



CENTRAL OHIO TRANSIT AUTHORITY

# 2020 Comprehensive Annual Financial Report

For the Fiscal Years Ending December 31, 2020 and 2019

Prepared by the Finance Division



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Board of Trustees  
Central Ohio Transit Authority  
33 North High Street  
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Central Ohio Transit Authority, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Central Ohio Transit Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

August 20, 2021

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# Central Ohio Transit Authority

## Comprehensive Annual Financial Report

### For the Fiscal Years Ended December 31, 2020 and 2019

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# 2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT



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## INTRODUCTION

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June 28, 2021

To Members of the Central Ohio Transit Authority Board of Trustees and the Citizens of Central Ohio:

We are pleased to present our Comprehensive Annual Financial Report (Annual Report) of the Central Ohio Transit Authority (COTA) for the year ended December 31, 2020. This Annual Report includes financial statements and other financial and statistical data which conforms to generally accepted accounting principles in the United States of America (GAAP) 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 to enable the reader to acquire the maximum understanding of the Authority's financial activity have been included.

Clark Schaefer Hackett has issued an unmodified ("clean") opinion on COTA's financial statements for the year ended December 31, 2020. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the year ended December 31, 2020, 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 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, including COTA. The single audit, performed by Clark Schaefer Hackett met the requirements set forth by the State of Ohio, and the audit requirements of Title 2 "U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance).

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.

## **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 to COTA.

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; and four members prorated among the eleven municipal corporations including Bexley, Dublin, Gahanna, Grandview Heights, Grove City, Hilliard, Reynoldsburg, Upper Arlington, Westerville, Whitehall and Worthington. 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 9 of the introductory section.

### **Serving the Community**

*Living Our Commitment* was the theme of COTA’s 2020 Annual Report. We entered the year with an ambitious and transformational agenda based on data from comprehensive customer research and while we had to regain our balance a few times, we were never kicked off course. We were one of the first to respond to COVID-19 by instituting new sanitization technology, health protocols and community support to allow our services to safely continue. All year, COTA operators and

maintenance technicians showed up to work each day to ensure the continuation of essential COTA services. As a result of that commitment, **Central Ohio never went a single day without reliable mobility services.**

The pandemic allowed Team COTA to reimagine mobility solutions. 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 10,322,500 passengers served on our fixed-route system, COTA Mainstream and Mainstream on-demand provided over 238,700 rides to individuals whose disabilities prevent them from accessing the fixed-route bus system.

In order to adapt to a changing world, COTA accelerated our rollout of more flexible, targeted mobility options to reach those without access. In its second year, COTA//Plus, the innovative microtransit service through which customers can request on-demand rides via our mobile app, was expanded in Grove City and introduced in Westerville, providing service to the entire city, Otterbein University, the Polaris area, and the Uptown District. COTA//Plus South Columbus was launched in November, covering 16 neighborhoods and connecting customers to Nationwide Children’s Hospital, the Reeb Avenue Center and Scioto Audubon Metro Park.

On-demand service expanded in new ways during 2020 as well. In September, customers could use the COTA//Plus app to request a ride via Bus On-Demand, allowing customers impacted by service changes due to COVID-19 to still utilize COTA. This new on-demand platform created virtual transit stops, allowing easier access to service and quicker connections to fixed-route lines. In 2020, COTA//Plus provided more than 17,700 rides.

We are proud of our ability to pivot in transformative ways in order to serve our community during a time in which they needed us most.

## **Innovation**

As COVID took its toll on the health and the livelihood of the community, COTA brought an intentional focus to social mobility. Once the pandemic began, COTA began collecting and distributing masks so that our customers could ride safely. In total, more than 25,000 masks were handed out to riders and nonprofit organizations.

In the spring, COTA launched a partnership with Bob Evans to distribute meals to 15 different food pantries, food banks and other nonprofits.

In late summer, COTA transformed its COSI on Wheels partnership to make it a safe curbside experience. COTA and COSI collaborated to provide an amplified Wi-Fi-enabled transit vehicle to create a large free hotspot location – bringing science learning opportunities to Columbus City School locations, parks, libraries, and other community locations in underserved neighborhoods.

