equipment. Fuel and inventory items are expensed when consumed.

***Derivative Instruments***

The Authority's derivative financial instruments are accounted for in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instrument* and GASB Statement No. 72, *Fair Value Measurement and Application*. In connection with these Statements, the fair value of the Authority's derivative financial instruments is recorded on the Statements of Net Position, with an offsetting deferred inflow or outflow of resources. At December 31, 2021 and December 31, 2020, the fair value of the Authority's derivative instruments are offset by a deferred inflow of resources.

Derivative instruments are utilized by the Authority to manage market risk and reduce its exposure resulting from fluctuations in prices of diesel fuel and natural gas in order to manage year-over-year changes in energy costs. These instruments include commodity swap agreements which convert indexed diesel fuel and natural gas revenues to fixed prices.

***Board Designated Assets***

These assets are designated for the payment of public liability claims under the Authority's self-insurance program and for future capital expenditures.

***Designated for Capital Grant Expenditures***

These assets are board-designated under the Authority's capital grants. The Authority includes amounts relating to its local share requirements for active capital grants.

***Net Position***

Equity is displayed in two components as follows:

Net Investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets; the Authority has no such debt.

Unrestricted – This consists of net position that does not meet the definition of "investment in capital assets".

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

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**(2) Summary of Significant Accounting Policies (continued)**

***Classifications of Revenues***

The Authority has classified its revenue as operating, non-operating or capital grant. Operating revenue includes activities that have the characteristics of exchange transactions including passenger fares and advertising. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as sales tax proceeds and most federal, state, or other reimbursement or donation for the acquisition of property and equipment.

***Recognition of Revenue and Receivables***

The federal government, through the Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT), provides financial assistance and makes grants directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenues over the entitlement periods. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables and credited to non-operating revenues in the period capital expenses are incurred. Capital grants received in advance of project costs being incurred are deferred.

When assets acquired with capital grant funds are disposed of before their useful life, the Authority is required to notify the granting federal agency if the fair market value of the asset exceeds \$5,000 at the time of disposal. A proportional amount of the proceeds or fair value, if any, of such property and equipment, may be used to acquire like-kind replacement assets; and if not replaced, remitted to the granting federal agency.

***Property and Depreciation***

Property and equipment are stated at historical cost and include expenses that substantially increase the useful lives of existing assets. Routine maintenance and repairs are expensed as incurred. An asset is capitalized if its value exceeds \$5,000 and it has an economic life of greater than one year. The capitalization cost of a physical asset is defined to be the full cost of placing the asset into productive service.

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

<u>Description</u>	<u>Years</u>
Land and leasehold improvements	5 - 20
Buildings and improvements	20 - 40
Revenue vehicles	4 - 12
Transit shelters	5 - 8
Other equipment	2 - 10

Assets acquired with capital grants are included in property and equipment and depreciation on those assets is included in the Statements of Revenues, Expenses and Changes in Net Position. Donated capital assets are recorded at the acquisition value as of the date donated.

***Estimated Claims Payable***

The Authority has a self-insurance program for public liability, personal injury, property damage, health insurance and workers' compensation (see Note 9). Claims are accrued in the year the expenses are incurred, based upon estimates of the claim liabilities made by management and the legal counsel of the Authority. Also provided for are estimates of claims incurred during the year but not yet reported. These estimates are based on past experience and current outstanding claims.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

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**(2) Summary of Significant Accounting Policies (continued)**

***Compensated Absences***

The Authority accrues vacation and sick pay benefits as earned by its employees. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates. Non-current accrued fringe benefits are estimated based on the average vacation and sick leave expense from the previous five years.

	<u>Current</u>	<u>Non-current</u>
Compensated Absences Liability December 31, 2019	\$ 4,506,308	\$ 1,316,951
Vacation & Sick Liability Earned	8,546,429	-
Vacation & Sick Liability Paid	-7,810,191	-16,573
Compensated Absences Liability December 31, 2020	\$ 5,242,546	\$ 1,300,378
Vacation & Sick Liability Earned	7,905,919	0
Vacation & Sick Liability Paid	-7,170,147	-480,059
Compensated Absences Liability December 31, 2021	<u>\$ 5,978,318</u>	<u>\$ 820,319</u>

Payment of vacation and sick leave is dependent on many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and sick leave when such payments become due.

***Passenger Fares***

Passenger fares are recorded as revenue at the time services are performed.

***Budgetary Accounting and Control***

The Authority's annual budget is prepared on the accrual basis of accounting as permitted by law. The Authority maintains budgetary control by not allowing total expenditures to exceed total appropriations without approval of the Board of Trustees, with the exception of net pension and OPEB expense, which are not included in the Authority's budget.

***Use of Estimates***

The accounting and reporting policies of COTA conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

***Non-exchange Transactions***

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include sales and use tax revenue and grants. On an accrual basis, revenue from sales and use taxes is recognized in the period when the underlying exchange transaction occurs. Therefore, taxes on items sold in 2021 will be recognized as revenue in 2021. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

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**(2) Summary of Significant Accounting Policies (continued)**

***Deferred Outflows of Resources***

In addition to assets, the statements of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. For the Authority, deferred outflows of resources are reported on the Statements of Net Position for the accumulated decrease in the fair value of the hedging derivatives, pension and OPEB. As the derivative qualifies as an effective hedge, the change in fair value which occurs each year is deferred and thus the liability and deferred outflow are adjusted. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

***Deferred Inflows of Resources***

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. For the Authority, deferred inflows of resources are reported on the Statements of Net Position for the accumulated increase in the fair value of the hedging derivatives, pension and OPEB. As the derivative qualifies as an effective hedge, the change in fair value which occurs each year is deferred and thus the asset and deferred inflow are adjusted. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

***Pensions/Other Postemployment Benefits (OPEB)***

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

**(3) Upcoming Accounting Pronouncements**

**Change in Accounting Principles**

For 2021, the Authority has implemented GASB Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*" and GASB Statement No. 98, "*The Annual Comprehensive Financial Report.*"

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the Authority.

GASB Statement No. 98 establishes the term Annual Comprehensive Financial Report and its acronym ACFR. The implementation of GASB Statement 98 is reflected throughout the Authority's ACFR.

# CENTRAL OHIO TRANSIT AUTHORITY

## Notes to Financial Statements

### Years Ended December 31, 2021 and 2020

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#### (3) Upcoming Accounting Pronouncements (continued)

For 2021, the Authority has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncements are postponed by one year and the Authority has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following pronouncements are postponed by eighteen months and the Authority has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

#### (4) Cash and Investments

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

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted GASB Statement No. 79, Certain External Investment Pools and Pool Participants. The Authority measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$250 million. Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business days(s), but on to the \$250 million limit. All accounts of the participant will be combined for these purposes.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

**(4) Cash and Investments (continued)**

***Deposits with Financial Institutions***

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the Federal Deposit Insurance Corporation. The Authority has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At December 31, 2021, the carrying amount of the Authority's deposits with financial institutions was \$6,661,690 and the depository balance was \$11,350,826. At December 31, 2021, \$255,427 was covered by Federal Deposit Insurance. \$10,831,721 was collateralized with securities deposited with a qualified trustee and pledged to the Treasurer of State. In addition, the Authority had \$4,709 of cash on hand.

At December 31, 2020, the carrying amount of the Authority's deposits with financial institutions was \$6,377,871 and the depository balance was \$6,399,256. At December 31, 2020, \$250,050 was covered by Federal Deposit Insurance. \$11,095,399 was collateralized with securities deposited with a qualified trustee and pledged to the Treasurer of State. In addition, the Authority had \$5,102 of cash on hand.

***Investments***

As of December 31, 2021, the Authority had the following investments and maturities:

Measurement/ Investment type	Investment Maturities					
	Measurement Amount	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
FFCB	\$ 42,203,487	\$ 2,956,050	\$ -	\$ 8,472,730	\$ 2,981,580	\$ 27,793,127
FHLB	54,242,220	-	-	5,895,247	4,986,850	43,360,123
FHLMC	8,381,865	-	-	-	5,463,105	2,918,760
FNMA	11,332,874	-	-	-	1,486,845	9,846,029
FAMCA	5,463,215	-	-	1,495,065	-	3,968,150
U.S. Treasury Note:	51,858,687	-	-	3,329,258	6,951,165	41,578,264
Municipal Bonds	3,038,748	-	3,038,748	-	-	-
Negotiable CDs	984,352	-	-	248,191	-	736,161
Commercial Paper	43,164,553	34,982,655	8,181,898	-	-	-
U.S. Government						
Money Market	18,186,559	18,186,559	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	77,381,057	77,381,057	-	-	-	-
<b>Total</b>	<b>\$ 316,237,617</b>	<b>\$133,506,321</b>	<b>\$11,220,646</b>	<b>\$19,440,491</b>	<b>\$ 21,869,545</b>	<b>\$130,200,614</b>

The weighted average maturity of investments is 1.74 years.

The Authority's investments are valued using quoted market prices (Level 2 inputs).

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

**(4) Cash and Investments (continued)**

As of December 31, 2020, the Authority held equity of \$183,359,931 in the STAR Ohio investment pool. The District did not have any other investments at December 31, 2020.

*Interest Rate Risk:* The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Authority's investment policy addresses interest rate risk by (1) maintaining adequate liquidity so that current obligations can be met without a sale of securities; (2) diversification of maturities and (3) diversification of assets.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Authority's name. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payments for investments prior to the delivery of the securities representing such investments to the qualified trustee.

*Credit Risk:* STAR Ohio carries a rating of AAAm (strongest rating) by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The Authority's investment policy minimizes credit risk by (1) diversifying assets by issuer; (2) ensuring that required, minimum credit quality ratings as described by nationally recognized rating organizations and agencies exist prior to the purchase of commercial paper and bankers' acceptances; and (3) maintaining adequate collateralization of CD's. The Authority's investments in federal agency securities and its investments in U.S. Government money market funds were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

*Concentration of Credit Risk:* The Authority's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities.

The following table includes the percentage of each investment type held by the Authority at December 31, 2021 and December 31, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FFCB	\$ 42,203,487	13.35
FHLB	54,242,220	17.15
FHLMC	8,381,865	2.65
FNMA	11,332,874	3.58
FAMCA	5,463,215	1.73
US Treasury Notes	51,858,687	16.40
Municipal Bonds	3,038,748	0.96
Negotiable CDs	984,352	0.31
Commercial Paper	43,164,553	13.65
US Government Money Market	18,186,559	5.75
<i>Amortized Cost:</i>		
STAR Ohio	<u>77,381,057</u>	<u>24.47</u>
Total	<u>\$ 316,237,617</u>	<u>100.00</u>

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

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**(5) Commitments**

The Authority has several active projects as of December 31, 2021. At year-end, the Authority's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Commitment</u>
Content Management System		
SmartYard and AVM	\$ 1,025,098	\$ 948,937
Fields Avenue Renovation	5,828,385	1,181,477
McKinley Avenue Renovation Phase 3C	14,471,034	100,490,776
Electric Bus Program	-	9,155,985
CNG Bus Buy	-	10,816,542
Shelter Replacement	-	500,000
IT Core Infrastructure	2,915,616	1,198,927
Vehicle Connectivity Upgrade	-	1,119,829
33 N High Street Improvements	856,425	3,987,855
Contactless Fare Management System	153,979	2,065,952
East-West Corridor - BRT	1,351,294	13,796,197
ERP Upgrade	911,101	3,184,825
McKinley Floor Sweeper	-	58,998
Non-revenue Vehicle Replacement	-	173,092
Rickenbacker Area Mobility Center	12,727	930,876
Fleet Security Cameras	-	115,930
Transit Stop Improvement	-	89,512
	<u>\$ 27,525,659</u>	<u>\$ 149,815,710</u>