In December, COTA announced the implementation of a traffic management and predictive analytics artificial intelligence system. The first-of-its-kind project will improve traffic safety and reduce travel time for residents across 13 Central Ohio counties through a cloud-based connected

mobility platform owned and operated by Waycare Technologies. The project is made possible by a \$1.7 million Mobility Innovation Demonstration Research Grant awarded by the US Department of Transportation to COTA and 13 additional partners. The system will be the largest of its kind in the country and the first involving public transit agencies.

## **ECONOMIC OUTLOOK**

Columbus remains the most populous city in Ohio. And with the region expected to grow to nearly 2.4 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.

According to the State of Ohio, there continues to be a shift in consumption from services (which are mostly excluded from sales tax) to taxable goods. Sales tax receipts through May reflect a 0.7% increase over 2020 collections, and as a result of that continued shift, COTA remains optimistic in the economic resiliency in Central Ohio.

The financial stewardship demonstrated by the Board of Trustees and of COTA leadership past and present has resulted in the Authority's strong financial position. That financial position allowed for the provision of services to the community at no cost for nearly one year during the pandemic and provided for no reduction in work force with our front-line employees. With additional assistance from the Federal Government, in both 2020 and 2021, COTA remains financially strong.

The Board of Trustees and the Leadership Team of COTA continue to closely monitor the regional and local economy for impacts on COTA's financial position.

## **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 that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) 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 starting on page 27.

### **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 the Authority'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 54 to demonstrate budgetary compliance.

## **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 the Authority; and that all disclosures necessary to enable the reader to gain the maximum understanding of the COTA's financial activity have been included. Copies of this report will be available on COTA's website at [www.cota.com](http://www.cota.com).

### **2020 Awards and Recognition**

While 2020 will be remembered as a year of challenges, 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).

For the second time in three years, the American Public Transit Association (APTA) recognized COTA as the best transit organization of its size in North America. To APTA, COTA stood out among transportation organizations for several reasons including the development

of on-demand services such as COTA//Plus and Mainstream On-Demand, adoption of a five-year strategic plan with a core focus on equity, diversity and inclusion, the continued conversation about low and no-emission transit vehicles and our commitment to corridor development in the region to improve mobility and foster equitable economic development.

In a year where employee health and wellness were a constant focus, we were proud to be recognized by the Healthy Business Council of Ohio for our demonstrated commitment to our employees' health by providing comprehensive worksite health promotion and wellness programs. Additionally, efforts undertaken by COTA to keep operators and passengers safe while on our vehicles earned COTA that APTA Health and Safety Certification.

Our commitment to EDI was acknowledged by Parity.org, which recognized COTA on its list of 35 nationally recognized brands of the Best Companies for Women to Advance. Sixty-four percent of COTA's executive leadership are women and in a two-year period, the number of women in director-level or higher positions increased by 14%. In addition, Columbus Business First awarded COTA the Diversity in Business Award.

The GFOA awarded a *Certificate of Achievement for Excellence in Financial Reporting* to COTA for its Annual Report for the fiscal year ended December 31, 2019. The Certificate of Achievement is the highest form of recognition for excellence in financial reporting. This was the 31st 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 Annual 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 ANNUAL 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 three Employee Resource Groups in 2020 – The Veterans Employee Resource Group (VERG), Parents Activity Collaborating Together (PACT), and Black Employees Leading Inclusion, Excellence, Vision and Education (BELIEVE). Together, all three of these groups collaborated to collect more than 500 toys for Nationwide Children's Hospital during the holidays as an act of giving back.

## Acknowledgments

This Comprehensive Annual 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 each of them, and the others throughout the organization, whose efforts have made this report possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Joanna M. Pinkerton".

Joanna M. Pinkerton  
President/CEO

A handwritten signature in black ink, appearing to read "Angel L. Mumma".

Angel L. Mumma  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Central Ohio Transit Authority**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

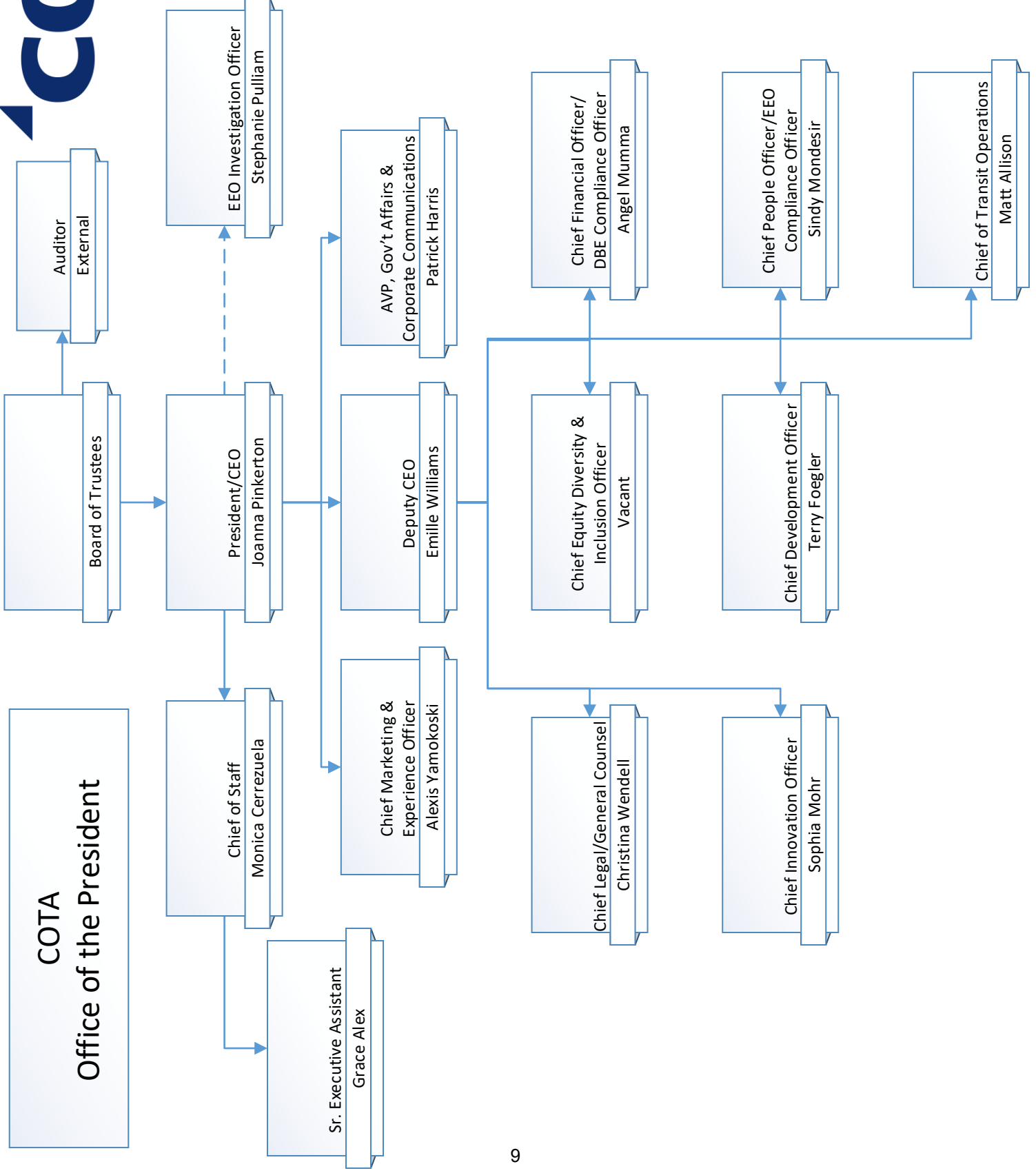
*Christopher P. Morrill*

Executive Director/CEO





# COTA Office of the President





**BOARD OF TRUSTEES**

As of December 31, 2020

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	Cathy DeRosa Appointed by the City of Dublin
Trustee	Jennifer Gallagher Appointed by the City of Columbus
Trustee	Steven D. Gladman Appointed by the City of Grandview Heights
Trustee	Thomas Grote Appointed by the City of Gahanna
Trustee	Amy M. Landino 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	Michael Stevens 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	Angel L. Mumma	Chief of Transit Operations	Matthew Allison
Chief People Officer	Sindy Mondesir	Chief Development Officer	Terry Foegler
Chief Legal/General Counsel	Christina Wendell	Chief Innovation Officer	Sophia Mohr
AVP, Gov't Affairs/Corp. Comm.	Patrick Harris	Chief Marketing/Experience Officer	Dr. Alexis Yamokoski