**CENTRAL OHIO TRANSIT AUTHORITY**  
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**Years Ended December 31, 2021 and 2020**

**(6) Capital Assets**

Capital asset activities for the years ended December 31, 2021 and 2020 are as follows:

	January 1, 2021	Additions	Disposals	Reclassifications/ Transfers	December 31, 2021
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 10,908,509	\$ -	\$ -	\$ -	\$ 10,908,509
CIP	63,900,606	16,627,045	-	(49,585,727)	30,941,924
Total	<u>74,809,115</u>	<u>16,627,045</u>	<u>-</u>	<u>(49,585,727)</u>	<u>41,850,433</u>
<b>Capital Assets Being Depreciated</b>					
Land and leasehold improvements	18,322,528	2,930,435	-	-	21,252,963
Building and improvements	165,307,480	12,495,841	-	44,557,140	222,360,461
Revenue vehicles	170,756,127	21,224,721	(12,290,209)	638,722	180,329,361
Transit shelter	10,863,569	8,984	-	-	10,872,553
Other equipment	67,061,296	6,777,445	-	4,389,865	78,228,606
Total	<u>432,311,000</u>	<u>43,437,426</u>	<u>(12,290,209)</u>	<u>49,585,727</u>	<u>513,043,944</u>
<b>Less Accumulated Depreciation</b>					
Land and leasehold improvements	(7,336,531)	(1,340,509)	-	-	(8,677,040)
Building and improvements	(91,551,670)	(9,486,871)	-	-	(101,038,541)
Revenue vehicles	(93,351,359)	(14,162,316)	11,024,448	-	(96,489,227)
Transit shelter	(5,464,214)	(1,164,927)	-	-	(6,629,141)
Other equipment	(45,342,573)	(6,805,083)	-	-	(52,147,656)
Total	<u>(243,046,347)</u>	<u>(32,959,706)</u>	<u>11,024,448</u>	<u>-</u>	<u>(264,981,605)</u>
Total Capital Assets Being Depreciated, Net	<u>189,264,653</u>	<u>10,477,720</u>	<u>(1,265,761)</u>	<u>49,585,727</u>	<u>248,062,339</u>
Total Capital Assets Net	<u>\$ 264,073,768</u>	<u>\$ 27,104,765</u>	<u>\$ (1,265,761)</u>	<u>\$ -</u>	<u>\$ 289,912,772</u>
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 11,456,847	\$ -	\$ (548,338)	\$ -	\$ 10,908,509
CIP	34,800,883	42,024,397	-	(12,924,674)	63,900,606
Total	<u>46,257,730</u>	<u>42,024,397</u>	<u>(548,338)</u>	<u>(12,924,674)</u>	<u>74,809,115</u>
<b>Capital Assets Being Depreciated</b>					
Land and leasehold improvements	18,288,482	66,000	(44,983)	13,029	18,322,528
Building and improvements	162,006,057	-	-	3,301,423	165,307,480
Revenue vehicles	161,809,664	16,846,347	(8,433,597)	533,713	170,756,127
Transit shelter	10,854,885	8,684	-	-	10,863,569
Other equipment	56,942,015	1,073,001	(30,229)	9,076,509	67,061,296
Total	<u>409,901,103</u>	<u>17,994,032</u>	<u>(8,508,809)</u>	<u>12,924,674</u>	<u>432,311,000</u>
<b>Less Accumulated Depreciation</b>					
Land and leasehold improvements	(6,033,610)	(1,318,853)	15,932	-	(7,336,531)
Building and improvements	(83,005,175)	(8,546,495)	-	-	(91,551,670)
Revenue vehicles	(87,752,861)	(13,535,437)	7,936,939	-	(93,351,359)
Transit shelter	(4,268,217)	(1,195,997)	-	-	(5,464,214)
Other equipment	(39,411,737)	(5,959,691)	28,855	-	(45,342,573)
Total	<u>(220,471,600)</u>	<u>(30,556,473)</u>	<u>7,981,726</u>	<u>-</u>	<u>(243,046,347)</u>
Total Capital Assets Being Depreciated, Net	<u>189,429,503</u>	<u>(12,562,441)</u>	<u>(527,083)</u>	<u>12,924,674</u>	<u>189,264,653</u>
Total Capital Assets Net	<u>\$ 235,687,233</u>	<u>\$ 29,461,956</u>	<u>\$ (1,075,421)</u>	<u>\$ -</u>	<u>\$ 264,073,768</u>

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

**(7) Leases**

COTA leases certain property and equipment under operating leases. Rental expense for all operating leases was \$147,189 and \$206,236 in 2021 and 2020, respectively. Future minimum payments, by year, and in the aggregate, under these leases with initial or remaining terms of one year or more, consisted of the following at December 31, 2021:

	Commitments under Operating Leases
2022	\$ -
2023	7,204
2024	7,492
2025	7,792
2026	8,103
2027 and forward	8,427
<b>Total Minimum Lease Payments</b>	<b>\$ 39,018</b>

**(8) Grants, Reimbursements and Special Fare Assistance**

Grants, reimbursements and special fare assistance included in the Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2021 and 2020 consist of the following:

	2021	2020
Federal:		
FTA Capital Assistance	\$ 20,505,100	\$ 38,079,805
FTA Operating Assistance	144,901,343	50,601,514
<b>Total</b>	<b>\$ 165,406,443</b>	<b>\$ 88,681,319</b>
State:		
ODOT Fuel Tax Reimbursement	\$ 3,808,214	\$ 1,614,766
State Operating Assistance	414,946	636,750
State Capital Assistance	5,178,067	1,146,642
<b>Total</b>	<b>\$ 9,401,227</b>	<b>\$ 3,398,158</b>
Local:		
City of Columbus Reimbursement	\$ 76,719	\$ 553,977
COTA Plus Contributions	606,019	255,975
<b>Total</b>	<b>\$ 682,738</b>	<b>\$ 809,952</b>

**(9) Risk Management**

COTA is exposed to various risks of loss related to torts, theft or destruction of assets, injuries to employees and natural disasters. The Authority purchases commercial insurance for employee bonding, flood, fire, property, crime, travel and general liability. There have been no reductions in coverage nor have there been any settlements exceeding insurance coverage for the past three years.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

**(9) Risk Management (continued)**

COTA is self-insured for all public liability, personal injury and property damage claims. The estimated liability for such claims of \$1,183,517 at December 31, 2021, and \$571,900 at December 31, 2020, are included in estimated claims payable in the accompanying Statements of Net Position. At December 31, 2021 and 2020 \$16,105,396 and \$16,092,234, respectively, was designated by the Board of Trustees to fund the self-insurance program. Such funds are included in board designated assets in the accompanying Statements of Net Position.

Prior to June 30, 1998, COTA was insured through the State of Ohio Bureau of Workers' Compensation (BWC) for injuries to its employees. On July 1, 1998, the Authority entered into an agreement with the BWC to become self-insured for claims pertaining to work-related injuries to Authority employees occurring on or after that date. The BWC agreed to continue to administer and pay all compensation claims arising on or before June 30, 1998. The estimated remaining liability for all such claims occurring since July 1, 1998, is \$1,148,691 at December 31, 2021 and \$1,171,932 at December 31, 2020 and is included as a liability in the accompanying Statements of Net Position.

On January 1, 2021, the Authority became self-insured for health insurance claims. The estimated liability for claims occurring since January 1, 2021, is \$1,598,739 at December 31, 2021 and is included as a liability in the accompanying Statements of Net Position.

The general claims liability was calculated by establishing reserves on a case-by-case basis after analysis by in-house counsel and outside attorneys. The workers' compensation liability and the health insurance liability were determined by analyzing claim lag information provided by COTA's third party administrators. A summary of changes in self-insurance claims liability for the years ended December 31, 2021 and 2020 follows:

	General Liability	Workers' Compensation	Health Insurance
Claims liability at December 31, 2019	\$ 526,518	\$ 1,327,096	\$ -
Incurred claims, net of favorable settlements	504,282	554,079	-
Claims paid	(458,900)	(709,243)	-
Claims liability at December 31, 2020	\$ 571,900	\$ 1,171,932	\$ -
Incurred claims, net of favorable settlements	789,761	820,918	13,995,624
Claims paid	(178,144)	(844,159)	(12,396,885)
Claims liability at December 31, 2021	\$ 1,183,517	\$ 1,148,691	\$ 1,598,739

There were no changes to the general liability or workers' compensation policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding reserves. The amount of general liability, workers' compensation claims and health insurance claims expected to be paid within one year is \$3,002,613 and \$963,120, for 2021 and 2020 respectively.

**(10) Defined Benefit Pension Plan**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Asset and Net OPEB Liability/Asset***

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

# CENTRAL OHIO TRANSIT AUTHORITY

## Notes to Financial Statements

### Years Ended December 31, 2021 and 2020

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**(10) Defined Benefit Pension Plan (continued)**

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in accrued payroll and fringe benefits.

The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

# CENTRAL OHIO TRANSIT AUTHORITY

## Notes to Financial Statements

### Years Ended December 31, 2021 and 2020

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#### **(10) Defined Benefit Pension Plan (continued)**

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

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The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

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# CENTRAL OHIO TRANSIT AUTHORITY

## Notes to Financial Statements

### Years Ended December 31, 2021 and 2020

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#### **(10) Defined Benefit Pension Plan (continued)**

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in accrued payroll and fringe benefits.

The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

#### ***Plan Description - Ohio Public Employees Retirement System (OPERS)***

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

**(10) Defined Benefit Pension Plan (continued)**

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

***Net Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability and net pension asset for OPERS was measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The Authority's proportion of the net pension liability or asset was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

**CENTRAL OHIO TRANSIT AUTHORITY**  
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**(10) Defined Benefit Pension Plan (continued)**

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Proportion of the net pension liability/asset prior measurement date	0.517005%	0.546531%	0.609743%	
Proportion of the net pension liability/asset current measurement date	<u>0.466220%</u>	<u>0.541247%</u>	<u>0.561542%</u>	
Change in proportionate share	<u>-0.050785%</u>	<u>-0.005284%</u>	<u>-0.048201%</u>	
Proportionate share of the net pension liability	\$ 69,037,032	\$ -	\$ -	\$ 69,037,032
Proportionate share of the net pension asset	-	(1,562,383)	(102,363)	(1,664,746)
Pension expense	3,274,409	36,835	(73,421)	3,237,823

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	Member- Directed	Total
<b>Deferred outflows of resources</b>				
Differences between expected and actual experience	\$ -	\$ -	\$ 70,336	\$ 70,336
Changes of assumptions	-	97,572	2,922	100,494
Changes in employer's proportionate percentage/difference between employer contributions	5,167,803	-	-	5,167,803
Contributions subsequent to the measurement date	9,652,800	331,076	367,973	10,351,849
Total deferred outflows of resources	<u>\$ 14,820,603</u>	<u>\$ 428,648</u>	<u>\$ 441,231</u>	<u>\$ 15,690,482</u>

**CENTRAL OHIO TRANSIT AUTHORITY**  
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**(10) Defined Benefit Pension Plan (continued)**

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
<b>Deferred inflows of resources</b>				
Differences between expected and actual experience	\$ 2,887,877	\$ 294,756	\$ -	\$ 3,182,633
Net difference between projected and actual earnings on pension plan investments	26,908,622	232,350	11,190	27,152,162
Changes in employer's proportionate percentage/ difference between employer contributions	8,103,728	-	-	8,103,728
Total deferred inflows of resources	<u>\$ 37,900,227</u>	<u>\$ 527,106</u>	<u>\$ 11,190</u>	<u>\$ 38,438,523</u>

\$10,351,849 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2022.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Year Ending December 31:				
2022	\$ (11,566,755)	\$ (111,869)	\$ 7,831	\$ (11,670,793)
2023	(6,526,863)	(71,052)	9,523	(6,588,392)
2024	(10,968,866)	(124,643)	6,941	(11,086,568)
2025	(3,669,940)	(57,983)	8,468	(3,719,455)
2026	-	(24,849)	8,846	(16,003)
Thereafter	-	(39,138)	20,459	(18,679)
Total	<u>\$ (32,732,424)</u>	<u>\$ (429,534)</u>	<u>\$ 62,068</u>	<u>\$ (33,099,890)</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

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**(10) Defined Benefit Pension Plan (continued)**

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.40% simple through 2020 then 2.15% simple to 0.50% simple through 2021 then 2.15% simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.70% for 2020.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

**(10) Defined Benefit Pension Plan (continued)**

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	25.00 %	1.32 %
Domestic equities	21.00	5.64
Real estate	10.00	5.39
Private equity	12.00	10.42
International equities	23.00	7.36
Other investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2020 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

**(10) Defined Benefit Pension Plan (continued)**

***Sensitivity of the Authority's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate*** - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Authority's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 131,688,501	\$ 69,037,032	\$ 16,942,435
Combined Plan	(1,087,906)	(1,562,383)	(1,916,014)
Member-Directed Plan	(89,847)	(102,363)	(112,308)

**(11) Defined Benefit OPEB Plan**

***Net OPEB Liability/Asset***

See Note 10 for a description of the net OPEB liability/asset.

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

# CENTRAL OHIO TRANSIT AUTHORITY

## Notes to Financial Statements

### Years Ended December 31, 2021 and 2020

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#### (11) Defined Benefit OPEB Plan (continued)

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

**Funding Policy** - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$147,189 for 2021. Of this amount, \$32,485 is reported as accrued payroll and fringe benefits.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

**(11) Defined Benefit OPEB Plan (continued)**

***Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the net OPEB liability prior measurement date	0.521587%
Proportion of the net OPEB liability/asset current measurement date	<u>0.472261%</u>
Change in proportionate share	<u>-0.049326%</u>
Proportionate share of the net OPEB asset	(8,413,707)
OPEB expense	(50,284,445)

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
<b>Deferred outflows of resources</b>	
Changes of assumptions	\$ 4,136,275
Changes in employer's proportionate percentage/difference between employer contributions	3,417,574
Contributions subsequent to the measurement date	147,189
Total deferred outflows of resources	<u>\$ 7,701,038</u>

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

**(11) Defined Benefit OPEB Plan (continued)**

	OPERS
<b>Deferred inflows of resources</b>	
Differences between expected and actual experience	\$ 7,593,320
Net difference between projected and actual earnings on OPEB plan investments	4,481,258
Changes of assumptions	13,632,727
Changes in employer's proportionate percentage/difference between employer contributions	4,289,280
Total deferred inflows of resources	\$ 29,996,585

\$147,189 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022.

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

	OPERS
Year Ending December 31:	
2022	\$ (10,491,330)
2023	(9,476,004)
2024	(1,947,372)
2025	(528,030)
Total	\$ (22,442,736)

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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**(11) Defined Benefit OPEB Plan (continued)**

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	3.16%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.00%
Prior Measurement date	2.75%
Health Care Cost Trend Rate	
Current measurement date	8.50% initial, 3.50% ultimate in 2035
Prior Measurement date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 10.50% for 2020.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

**(11) Defined Benefit OPEB Plan (continued)**

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	<u>100.00 %</u>	<u>4.43 %</u>

**Discount Rate** - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20- year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

**Change in Benefit Terms** - On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the Authority at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

**(11) Defined Benefit OPEB Plan (continued)**

**Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate** - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Authority's proportionate share of the net OPEB asset	\$ 2,092,116	\$ 8,413,707	\$ 13,610,562

**Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate** - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuary's project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	\$ 8,618,763	\$ 8,413,707	\$ 8,184,283

**(12) Contingent Liabilities**

**Litigation**

It is the Authority's policy to act as self-insurer for certain insurable risks consisting primarily of public liability and property damage. At December 31, 2021, COTA has been named in various public liability and property damage claims and suits, some of which seek significant damages. The ultimate outcome of the claims and suits cannot be determined; however, it is the opinion of management that any resulting liability to the Authority in excess of that provided for in the accompanying balance sheet will not have a material adverse effect on the Authority's financial position.

**Federal and State Grants**

Under the terms of the Authority's various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At December 31, 2021, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of COTA's management, no material grant expenditures will be disallowed. FaTA grant stipulations also require the grantor to retain assets acquired by FTA funds for the full estimated asset life (as determined by the FTA). If this provision is not met, the grantor must refund FTA's un-depreciated basis in assets disposed with a net book value greater than \$5,000.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

**(12) Contingent Liabilities (continued)**

**COVID-19 Pandemic**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Authority received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**(13) Derivative Instruments**

**Objective and Terms of Hedging Derivative Instruments**

Pursuant to Ohio Revised Code sections 9.835 (A), (B), and section (C) the Central Ohio Transit Authority has established an energy price risk management program to decrease the volatility of diesel fuel and natural gas cost, and increase the likelihood that actual net energy costs will remain below the budgeted cost, increase the certainty of future cost, attain a lower overall cost of fuel and natural gas in the long-term, and manage year-over-year changes in energy costs. Within this program, COTA will acquire, hold, and dispose of positions in exchange-traded futures contracts and other financial instruments including but not limited to use of futures, options, options on future, or fixed price delivery contracts. In 2021 and 2020, heating oil #2 futures contracts as well as natural gas contracts were utilized. The COTA Board approval limits contracts in-place to a maximum hedge ratio of up to 100% of forecast consumption, up to thirty-six (36) months into the future. The initial value of each contract is zero.

The price of diesel fuel purchased is the published Columbus, Ohio OPIS price for the week plus or minus a differential agreed to through a competitive bidding process. The differential to the published Columbus, Ohio OPIS price was \$0.0251 and \$0.0251 per gallon at December 31, 2021 and 2020, respectively. The price of natural gas purchased is the New York Mercantile Exchange monthly closing index plus or minus a margin agreed to through a competitive bidding process. For the years ending December 31, 2021 and 2020, a gain of \$979,916 and a loss of \$545,009, respectively, was recognized as an increase in fuel expense. The amount realized will change based on market prices at the time all contract settlements are fixed. There is no debt associated with these contracts.

**Composition of Derivative Instruments**

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2021 and 2020, classified by type, are as follows:

<u>December 31, 2021</u>	<u>Notional Amount</u>	<u>Fair Value</u>	<u>Counterparty Credit Rating Positive</u>
Cash Flow Hedge:			
Pay-variable, receive fixed commodity swap	540,000 gallons	\$ 408,574	A2
<u>December 31, 2020</u>			
Cash Flow Hedge:			
Pay-variable, receive fixed commodity swap	230,000 mmbtu	\$ 53,522	A2
Pay-variable, receive fixed commodity swap	1,512,000 gallons	\$ 1,255	A2

All fair values are classified as derivative instruments on the Statements of Net Position. The increase in fair values of these derivatives instruments was \$353,797 for 2021. As these commodity swaps are considered hedging derivatives instruments, the change in fair value is reflected within deferred outflows and inflows on the Statements of Net Position. The fair values of the commodity swaps are based on forward prices from established indexes for the applicable region and discounted using established interest rate indexes. The fair value of the derivatives is calculated based on current market rates (Level 2 inputs).

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

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**(13) Derivative Instruments (continued)**

**Commodity Swap Risks**

**Termination Risk:** The commodity swaps terminate in the event of a “termination event” as defined under the related Master Agreement, in the event of the Authority or counterparty nonperformance, and in connection with other specified events. If the commodity swaps are terminated as a result of the Authority’s default or as a result of the termination of the Master Agreement, including early termination, unpaid amounts, in the amount of the fair value or otherwise, are to be calculated to decide the settlement amount that the Authority or the swap counterparty, whichever party’s settlement amount is higher, would be obligated to pay.

**Credit Risk:** The commodity swaps are tied to related fuel and gas futures contracts and terminate in the event such transactions terminate. Therefore, the only credit risk associated with the commodity swaps is for margins lost on future commodity deliveries associated with a termination of the related fuel and gas futures contracts in the event of a counterparty’s inability to perform in accordance with the terms of the related commodity swaps. Generally, the only amounts due upon termination of the commodity swap would be previously accrued but unpaid amounts. If the swap counterparty is rated below "A3" by Moody’s Investors Service, Inc., the swap counterparty is permitted to post collateral or post an alternative security arrangement within thirty Local Business Days of such downgrade. The swap counterparty must provide the Authority adequate assurances of the swap counterparty’s ability to continue performing under all transactions, which adequate assurances must be satisfactory to the Authority.

REQUIRED SUPPLEMENTARY INFORMATION

**CENTRAL OHIO TRANSIT AUTHORITY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY/NET PENSION ASSET  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
Authority's proportion of the net pension liability	0.466220%	0.517005%	0.402919%	0.454303%
Authority's proportionate share of the net pension liability	\$ 69,037,032	\$ 102,189,495	\$ 110,351,252	\$ 71,271,333
Authority's covered payroll	\$ 65,667,157	\$ 66,169,814	\$ 60,978,236	\$ 59,997,877
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	105.13%	154.44%	180.97%	118.79%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%
<i>Combined Plan:</i>				
Authority's proportion of the net pension asset	0.541247%			
Authority's proportionate share of the net pension asset	\$ 1,562,383			
Authority's covered payroll	\$ 2,361,043			
Authority's proportionate share of the net pension asset as a percentage of its covered payroll	66.17%			
Plan fiduciary net position as a percentage of the total pension asset	157.67%			
<i>Member Directed Plan:</i>				
Authority's proportion of the net pension asset	0.561542%			
Authority's proportionate share of the net pension asset	\$ 102,363			
Authority's covered payroll	\$ 4,715,250			
Authority's proportionate share of the net pension asset as a percentage of its covered payroll	2.17%			
Plan fiduciary net position as a percentage of the total pension asset	188.21%			

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The Authority did not present combined plan and member directed plan until 2021. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the Authority's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	0.408070%	0.390550%	0.363971%	0.363971%
\$	92,665,735	\$ 67,648,215	\$ 43,734,920	\$ 42,862,731
\$	52,764,617	\$ 48,887,633	\$ 44,622,933	\$ 38,340,346
	175.62%	138.37%	98.01%	111.80%
	77.25%	81.08%	86.45%	86.36%

**CENTRAL OHIO TRANSIT AUTHORITY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AUTHORITY'S PENSION CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST NINE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 9,652,800	\$ 9,193,402	\$ 9,263,774	\$ 8,536,953
Contributions in relation to the contractually required contribution	<u>(9,652,800)</u>	<u>(9,193,402)</u>	<u>(9,263,774)</u>	<u>(8,536,953)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 68,948,571	\$ 65,667,157	\$ 66,169,814	\$ 60,978,236
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 331,076			
Contributions in relation to the contractually required contribution	<u>(331,076)</u>			
Contribution deficiency (excess)	<u>\$ -</u>			
Authority's covered payroll	\$ 2,364,829			
Contributions as a percentage of covered payroll	14.00%			
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 367,973			
Contributions in relation to the contractually required contribution	<u>(367,973)</u>			
Contribution deficiency (excess)	<u>\$ -</u>			
Authority's covered payroll	\$ 3,679,730			
Contributions as a percentage of covered payroll	10.00%			