# 2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT



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## FINANCIALS

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Central Ohio Transit Authority  
33 North High Street  
Columbus, Ohio 43215

### Report on the Financial Statements

We have audited the accompanying financial statements of the Central Ohio Transit Authority (the Authority), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Ohio Transit Authority as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of net pension liabilities and pension contributions and the schedules of net OPEB liabilities and OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

### *Other 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 introductory section, supplemental budget versus actual schedule, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental budget versus actual schedule 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. Such 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 supplemental budget versus actual schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
June 28, 2021

# **CENTRAL OHIO TRANSIT AUTHORITY**

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

### **Years Ended December 31, 2020 and 2019**

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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, 2020 and 2019. 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 \$335.6 million. Of this amount, \$264.1 million is invested in capital assets, net of accumulated depreciation.
- The Authority's net position increased by \$17.0 million in 2020 mainly due to increases in cash and cash equivalents and receivables as a result of federal operating assistance received due to COVID-19 of \$50.0 million, offset by an increase in the Authority's proportionate share of the net pension and OPEB liabilities, which is reflected in the liabilities and deferred inflows of resources on the Condensed Summary of Net Position.
- Current assets of \$257.0 million consist of cash and cash equivalents of \$163.1 million, receivables of \$61.0 million (sales tax receivables of \$36.9 million, federal capital grant receivable of \$22.3 million, other receivables of \$1.6 million), inventory of \$4.5 million, Board designated assets of \$26.6 million and other assets of \$1.7 million.
- Current liabilities of \$21.8 million primarily consist of accrued payroll and fringe benefits of \$10.6 million, and accounts payable of \$7.4 million.
- The Authority's long-term liabilities of \$176.3 million primarily consists of the net pension liability and net OPEB liability of \$102.2 million and \$72.0 million, respectively.

#### **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 24 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 25, 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 26 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, 2020 and 2019**

**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 27-49.

**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	2020	(Restated) 2019	(Restated) 2018
<b>Assets</b>			
Current Assets	\$ 230,329,189	\$ 207,186,510	\$ 221,624,227
Board Designated Assets (current)	26,646,274	29,200,186	6,570,941
Total Current Assets	<u>256,975,463</u>	<u>236,386,696</u>	<u>228,195,168</u>
Non-Current Other Assets	54,777	53,555	15,612,684
Capital Assets (net of accumulated depreciation)	264,073,768	235,687,233	223,016,793
Total Non-Current Assets	<u>264,128,545</u>	<u>235,740,788</u>	<u>238,629,477</u>
Total Assets	521,104,008	472,127,484	466,824,645
Deferred Outflows of Resources	<u>49,065,292</u>	<u>42,413,340</u>	<u>30,712,373</u>
<b>Liabilities</b>			
Current Liabilities	21,770,942	18,854,088	17,011,413
Non-Current Other Liabilities	2,081,090	2,489,429	3,032,565
Net Pension Liability	102,189,495	110,351,252	71,271,333
Net OPEB Liability	72,044,732	53,405,611	50,100,594
Total Liabilities	<u>198,086,259</u>	<u>185,100,380</u>	<u>141,415,905</u>
Deferred Inflows of Resources	<u>36,433,669</u>	<u>10,774,320</u>	<u>20,437,708</u>
<b>Net Position</b>			
Net Position Investment in Capital Assets	264,073,768	235,687,233	223,016,793
Net Position Unrestricted	71,575,604	82,978,891	112,666,612
Total Net Position	<u>\$ 335,649,372</u>	<u>\$ 318,666,124</u>	<u>\$ 335,683,405</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.



# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Years Ended December 31, 2020 and 2019

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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.

# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Years Ended December 31, 2020 and 2019

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, 2020 amounts to \$264.1 million. The increase in COTA's investment in capital assets in 2020 was \$28.4 million.

Major capital asset events during 2020 included the following:

- Purchase of 28 Heavy Duty CNG Transit Bus and 8 Paratransit Vehicles
- Installation of Vapor vShield Driver Barrier Systems
- Sale of 25 Heavy Duty CNG Transit Bus and 3 Paratransit Vehicles

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 34 in the Notes to the Financial Statements.

The Authority's current assets at the end of 2020 are composed of cash and cash equivalents (73.9%), receivables (23.7%), inventory (1.8%), and other assets (0.6%) consisting predominately of prepaid expenses.

In 2020, the Authority's total liabilities, other than net pension and net OPEB liabilities, increased \$2.5 million due to timing of accruals. The decrease in net pension liability of \$8.2 million and the increase in the net OPEB liability of \$18.6 million were due to the Authority reporting its proportionate share of the State-wide pension system for the year using 2019 as the measurement year.

#### **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	2020	2019	2018
Vehicle Operations	\$ 98,805,823	\$ 92,751,877	\$ 85,742,386
Vehicle Maintenance	30,102,497	32,050,147	27,635,618
Facilities Maintenance	11,834,651	8,760,703	8,085,662
General and Administrative	41,733,861	36,490,242	33,218,305
	<u>\$ 182,476,832</u>	<u>\$ 170,052,969</u>	<u>\$ 154,681,971</u>

# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Years Ended December 31, 2020 and 2019

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

Description	2020	2019	2018
Operating Revenues			
Passenger Fare Revenues	\$ 4,166,012	\$ 18,208,917	\$ 18,576,996
Special Services Revenue	200,487	822,880	845,027
Total Operating Revenues	<u>4,366,499</u>	<u>19,031,797</u>	<u>19,422,023</u>
Non-Operating Revenues			
Sales Tax Revenues	133,699,649	135,701,616	131,382,944
Federal Operating Assistance	50,601,514	436,008	395,402
State Operating Assistance	1,783,392	748,250	1,867,863
Local Operating Assistance	255,975	-	-
Investment Income	1,188,206	3,976,278	3,311,564
Non-transportation and Other Revenues	1,792,205	1,557,032	1,221,237
Total Non-Operating Revenues	<u>189,320,941</u>	<u>142,419,184</u>	<u>138,179,010</u>
Total Revenue before Capital Grants	<u>193,687,440</u>	<u>161,450,981</u>	<u>157,601,033</u>
Operating Expenses			
Labor	63,664,363	64,771,226	59,789,565
Fringe Benefits	69,144,543	56,782,782	52,982,981
Materials and Supplies and Fuel	14,489,287	18,607,643	16,846,649
Purchased Transportation	10,630,800	8,778,525	7,869,240
Services	18,811,102	14,505,867	10,903,982
Other Expenses	5,942,973	6,780,261	6,445,123
Depreciation Expense	30,556,473	29,499,960	29,450,716
Total Operating Expenses	<u>213,239,541</u>	<u>199,726,264</u>	<u>184,288,256</u>
Non-Operating Expenses			
Loss on Disposal of Capital Assets	1,010,270	74,904	374,350
Regional Transit Subsidy	2,242,304	3,585,334	953,233
Non-Operating Project Expense	460,625	289,012	667,688
Total Non-Operating Expense	<u>3,713,199</u>	<u>3,949,250</u>	<u>1,995,271</u>
Change before Capital Grants	<u>(23,265,300)</u>	<u>(42,224,533)</u>	<u>(28,682,494)</u>
Capital Grant Revenues			
Federal	38,079,805	25,015,028	3,319,148
State	1,614,766	-	-
Local	553,977	192,224	127,839
Total Capital Grant Revenues	<u>40,248,548</u>	<u>25,207,252</u>	<u>3,446,987</u>
Change in Net Position during the Year	<u>\$ 16,983,248</u>	<u>\$ (17,017,281)</u>	<u>\$ (25,235,507)</u>