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 7,799,724	\$ 6,331,754	\$ 5,866,516	\$ 5,354,752	\$ 4,984,245
<u>(7,799,724)</u>	<u>(6,331,754)</u>	<u>(5,866,516)</u>	<u>(5,354,752)</u>	<u>(4,984,245)</u>
<u>\$ -</u>				
\$ 59,997,877	\$ 52,764,617	\$ 48,887,633	\$ 44,622,933	\$ 38,340,346
13.00%	12.00%	12.00%	12.00%	13.00%

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**CENTRAL OHIO TRANSIT AUTHORITY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/NET OPEB ASSET  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's proportion of the net OPEB liability/asset	0.472261%	0.521587%	0.409626%	0.461363%	0.408070%
Authority's proportionate share of the net OPEB liability/(asset)	\$ (8,413,707)	\$ 72,044,732	\$ 53,405,611	\$ 50,100,594	\$ 41,216,446
Authority's covered payroll	\$ 65,667,157	\$ 66,169,814	\$ 60,978,236	\$ 59,997,877	\$ 52,764,617
Authority's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	12.81%	108.88%	87.58%	83.50%	78.11%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	115.57%	47.80%	46.33%	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the Authority's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CENTRAL OHIO TRANSIT AUTHORITY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AUTHORITY'S OPEB CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SEVEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 147,189	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>(147,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 74,993,130	\$ 65,667,157	\$ 66,169,814	\$ 60,978,236
Contributions as a percentage of covered payroll	0.20%	0.00%	0.00%	0.00%

Note: Information prior to 2015 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 599,979	\$ 1,055,292	\$ 977,753
<u>(599,979)</u>	<u>(1,055,292)</u>	<u>(977,753)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 59,997,877	\$ 52,764,617	\$ 48,887,633
1.00%	2.00%	2.00%

**CENTRAL OHIO TRANSIT AUTHORITY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**PENSION**

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***OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)***

***Changes in benefit terms:***

- There were no changes in benefit terms from the amounts reported for 2014-2021.

***Changes in assumptions:***

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

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**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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***OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)***

***Changes in benefit terms:***

- There were no changes in benefit terms from the amounts reported for 2017-2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements, however, they are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

***Changes in assumptions:***

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Supplemental Schedule of Revenues, Expenses and**  
**Changes in Net Position - Budget vs. Actual (Accrual Basis)**  
**Year ended December 31, 2021**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
OPERATING REVENUES.....	9,966,000	\$ 10,894,382	\$ 928,382
OPERATING EXPENSES OTHER THAN DEPRECIATION:			
Labor.....	79,468,357	79,932,401	(464,044)
Fringe benefits.....	31,031,643	28,803,508	2,228,135
Materials and supplies.....	14,482,660	10,592,450	3,890,210
Fuel.....	3,926,161	3,678,081	248,080
Purchased transportation.....	10,500,000	9,149,049	1,350,951
Services.....	29,854,005	20,123,531	9,730,474
Utilities.....	2,948,348	3,116,931	(168,583)
Claims and insurance, net of settlements.....	754,500	355,392	399,108
Miscellaneous.....	2,782,721	2,802,725	(20,004)
Total.....	175,748,395	158,554,068	17,194,327
DEPRECIATION.....	35,100,000	32,959,706	2,140,294
Total operating expenses.....	210,848,395	191,513,774	19,334,621
OPERATING LOSS.....	(200,882,395)	(180,619,392)	20,263,003
NON-OPERATING REVENUES (EXPENSES):			
Sales tax revenues.....	134,675,873	158,738,492	24,062,619
Federal operating grant.....	6,481,900	144,901,343	138,419,443
State operating grants, reimbursements and special fare assistance.....	2,195,017	4,223,160	2,028,143
Local operating grant.....	314,983	606,019	291,036
Investment income.....	-	337,116	337,116
Fair value adjustment.....	-	(1,361,364)	(1,361,364)
Regional transit subsidy.....	(2,823,039)	(4,023,607)	(1,200,568)
Non-operating project expense.....	(52,259)	(74,484)	(22,225)
Non-transportation and other revenues.....	13,606,049	945,004	(12,661,045)
Loss on disposal of capital assets.....	-	(843,639)	(843,639)
Total.....	154,398,524	303,448,040	149,049,516
Change before capital grants.....	(46,483,871)	122,828,648	169,312,519
CAPITAL GRANT REVENUE:			
Federal, state, local.....	55,398,477	25,759,886	(29,638,591)
Total.....			
CHANGE IN NET POSITION.....	8,914,606	148,588,534	139,673,928
NET POSITION, BEGINNING OF YEAR.....	497,197,199	497,197,199	-
NET POSITION, END OF YEAR.....	<u>\$ 506,111,805</u>	<u>\$ 645,785,733</u>	<u>\$ 139,673,928</u>

**Note to Supplemental Schedule:**

COTA adopts its annual budget on a GAAP basis prior to the start of each year. However, pension expense reported by COTA on the Statement of Revenues, Expenses and Change in Net Position contains an allocation of COTA's proportionate share of the State-wide pension system's pension/OPEB expense (with the exception of current year contributions) which is not anticipated in the operating budget adopted or accounted for within the general ledger accounts throughout the year, and therefore the NPL/OPEB related items are not included within the budgetary net position amounts.

The table that follows demonstrates the difference between the Budgeted Revenues, Expenses and Change in Net Position:

Change in Net Position, GAAP Basis	\$ 206,134,194
<i>Budgeting Difference:</i>	
Recognition of proportionate share of state-wide pension system's pension/OPEB expense for current year.	<u>(57,545,660)</u>
Change in Net Position, Budgeted Accrual Basis	<u>\$ 148,588,534</u>



STATISTICAL  
*data*

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**CENTRAL OHIO TRANSIT AUTHORITY  
STATISTICAL SECTION**

This part of COTA's Annual Comprehensive Financial Report contains detailed information presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Condition Reporting: The Statistical Section. These schedules provide additional details to better understand the financial statements, notes and required supplemental information.

<b><u>Table of Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends and Revenue Capacity</b> These schedules indicate how the Authority's performance and conditions have changed over a ten year time frame. Also contained in these schedules is information to help the reader understand the Authority's most significant revenue sources.	<b>72-80</b>
<b>Debt Capacity</b> These schedules indicate COTA specific debt service information as well as direct and overlapping debt computations from Franklin County.	<b>81-83</b>
<b>Economic and Demographic Information</b> These schedules contain economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place.	<b>84-86</b>
<b>Operating Information</b> These schedules contain data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.	<b>87-91</b>

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Net Position by Component**  
**Last Ten Fiscal Years**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>NET POSITION</b>										
Investment in Capital Assets	\$ 172,552,456	\$ 190,576,138	\$ 208,365,365	\$ 221,585,618	\$ 217,487,368	\$ 240,968,475	\$ 223,016,793	\$ 235,687,233	\$ 264,073,768	\$ 287,349,366
Unrestricted	118,063,994	140,748,674	119,832,630	143,667,031	162,736,122	160,566,904	112,666,612	82,978,891	71,575,604	254,434,200
<b>TOTAL NET POSITION</b>	<b>\$ 290,616,450</b>	<b>\$ 331,324,812</b>	<b>\$ 328,197,995</b>	<b>\$ 365,252,649</b>	<b>\$ 380,223,490</b>	<b>\$ 401,535,379</b>	<b>\$ 335,683,405</b>	<b>\$ 318,666,124</b>	<b>\$ 335,649,372</b>	<b>\$ 541,783,566</b>

\* GASB 68 implemented in 2015.

\* GASB 75 implemented in 2018.

Amounts are presented in accordance with generally accepted accounting principles, on an accrual basis  
Source: The Authority's independently audited annual financial statements

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Last Ten Fiscal Years**  
(in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>OPERATING REVENUES:</b>										
Passenger fares for transit service	\$ 19,256	\$ 19,519	\$ 20,130	\$ 19,137	\$ 18,663	\$ 18,816	\$ 18,577	\$ 18,209	\$ 4,166	\$ 10,275
Special transit fares	772	775	781	879	862	872	845	823	200	619
<b>Total operating revenues</b>	<b>20,028</b>	<b>20,294</b>	<b>20,911</b>	<b>20,016</b>	<b>19,525</b>	<b>19,688</b>	<b>19,422</b>	<b>19,032</b>	<b>4,366</b>	<b>10,894</b>
<b>OPERATING EXPENSES OTHER THAN DEPRECIATION</b>										
Labor	38,037	39,805	43,216	46,537	51,926	57,546	59,790	64,771	63,664	79,932
Fringe Benefits	24,676	26,120	28,402	29,517	35,781	47,906	52,983	56,783	69,145	(28,742)
Services	5,993	7,744	7,269	8,190	10,286	11,254	10,904	14,506	18,811	20,124
Materials and Supplies	6,307	6,958	7,372	8,256	9,041	10,385	11,568	13,003	10,991	10,592
Fuel	8,387	9,025	8,536	6,806	4,946	3,785	5,279	5,604	3,498	3,678
Utilities	1,552	1,811	2,179	2,099	2,038	2,267	2,888	2,713	2,556	3,117
Claims and Insurance	80	(454)	246	150	57	178	241	469	595	355
Taxes	934	1,037	860	814	750	778	768	872	760	589
Purchased transportation	6,733	7,136	7,652	7,742	7,822	7,669	7,869	8,779	10,631	9,149
Leases and rentals	185	183	184	175	186	173	156	173	206	147
Miscellaneous	854	938	1,278	1,653	1,992	2,278	2,391	2,553	1,826	2,067
<b>Total</b>	<b>93,738</b>	<b>100,303</b>	<b>107,194</b>	<b>111,939</b>	<b>124,825</b>	<b>144,219</b>	<b>154,837</b>	<b>170,226</b>	<b>182,683</b>	<b>101,008</b>
Depreciation	16,335	20,048	22,094	24,469	25,376	27,673	29,451	29,500	30,556	32,960
<b>Total operating expenses</b>	<b>110,073</b>	<b>120,351</b>	<b>129,288</b>	<b>136,408</b>	<b>150,201</b>	<b>171,892</b>	<b>184,288</b>	<b>199,726</b>	<b>213,239</b>	<b>133,968</b>
<b>OPERATING LOSS</b>	<b>(90,045)</b>	<b>(100,057)</b>	<b>(108,377)</b>	<b>(116,392)</b>	<b>(130,676)</b>	<b>(152,204)</b>	<b>(164,866)</b>	<b>(180,694)</b>	<b>(208,873)</b>	<b>(123,074)</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>										
Sales Tax Revenues	105,854	111,214	118,663	125,163	131,794	129,143	131,383	135,702	133,700	158,739
Federal operating grants and reimbursements	406	1,224	22	267	562	113	395	436	50,602	144,901
State and local operating grants, reimbursements and special fare assistance	917	830	745	619	596	8,007	1,868	748	2,039	4,829
Fair value adjustment	-	-	-	-	-	-	-	-	-	(1,361)
Investment income	423	143	384	274	907	1,594	3,311	3,976	1,188	337
Non-transportation and other revenue	947	1,048	933	952	971	979	1,221	1,557	1,792	945
Regional transit subsidy	-	-	(1,072)	(240)	(1,508)	(1,038)	(953)	(3,585)	(2,242)	(4,024)
Non-operating project expense	-	-	-	-	(1,216)	(4,409)	(668)	(289)	(461)	(74)
Gain(Loss) on sale of capital assets	(933)	-	(30)	22	(289)	(692)	(374)	(75)	(1,010)	(844)
<b>Total non-operating revenues(expenses)</b>	<b>107,614</b>	<b>114,459</b>	<b>119,645</b>	<b>127,057</b>	<b>131,817</b>	<b>133,697</b>	<b>136,183</b>	<b>138,470</b>	<b>185,608</b>	<b>303,448</b>
<b>Gain(Loss) before capital grants and special item</b>	<b>17,569</b>	<b>14,402</b>	<b>11,268</b>	<b>10,665</b>	<b>1,141</b>	<b>(18,507)</b>	<b>(28,683)</b>	<b>(42,224)</b>	<b>(23,265)</b>	<b>180,374</b>
<b>CAPITAL GRANT REVENUES</b>										
Federal	20,835	26,307	22,926	26,389	13,830	36,247	3,319	25,015	38,080	20,505
State / Local	986	-	-	-	-	3,572	128	192	2,168	5,255
<b>Total</b>	<b>21,821</b>	<b>26,307</b>	<b>22,926</b>	<b>26,389</b>	<b>13,830</b>	<b>39,819</b>	<b>3,447</b>	<b>25,207</b>	<b>40,248</b>	<b>25,760</b>
<b>CHANGES IN NET POSITION</b>	<b>39,390</b>	<b>40,709</b>	<b>34,194</b>	<b>37,054</b>	<b>14,971</b>	<b>21,312</b>	<b>(25,236)</b>	<b>(17,017)</b>	<b>16,983</b>	<b>206,134</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>251,226</b>	<b>290,616</b>	<b>331,325</b>	<b>328,198</b>	<b>365,252</b>	<b>380,223</b>	<b>401,535</b>	<b>335,683</b>	<b>318,666</b>	<b>335,649</b>
Restatement, GASB 68	-	-	(37,321)	-	-	-	-	-	-	-
Restatement, GASB 75	-	-	-	-	-	-	(40,616)	-	-	-
<b>NET POSITION, END OF YEAR</b>	<b>\$ 290,616</b>	<b>\$ 331,325</b>	<b>\$ 328,198</b>	<b>\$ 365,252</b>	<b>\$ 380,223</b>	<b>\$ 401,535</b>	<b>\$ 335,683</b>	<b>\$ 318,666</b>	<b>\$ 335,649</b>	<b>\$ 541,783</b>

\* GASB 68 implemented in 2015.

\* GASB 75 implemented in 2018.

Amounts are presented in accordance with generally accepted accounting principles, on an accrual basis  
Source: The Authority's independently audited annual financial statements

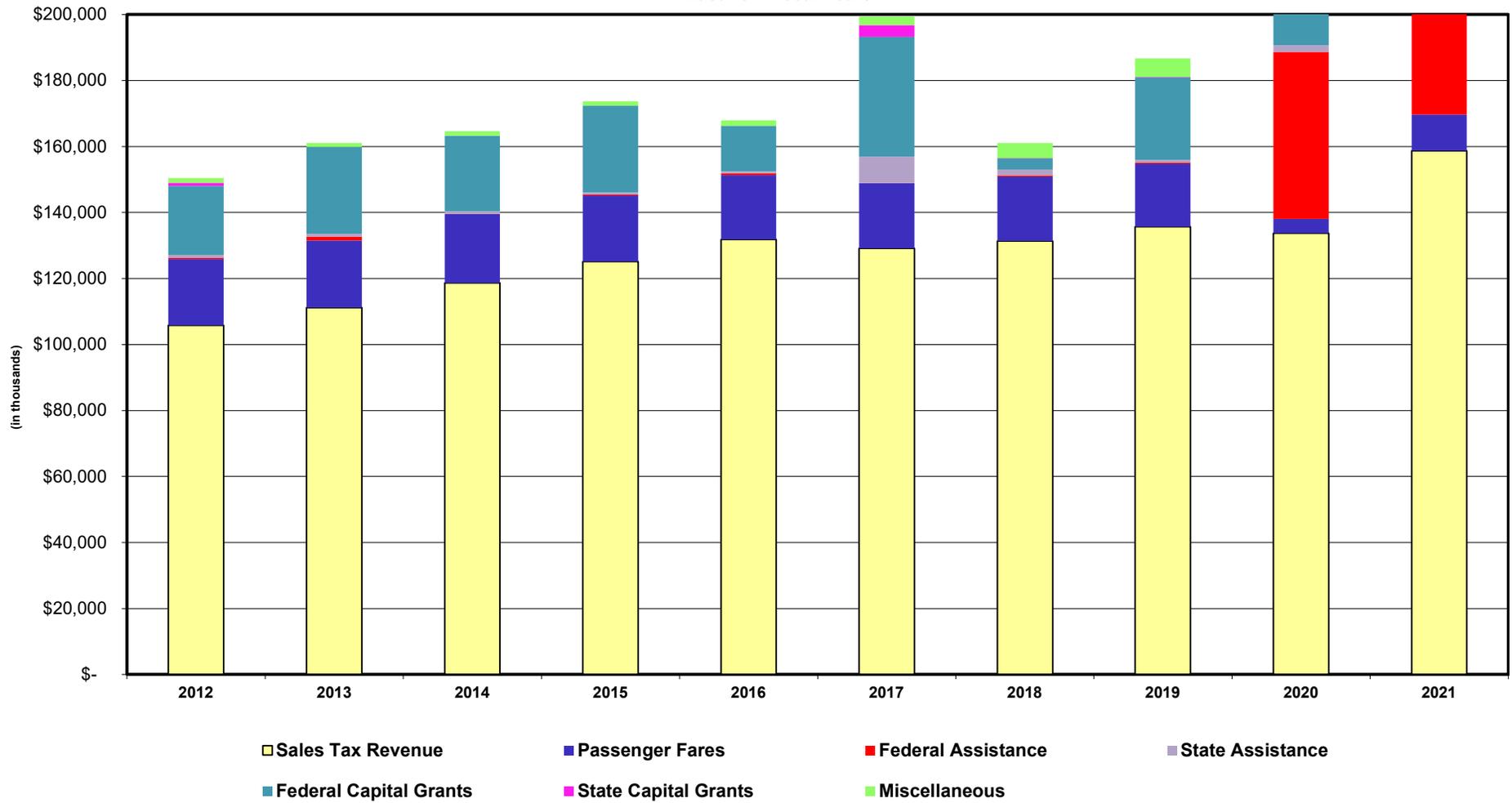
**CENTRAL OHIO TRANSIT AUTHORITY**  
**Revenues by Source**  
**Last Ten Fiscal Years**  
(in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>OPERATING REVENUES:</b>										
Passenger fares for transit service .....	\$ 19,256	\$ 19,519	\$ 20,130	\$ 19,137	\$ 18,663	\$ 18,816	\$ 18,577	\$ 18,209	\$ 4,166	\$ 10,275
Special transit fares .....	772	775	781	879	862	872	845	823	200	619
Total operating revenues .....	<u>20,028</u>	<u>20,294</u>	<u>20,911</u>	<u>20,016</u>	<u>19,525</u>	<u>19,688</u>	<u>19,422</u>	<u>19,032</u>	<u>4,366</u>	<u>10,894</u>
<b>NON-OPERATING REVENUES:</b>										
Sales tax revenues .....	105,854	111,214	118,663	125,163	131,794	129,143	131,383	135,702	133,700	158,739
Federal operating grants .....	406	1,224	22	267	562	113	395	436	50,602	144,901
State operating grants, reimbursements and special fare assistance .....	917	830	745	619	597	8,007	1,868	748	2,039	4,829
Investment income .....	423	143	384	274	907	1,594	3,311	3,976	1,188	337
Non-transportation and other revenues .....	947	1,048	933	952	682	979	1,221	1,557	1,792	945
Total nonoperating revenues before capital gifts and grants.....	<u>108,547</u>	<u>114,459</u>	<u>120,747</u>	<u>127,275</u>	<u>134,542</u>	<u>139,836</u>	<u>138,178</u>	<u>142,419</u>	<u>189,321</u>	<u>309,751</u>
Capital gifts and grants:										
Federal capital grants.....	20,835	26,307	22,926	26,389	13,830	36,247	3,319	25,015	38,080	20,505
State and other capital grants.....	986	-	-	-	-	3,572	128	192	2,168	5,255
Total non-operating revenues.....	<u>130,368</u>	<u>140,766</u>	<u>143,673</u>	<u>153,664</u>	<u>148,372</u>	<u>179,655</u>	<u>141,625</u>	<u>167,626</u>	<u>229,569</u>	<u>335,511</u>
<b>TOTAL REVENUES .....</b>	<b><u>\$ 150,396</u></b>	<b><u>\$ 161,060</u></b>	<b><u>\$ 164,584</u></b>	<b><u>\$ 173,680</u></b>	<b><u>\$ 167,897</u></b>	<b><u>\$ 199,343</u></b>	<b><u>\$ 161,047</u></b>	<b><u>\$ 186,658</u></b>	<b><u>\$ 233,935</u></b>	<b><u>\$ 346,405</u></b>

Amounts are presented in accordance with generally accepted accounting principles, on an accrual basis.  
Source: The Authority's independently audited annual financial statements

# CENTRAL OHIO TRANSIT AUTHORITY

Revenues by Source  
Last Ten Fiscal Years



# CENTRAL OHIO TRANSIT AUTHORITY

## Revenues and Operating Assistance - Comparison to Industry Trend Data Last Ten Fiscal Years

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### TRANSPORTATION INDUSTRY (1)

<u>YEAR</u>	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL ALL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>STATE &amp; LOCAL</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
2012	32.5%	11.1%	43.6%	47.5%	8.9%	56.4%	100.0%
2013	32.5%	10.3%	42.8%	48.3%	8.9%	57.2%	100.0%
2014	32.0%	10.8%	42.8%	48.6%	8.6%	57.2%	100.0%
2015	32.5%	11.6%	44.1%	47.6%	8.3%	55.9%	100.0%
2016	31.3%	11.8%	43.1%	48.9%	8.0%	56.9%	100.0%
2017	31.4%	11.8%	43.2%	48.3%	8.5%	56.8%	100.0%
2018	30.7%	11.5%	42.2%	49.2%	8.6%	57.8%	100.0%
2019	29.5%	12.7%	42.2%	49.9%	7.9%	57.8%	100.0%
2020	*	*	*	*	*	*	*
2021	*	*	*	*	*	*	*

### CENTRAL OHIO TRANSIT AUTHORITY (2)

<u>YEAR</u>	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL ALL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER</u> (3)	<u>TOTAL</u>	<u>STATE &amp; LOCAL</u> (4)	<u>FEDERAL</u>	<u>TOTAL</u>	
2012	12.8%	15.4%	28.2%	71.5%	0.3%	71.8%	100.0%
2013	12.1%	17.1%	29.2%	70.0%	0.8%	70.8%	100.0%
2014	12.2%	14.7%	26.9%	73.1%	0.0%	73.1%	100.0%
2015	11.0%	15.9%	26.9%	72.9%	0.2%	73.1%	100.0%
2016	11.1%	9.3%	20.4%	79.3%	0.3%	79.6%	100.0%
2017	9.4%	21.3%	30.7%	69.2%	0.1%	69.3%	100.0%
2018	11.5%	5.0%	16.5%	83.3%	0.2%	83.5%	100.0%
2019	9.8%	16.5%	26.3%	73.5%	0.2%	73.7%	100.0%
2020	1.8%	18.5%	20.3%	58.1%	21.6%	79.7%	100.0%
2021	3.0%	7.8%	10.8%	47.4%	41.8%	89.2%	100.0%