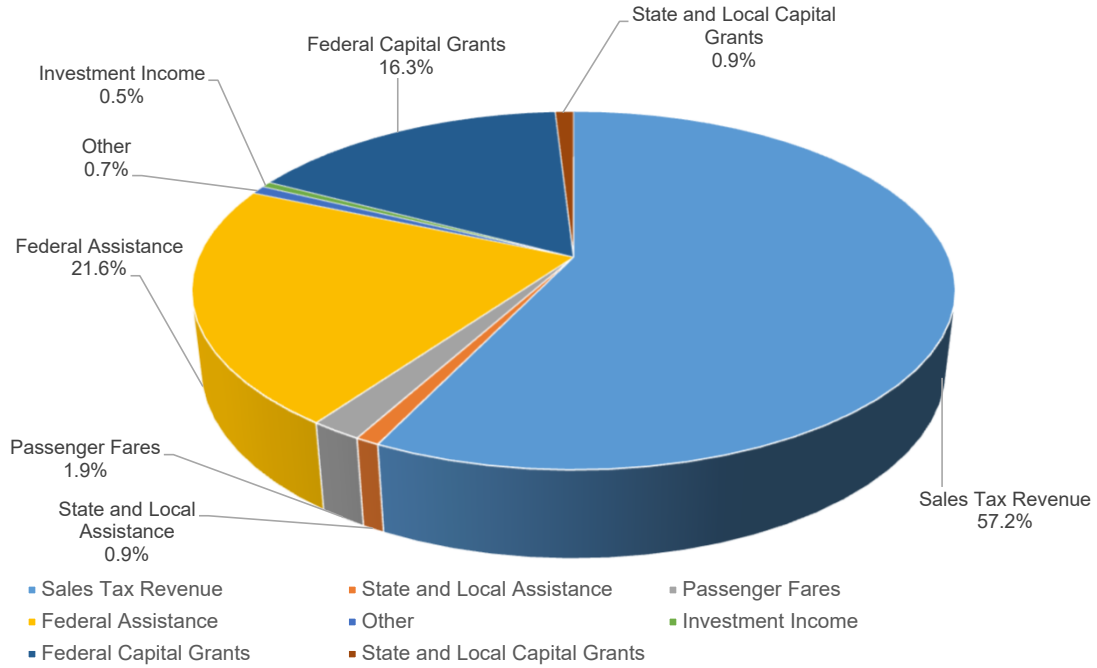
#### Requests for Information

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:

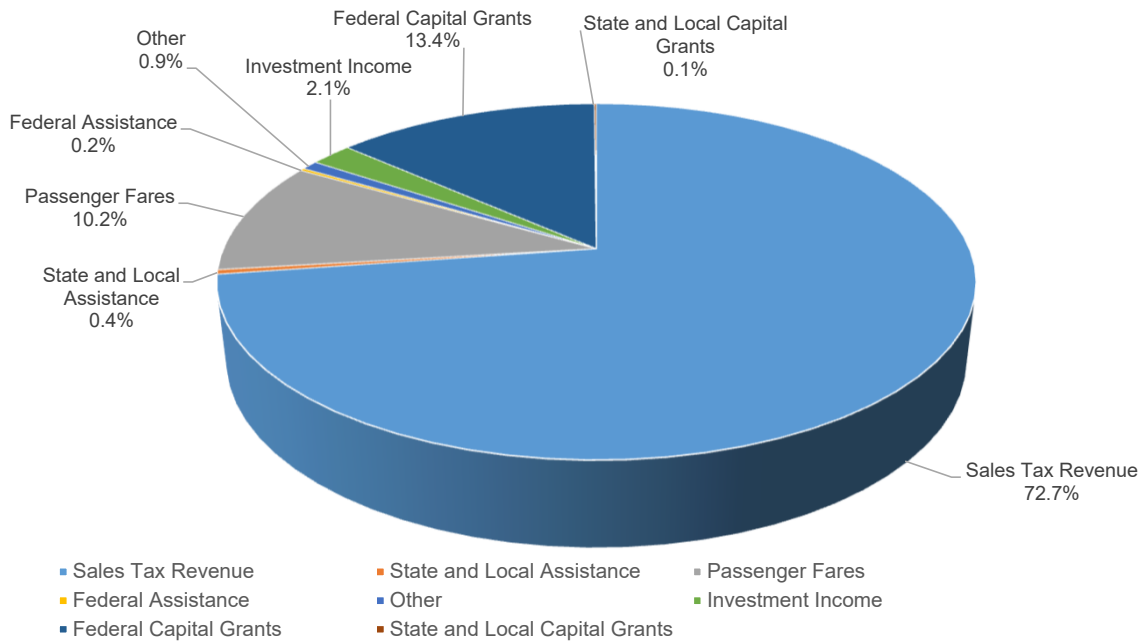
Office of Chief Financial Officer  
Central Ohio Transit Authority  
William J. Lhota Building  
33 N. High Street  
Columbus, OH 43215  
www.cota.com