\* Information not available

(1) Source: The American Public Transit Association, APTA Transit Fact Book

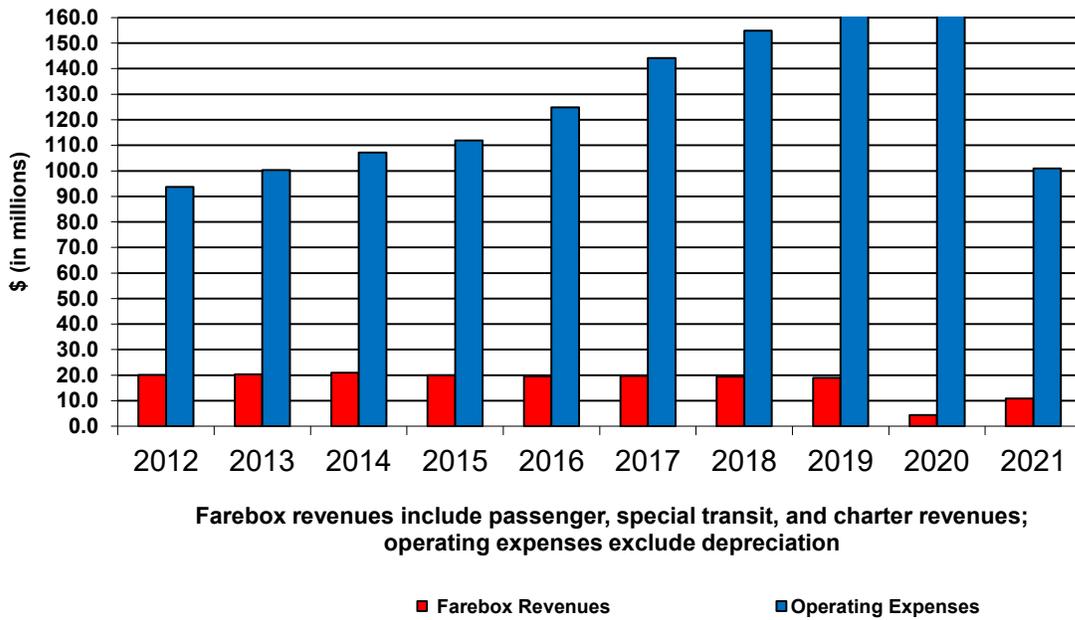
(2) Percentages are derived from the Authority's independently audited annual financial statements.

(3) Includes auxiliary transportation revenues, interest income, nontransportation, other revenues and capital grants

(4) Includes local sales tax revenues, and state operating grants, reimbursements, and special fare assistance

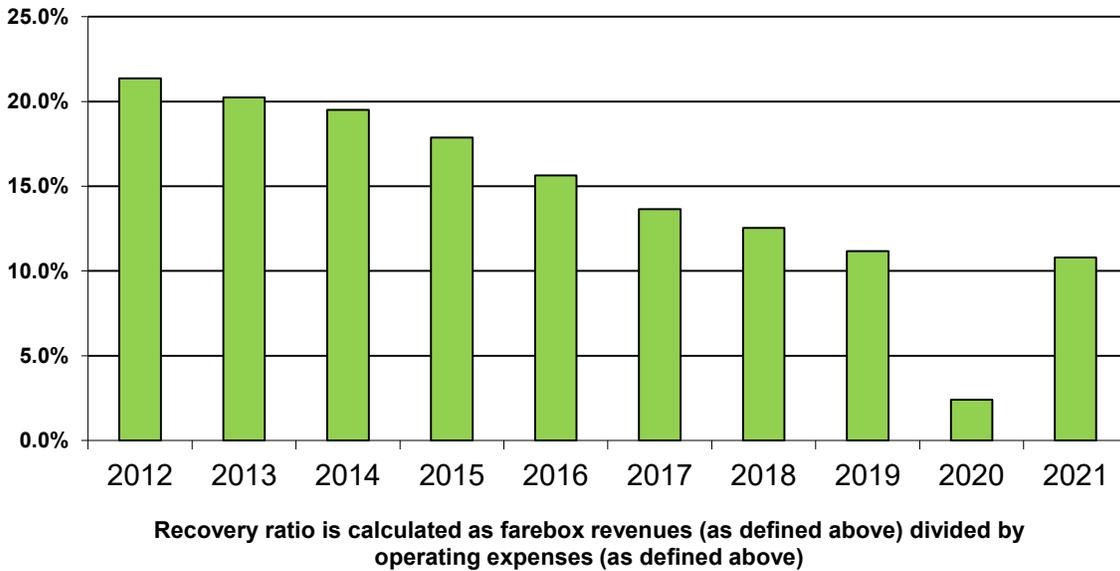
## CENTRAL OHIO TRANSIT AUTHORITY

**Farebox Revenues vs. Operating Expenses  
Last Ten Fiscal Years**



## CENTRAL OHIO TRANSIT AUTHORITY

**Farebox Recovery Ratio  
Last Ten Fiscal Years**



**CENTRAL OHIO TRANSIT AUTHORITY**  
**Expenses by Object Class**  
**Last Ten Fiscal Years**  
(in thousands)

OPERATING EXPENSES OTHER THAN DEPRECIATION:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Labor .....	\$ 38,037	\$ 39,805	\$ 43,216	\$ 46,537	\$ 51,926	\$ 57,546	\$ 59,790	\$ 64,771	\$ 63,664	\$ 79,932
Fringe benefits .....	24,676	26,120	28,402	29,517	35,781	47,906	52,983	56,783	69,145	(28,742)
Services .....	5,993	7,744	7,269	8,190	10,286	11,254	10,904	14,506	18,811	20,124
Materials and supplies .....	6,307	6,958	7,372	8,256	9,041	10,385	11,568	13,003	10,991	10,592
Fuel.....	8,387	9,025	8,536	6,806	4,946	3,785	5,279	5,604	3,498	3,678
Utilities .....	1,552	1,811	2,179	2,099	2,038	2,267	2,888	2,713	2,556	3,117
Claims and insurance .....	80	(454)	246	150	57	178	241	469	595	355
Taxes .....	934	1,037	860	814	750	778	768	872	760	589
Purchased transportation .....	6,733	7,136	7,652	7,742	7,822	7,669	7,869	8,779	10,631	9,149
Leases and rentals .....	185	183	184	175	186	173	156	173	206	147
Miscellaneous .....	854	938	1,278	1,653	1,992	2,278	2,391	2,553	1,826	2,067
Total .....	93,738	100,303	107,194	111,939	124,825	144,219	154,837	170,226	182,683	101,008
DEPRECIATION .....	16,335	20,048	22,094	24,469	25,376	27,673	29,451	29,500	30,556	32,960
Total operating expenses .....	110,073	120,351	129,288	136,408	150,201	171,892	184,288	199,726	213,239	133,968
NONOPERATING EXPENSES:										
Loss on sale of capital assets	933	-	30	(22)	289	692	374	75	1,010	844
Fair value adjustment	-	-	-	-	-	-	-	-	-	1,361
Non-operating project expense	-	-	-	-	1,216	4,409	668	289	461	74
Regional transit subsidy	-	-	1,072	240	1,508	1,038	953	3,585	2,242	4,024
TOTAL EXPENSES .....	<u>\$ 111,006</u>	<u>\$ 120,351</u>	<u>\$ 130,390</u>	<u>\$ 136,626</u>	<u>\$ 153,214</u>	<u>\$ 178,031</u>	<u>\$ 186,283</u>	<u>\$ 203,675</u>	<u>\$ 216,952</u>	<u>\$ 140,271</u>

\* GASB 68 implemented in 2015.

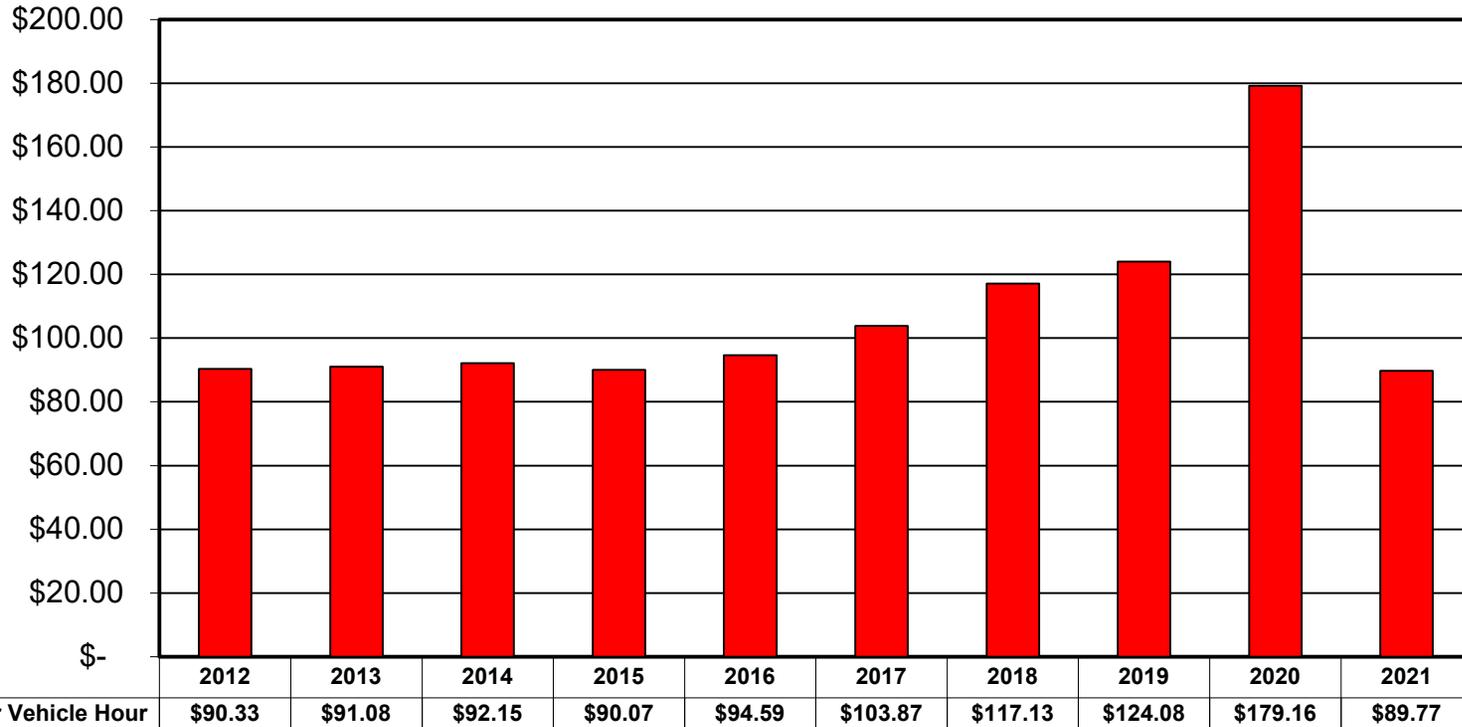
\* GASB 75 implemented in 2018.

Amounts are presented in accordance with generally accepted accounting principles, on an accrual basis

Source: The Authority's independently audited annual financial statements

# CENTRAL OHIO TRANSIT AUTHORITY

Operating Expenses per Vehicle Hour  
Last Ten Fiscal Years



Operating expenses exclude depreciation

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Operating Expenses - Comparison to Industry Trend Data**  
**Last Ten Fiscal Years**

**TRANSPORTATION INDUSTRY <sup>(1)</sup>**

<u>YEAR</u>	<u>LABOR AND FRINGES</u>	<u>SERVICES</u>	<u>MATERIALS AND SUPPLIES</u>	<u>UTILITIES</u>	<u>CLAIMS AND INSURANCE</u>	<u>PURCHASED TRANSPORTATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES</u>
2012	64.0%	6.9%	11.7%	3.2%	2.2%	13.8%	(1.8%)	100.0%
2013	60.7%	7.1%	11.2%	3.1%	2.4%	13.7%	1.8%	100.0%
2014	61.1%	6.9%	11.0%	3.2%	2.5%	13.6%	1.7%	100.0%
2015	61.5%	7.3%	9.8%	3.0%	2.4%	14.2%	1.8%	100.0%
2016	62.6%	7.6%	8.9%	2.7%	2.7%	13.7%	1.6%	100.0%
2017	61.9%	8.1%	8.7%	2.8%	2.8%	14.2%	1.6%	100.0%
2018	61.5%	8.3%	8.7%	2.9%	2.6%	14.5%	1.5%	100.0%
2019	60.9%	8.8%	8.5%	2.7%	2.7%	15.0%	1.4%	100.0%
2020	*	*	*	*	*	*	*	*
2021	*	*	*	*	*	*	*	*

**CENTRAL OHIO TRANSIT AUTHORITY <sup>(2)</sup>**

<u>YEAR</u>	<u>LABOR AND FRINGES</u>	<u>SERVICES</u>	<u>MATERIALS AND SUPPLIES</u>	<u>UTILITIES</u>	<u>CLAIMS AND INSURANCE</u>	<u>PURCHASED TRANSPORTATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES <sup>(3)</sup></u>
2012	66.9%	6.4%	15.7%	1.7%	0.1%	7.2%	2.0%	100.0%
2013	65.7%	7.7%	15.9%	1.8%	-0.5%	7.1%	2.3%	100.0%
2014	66.8%	6.8%	14.8%	2.0%	0.2%	7.1%	2.3%	100.0%
2015	67.9%	7.3%	13.5%	1.9%	0.1%	6.9%	2.4%	100.0%
2016	70.3%	8.2%	11.2%	1.6%	0.0%	6.3%	2.4%	100.0%
2017	73.1%	7.8%	9.8%	1.6%	0.1%	5.3%	2.3%	100.0%
2018	72.8%	7.0%	10.9%	1.9%	0.2%	5.1%	2.1%	100.0%
2019	71.4%	8.5%	10.9%	1.6%	0.3%	5.2%	2.1%	100.0%
2020	72.7%	10.3%	7.9%	1.4%	0.3%	5.8%	1.6%	100.0%
2021	50.7%	19.9%	14.1%	3.1%	0.4%	9.1%	2.7%	100.0%

\* Information not available

(1) Source: The American Public Transit Association, APTA Transit Fact Book

(2) Percentages are derived from the Authority's independently audited annual financial statements.

(3) Total operating expenses exclude depreciation

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Legal Debt Margin**  
**December 31, 2021**  
(in thousands)

**CALCULATION OF LEGAL OVERALL DEBT MARGIN:**

Total assessed property valuation of Authority (2021 tax year valuation) (1) .....	\$ 38,589,370,190
Multiplied by: Legal overall debt limitation (%) .....	5.00%
Equals: Total legal voted and unvoted debt limitation .....	\$ 1,929,468,510
Less: Nonexempt general obligation debt (voted and unvoted) (2) .....	\$ -
Equals: Legal overall debt margin (maximum amount permitted for new voted and unvoted nonexempt general obligation debt issuances) .....	\$ 1,929,468,510

**CALCULATION OF LEGAL UNVOTED DEBT MARGIN:**

Total assessed property valuation of Authority (2021 tax year valuation) (1) .....	\$ 38,589,370,190
Multiplied by: Legal unvoted debt limitation (%) .....	0.10%
Equals: Legal unvoted debt limitation .....	\$ 38,589,370
Less: Maximum aggregate amounts of principal and interest payable in any one calendar year (2) .....	\$ -
Equals: Legal unvoted debt margin (maximum annual debt service charges permitted for new unvoted nonexempt general obligation debt issuances).....	\$ 38,589,370

(1) Source: Franklin County Auditor's Office

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Ratio of General Bonded Debt to Assessed Value and**  
**Net Bonded Debt per Capita**  
**Last Ten Fiscal Years**

<u>YEAR</u>	<u>POPULATION</u> (1)	<u>ASSESSED VALUE</u> (2)	<u>GENERAL BONDED DEBT</u> (3)	<u>RATIO OF BONDED DEBT TO ASSESSED VALUE</u>	<u>BONDED DEBT PER CAPITA</u>
2012	1,168,018	\$ 26,973,196,500	\$ -	0.00%	\$0.00
2013	1,195,537	\$ 27,018,525,940	\$ -	0.00%	\$0.00
2014	1,231,393	\$ 27,221,010,540	\$ -	0.00%	\$0.00
2015	1,251,722	\$ 27,907,630,030	\$ -	0.00%	\$0.00
2016	1,264,518	\$ 27,990,535,515	\$ -	0.00%	\$0.00
2017	1,269,998	\$ 31,177,066,170	\$ -	0.00%	\$0.00
2018	1,291,981	\$ 31,535,400,220	\$ -	0.00%	\$0.00
2019	1,316,756	\$ 31,952,055,140	\$ -	0.00%	\$0.00
2020	1,316,756	\$ 37,704,961,770	\$ -	0.00%	\$0.00
2021	1,323,807	\$ 38,589,370,190	\$ -	0.00%	\$0.00

\* Information not available

(1) U. S. Census Bureau

(2) Source: Franklin County Auditor's Office

(3) The Authority's independently audited annual financial statements

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Computation of Direct and Overlapping General Obligation Debt**  
**December 31, 2021**

Franklin County Total Value	\$36,985,482,460
Licking County (City of Reynoldsburg)	\$253,349,160
Delaware County (Westerville & Columbus)	\$1,125,300,060
Fairfield County (Columbus and Reynoldsburg)	\$43,887,650
Union County (City of Dublin)	\$181,350,860

**\*Assessed Value for COTA = \$ 338,589,370,190**

\*The above amounts are all less Tangible Persona

Political Subdivision	General Obligation Debt	Percentage Applicable to COTA	Amount Applicable to COTA
COTA	-	100.0%	-
Counties With Overlapping:			
Delaware	38,301,600	17.98%	6,886,628
Fairfield	21,980,696	5.10%	1,121,015
Franklin	131,415,916	99.99%	131,402,774
Licking	25,817,626	4.71%	1,216,010
Union	39,790,000	8.64%	3,437,856
Cities wholly within COTA	2,095,458,000	100.0%	2,095,458,000
Cities with Overlapping:			
Canal Winchester City	10,880,000	96.23%	10,469,824
Powell City	6,810,000	1.80%	122,580
Villages wholly within COTA	0	100.0%	0
Villages with Overlapping:			
Townships wholly within COTA	29,933,000	100.0%	29,933,000
Townships with Overlapping:			
Etna Township	2,000,000	38.64%	772,800
Genoa Township	4,780,000	0.05%	2,390
Madison Township	1,355,000	99.64%	1,350,122
Violet Township	9,055,000	4.62%	418,341
School Districts wholly within COTA	1,184,386,523	100.0%	1,184,386,523
School Districts with Overlapping:			
Dublin City S.D.	173,488,337	91.69%	159,071,456
Reynoldsburg City S.D.	65,684,987	99.83%	65,573,323
South-Western City S.D.	210,739,962	99.83%	210,381,704
Westerville City S.D.	124,835,000	76.86%	95,948,181
Buckeye Valley S.D.	37,705,000	37.82%	14,260,031
Canal Winchester Local S.D.	33,389,983	78.07%	26,067,560
Jonathan Alder Local S.D.	11,770,000	1.59%	187,143
Licking Heights Local S.D.	79,680,000	52.33%	41,696,544
New Albany-Plain Local S.D.	69,783,819	99.99%	69,776,841
Olentangy Local S.D.	406,887,249	10.94%	44,513,465
Pickerington Local S.D.	66,890,000	13.78%	9,217,442
Southwest Licking S.D.	73,290,000	0.00%	0
Teays Valley Local S.D.	20,940,000	0.33%	69,102
Licking County Joint Vocational S.D.	7,550,000	7.69%	580,595
Tolles Joint Vocational S.D.	1,161,710	78.03%	906,482
Special District with Overlapping:			
Columbus State Community College	136,395,000	99.99%	136,381,361
Solid Waste Authority of Central Ohio	58,180,000	99.81%	58,069,458
West Licking Fire District	1,555,000	17.12%	266,216
<b>Total</b>			<u><u>4,399,944,767</u></u>

Source: Ohio Municipal Advisory Council database

- Notes: 1. Percentage applicable to COTA equals the Franklin County value of the political subdivision divided by the total valuation. TY2020/CY2021 values are used.  
2. General Obligation debt includes Limited and Unlimited issues except for City of Columbus (Limited only)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

<u>YEAR</u>	<u>POPULATION</u>	<u>PER CAPITA INCOME</u>	<u>MEDIAN AGE</u>	<u>K - 12 SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
	(1)	(2)	(3)	(4)	(5)
2012	1,168,018	\$42,624	33.6	192,902	6.7%
2013	1,195,537	\$43,506	33.6	196,580	7.2%
2014	1,231,393	\$45,158	33.8	218,349	4.8%
2015	1,251,722	\$46,949	34.0	220,090	4.1%
2016	1,264,518	\$48,150	34.0	233,148	4.0%
2017	1,269,998	\$48,199	33.9	226,996	3.6%
2018	1,291,981	\$49,448	33.4	172,106	3.8%
2019	1,316,756	\$51,644	34.1	182,800	3.5%
2020	1,316,756	\$55,294	34.1	188,938	7.4%
2021	1,323,807	*	36.4	170,605	2.9%

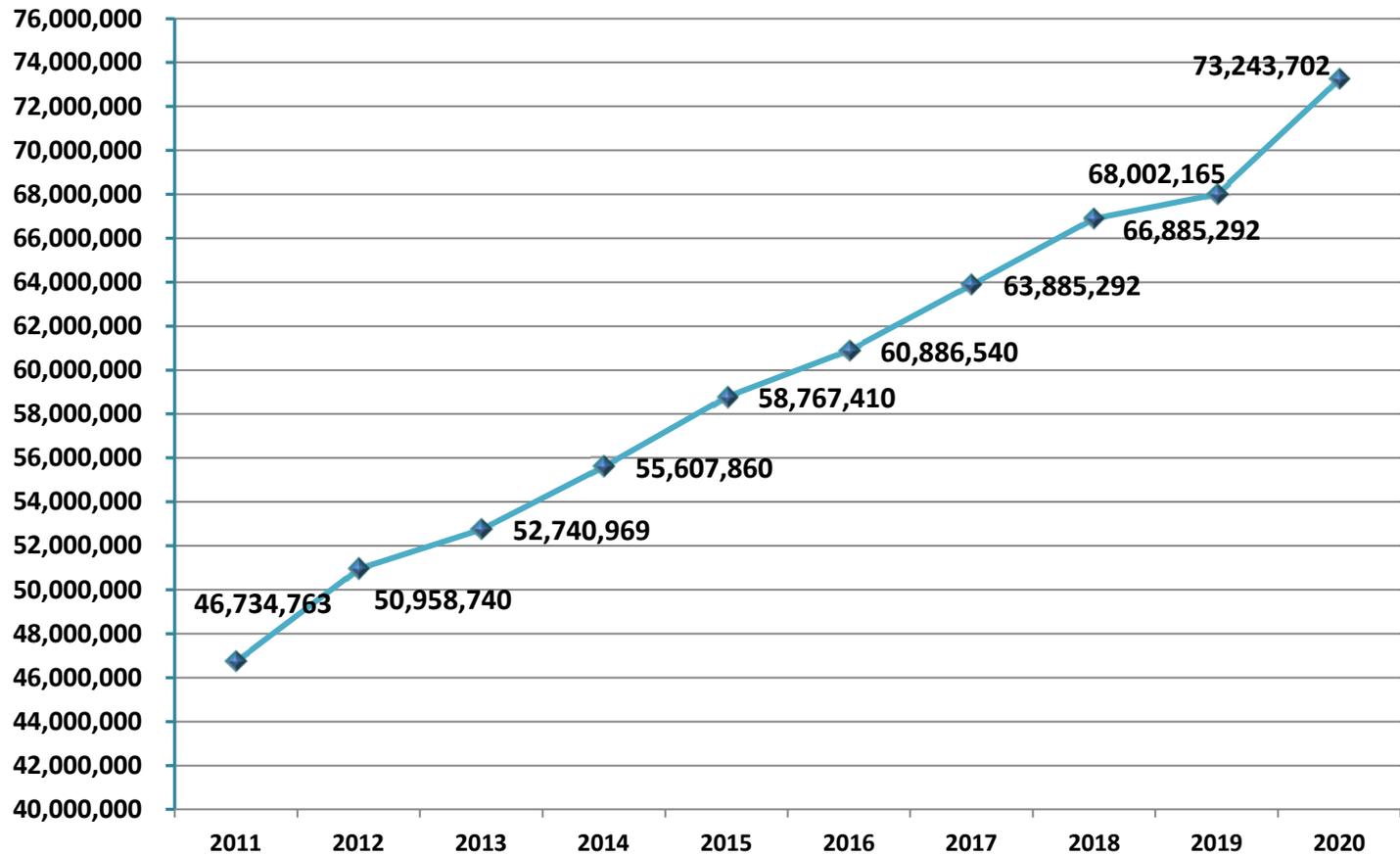
Note: All information presented is for Franklin County

\* Information not available

Sources:

- (1) U. S. Census Bureau - Latest Available is July 1, 2019
- (2) U. S. Department of Commerce - Bureau of Economic Analysis
- (3) Data USA
- (4) Ohio Department of Education - Division of Information Management Services
- (5) Ohio Department of Job and Family Services, Ohio Labor Market Information

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Personal Income Of Franklin County, Ohio**  
**2011-2020**  
(in thousands)



Source: U.S. Bureau of Economic Analysis

**CENTRAL OHIO TRANSIT AUTHORITY  
Largest Employers**

**Ranked by Number of Central Ohio Employees**

Rank	Name of Employer	FTE 2021	% of Total	Rank	Name of Employer	FTE 2012	% of Total
1	Ohio State University	35,210	20.79%	1	Ohio State University	27,404	19.48%
2	State of Ohio	24,897	14.70%	2	State of Ohio	24,748	17.59%
3	Ohio Health	24,512	14.47%	3	JP Morgan Chase Bank	19,200	13.65%
4	JP Morgan Chase & Co	17,480	10.32%	4	OhioHealth	14,025	9.97%
5	Nationwide	16,000	9.45%	5	Nationwide Mutual Insurance Co.	11,316	8.04%
6	Nationwide Children's Hospital	13,161	7.77%	6	Kroger Co.	10,031	7.13%
7	Kroger Co	12,018	7.10%	7	Columbus Public Schools	9,753	6.93%
8	Amazon	9,200	5.43%	8	City of Columbus	8,455	6.01%
9	City of Columbus	8,705	5.14%	9	Mount Carmel Health System	7,961	5.66%
10	Mount Carmel Health System	8,182	4.83%	10	Limited Brands Inc.	7,800	5.54%

Source: Book of List, 2021 Business First, 2012.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Fare Rate Structure**  
**December 31, 2021**

<b>Fixed Route System</b>		<u>Non-ABS users</u>	<u>Mobile/Smart card users</u>
Standard	\$	2.00	\$2.00 but capped for the day at \$4.50; \$62.00 for the month
Standard (Discount)	\$	1.00	\$1.00 but capped for the day at \$2.25; \$31.00 for the month
Transfers		2 hours, no directional limitation	2 hours, no directional limitations
<b>Pass Rates</b>		<u>Non-ABS users</u>	<u>Mobile/Smart card users</u>
Day Pass	\$	4.50	n/a; System will automatically cap at \$4.50
Day Pass (Discount)	\$	2.25	n/a; System will automatically cap at \$2.25
31-Day Pass	\$	62.00	n/a; System will automatically cap at \$62.00
31-Day Pass (Discount)	\$	31.00	n/a; System will automatically cap at \$31.00
<b>Mainstream</b>			
Standard	\$		3.50
On-Demand		\$1.00 per mile; \$5.00 minimum	
Monthly Pass	\$		105.00
<b>Other</b>			
Summer Youth Pass (June 1-August 31)	\$		62.00
<b>Discount Eligibility</b>		Seniors (Age 65 or older) Persons with disabilities Medicare card holders Veterans Children ages 5-12	
<b>No Fare Eligibility</b>		with ADA Card Children under 5	

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Operating Statistics**  
**Last Ten Fiscal Years**

	2012	2013	2014	2015	2016	2017	2018	2019	2020 (2)	2021 (2)
<b>SYSTEM RIDERSHIP</b>										
Motor bus.....	18,423,352	18,472,039	19,041,382	18,920,014	18,549,436	18,401,546	18,913,789	19,146,510	10,322,492	8,950,542
Demand responsive.....	268,960	277,467	285,817	282,515	278,410	287,242	291,455	288,690	163,460	191,172
<b>AVERAGE WEEKDAY SYSTEM RIDERSHIP</b>										
Motor bus.....	62,266	61,538	63,050	62,356	60,884	59,344	60,419	59,929	32,968	26,790
Demand responsive.....	873	887	935	908	898	925	955	952	520	610
<b>VEHICLE MILES OPERATED</b>										
Motor bus.....	11,859,067	12,569,131	13,258,367	14,259,176	15,349,203	16,244,761	16,812,732	16,845,736	12,696,687	14,385,668
Demand responsive.....	3,484,254	3,673,073	3,771,044	4,015,143	3,995,913	4,009,363	4,064,420	3,734,748	2,545,985	2,930,478
<b>AVERAGE WEEKDAY VEHICLE MILES OPERATED</b>										
Motor bus.....	39,047	41,152	42,354	44,991	49,431	49,897	47,981	49,963	31,208	40,019
Demand responsive.....	11,430	11,821	12,385	12,772	12,757	12,976	13,037	13,015	8,074	9,248
<b>REVENUE MILES</b>										
Motor bus.....	9,689,684	10,241,965	10,590,852	11,443,670	12,298,599	13,036,419	13,619,995	13,837,591	10,730,308	12,177,964
Demand responsive.....	3,082,210	3,276,594	3,382,851	3,495,999	3,479,659	3,561,049	3,551,774	3,511,803	2,163,535	2,550,386
<b>PASSENGER MILES</b>										
Motor bus.....	70,809,418	71,591,337	72,744,981	71,677,603	71,088,866	68,304,612	73,617,347	74,351,658	40,149,895	36,238,372
Demand responsive.....	2,696,146	2,846,852	2,922,005	2,975,485	3,000,810	3,197,946	3,031,477	3,017,345	1,914,788	2,279,557

(1) Source: The Authority's annual *National Transit Database Report*, filed with the Federal Transit Administration

(2) The COVID-19 pandemic significantly affected the amount of transportation provided during 2020 and 2021 by the Authority

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Operating Statistics**  
**Last Ten Fiscal Years (continued)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020 (2)	2021 (2)
VEHICLE HOURS OPERATED (1)										
Motor bus.....	861,213	918,742	974,096	1,045,171	1,118,776	1,181,768	1,231,077	1,231,478	458,717	1,078,542
Demand responsive.....	176,468	182,477	189,120	197,621	200,845	206,660	204,958	212,724	150,828	159,470
VEHICLE REVENUE HOURS (1)										
Motor bus.....	789,004	841,428	879,037	948,248	1,013,167	1,072,219	1,116,957	1,143,058	426,011	984,895
Demand responsive.....	159,306	165,320	172,145	178,038	179,841	180,302	182,865	188,272	130,001	140,355
DIESEL, BIODIESEL, CNG GASOLINE FUEL USAGE (IN GALLONS)..... (1)										
	2,969,188	3,133,556	3,339,858	3,649,358	3,851,735	4,019,151	4,238,228	4,516,409	3,404,055	4,446,521
FLEET REQUIREMENTS (DURING PEAK HOURS) (1)										
Motor bus.....	257	261	275	284	295	297	268	269	200	236
Demand responsive.....	68	60	68	77	64	60	60	62	47	47
TOTAL REVENUE VEHICLES DURING PERIOD (1)										
Motor bus.....	308	334	336	341	354	357	322	322	322	354
Demand responsive.....	74	66	74	78	72	60	72	77	89	95
NUMBER OF EMPLOYEES ..... (1)										
	852	865	924	951	1,004	1,122	1,188	1,186	1,122	1,167

Source:

(1) Source: The Authority's annual *National Transit Database Report*, filed with the Federal Transit Administration

(2) The COVID-19 pandemic significantly affected the amount of transportation provided during 2020 and 2021 by the Authority

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Number of Employees and Labor Classification**  
**LAST TEN FISCAL YEARS**

<b>CLASSIFICATION</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
VEHICLE OPERATIONS	593	594	647	680	721	775	843	788	768	768
VEHICLE MAINTENANCE	117	121	123	125	130	171	173	182	168	183
NON-VEHICLE MAINTENANCE	35	30	28	27	29	31	30	28	28	29
GENERAL ADMINISTRATION	107	120	126	119	124	145	142	188	158	187
<b>TOTAL LABOR</b>	<b>852</b>	<b>865</b>	<b>924</b>	<b>951</b>	<b>1004</b>	<b>1122</b>	<b>1188</b>	<b>1186</b>	<b>1122</b>	<b>1167</b>

Source:

( 1 ) The Authority's annual *National Transit Database Report*, filed with the Federal Transit Administration

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Miscellaneous Statistics**  
**For the Year ended December 31, 2021**

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Date of creation of Authority by local county and municipal governments .....	February 17, 1971
Date of acquisition of assets of Columbus Transit Company (C.T.C.) .....	June 29, 1973
Date of commencement of Authority operations .....	January 1, 1974
Form of government .....	Board of Trustees, with fulltime President/CEO
Number of Trustees .....	12
County in which Authority operates .....	Franklin County and small portions of adjacent Delaware, Fairfield, Union, and Licking Counties, Ohio
Type of tax support .....	Service Area Sales Tax - 1/4 % permanent 1/4 % temporary
Size of Authority .....	562 square miles
Miles of route .....	957.7
Number of routes .....	38
Number of bus stop locations .....	3,049
Number of bus stop passenger shelters .....	477
Number of Park-and-Ride facilities .....	23
Parking capacity, all Park-and-Ride facilities .....	2,266
Number of active fleet buses .....	354
Average bus vehicle age .....	6
Average fixed-route system speed .....	14.66
Average fixed-route system fuel economy .....	4.36
Number of customer information calls received .....	303,547

Source: The Authority's annual *National Transit Database Report*, filed with the Federal Transit Administration  
Source: The Authority's non-financial operational statistics.

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2021

*prepared by*

THE FINANCE DIVISION

FOR FISCAL YEAR ENDED DECEMBER 31, 2021

ANGEL MUMMA  
*Chief Financial Officer*

KEVIN HALL  
*Revenue Administrator*

ERIN DELFFS  
*Director, Finance*

MARK HAUK  
*Staff Accountant*

JOSEPH HOMAN  
*Chief Accountant*

JAHN JONES  
*Senior Administrative Assistant*

MURRAY HOLMES  
*Manager, Accounting & Reporting*

WILLIAM MYERS  
*Senior Payroll Administrator*

GLENDA SCAMYHORN  
*Payroll Manager*

ASHANTI POWELL  
*Payroll Administrator*

KATHY ACKERMAN  
*Accounting Clerk*

SAM THOMSEN  
*Fare System Administrator*

CELSO BAQUEDANO  
*Payroll Administrator*

ERICA TRAYLOR  
*Budget Administrator*

REBECCA FELKNER  
*Grants Administrator*

LYNETTE VARGAS  
*Grant Accountant*