## CENTRAL OHIO TRANSIT AUTHORITY Revenues by Source

**2020 Total Revenues  
\$233,935,988**



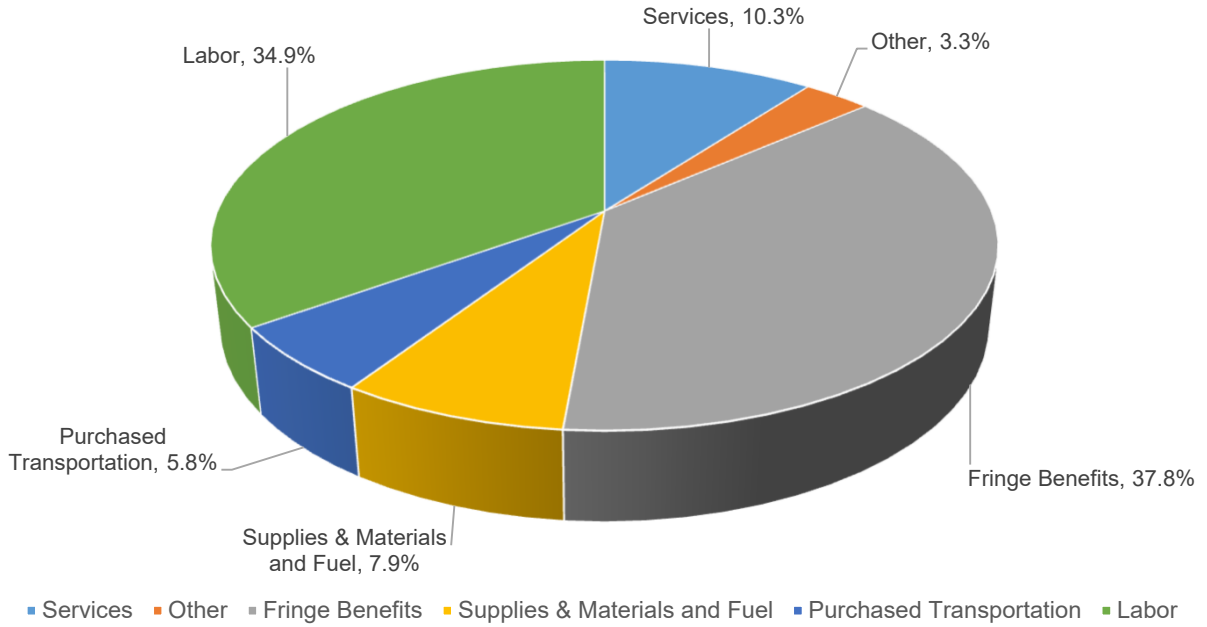
**2019 Total Revenues  
\$186,658,233**



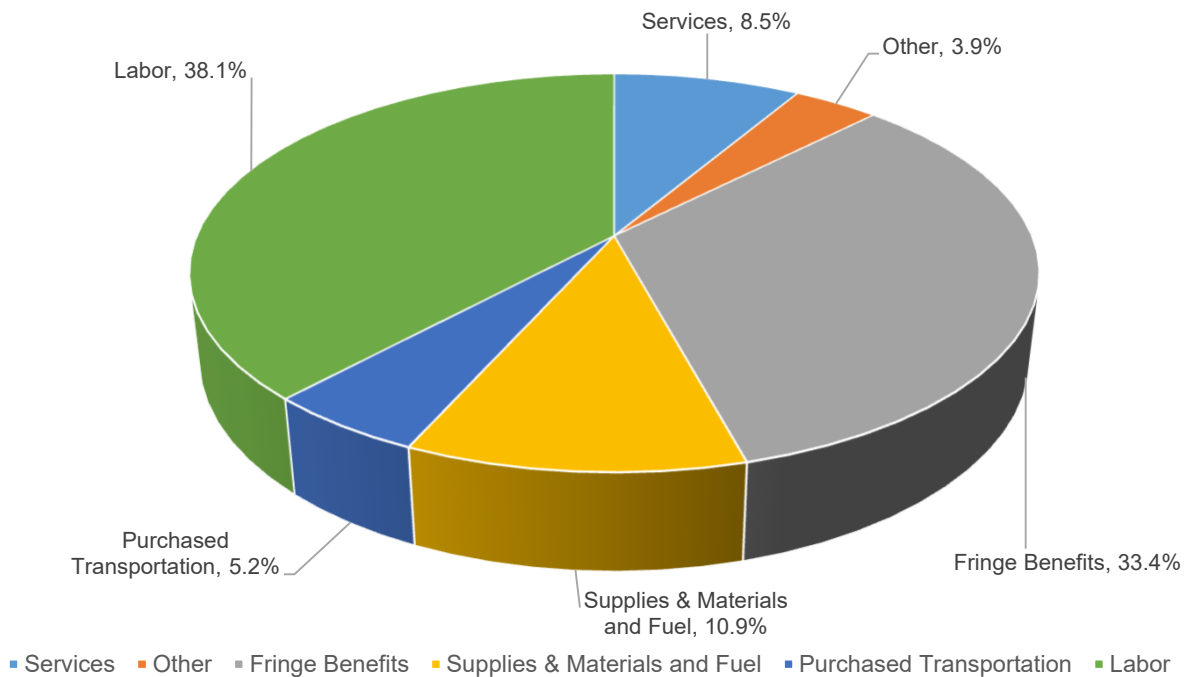
# CENTRAL OHIO TRANSIT AUTHORITY

## Operating Expense by Object Class (Excluding Depreciation)

2020 Total Expenses  
\$182,683,068



2019 Total Expenses  
\$170,226,304



# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Years Ended December 31, 2020 and 2019

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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 2019, the 2020 farebox revenue is down 77.1% as a result of the suspension of ridership fares in response to the COVID-19 pandemic. Fare revenue in 2019 was down 2.0% when compared to 2018 driven by a decrease in sales of monthly passes.

**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 2020, 2019, and 2018, the Authority saw a -1.5%, 3.3%, and 1.7% change in sales tax revenue, respectively.

**Federal Assistance** is received from the Federal Transit Administration (FTA). In 2020, 2019, and 2018, COTA received operating assistance through §5310 to offset the cost of mobility services. Additionally, in 2020, COTA received operating assistance of \$49.9 million through §5307, Urbanized Area Formula Grant from the CARES Act to assist with the impact of the COVID Pandemic.

**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 2020, 2019, and 2018, the Authority's §5307 funding allocation increased 52.2%, 4.0%, and 4.0%, 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 2020, Local Assistance included subsidized payments from various cities to offer on-demand micro-transit services.

**Investment Income** is earned on invested funds. In 2020, 2019, and 2018, the Authority recognized -70.1%, 20.1%, and 107.8% change, respectively in investment income. These changes are directly impacted by decreasing interest rates due to current market conditions.

**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 2020, 2019, and 2018 respectively, the Authority recognized a 15.1%, 27.5%, and 24.7% change in Non-Transportation and Other Revenue.

**State and Local Capital Grants** in 2020, the increase was due to the contribution for capital from a public-public partnership between the City of Columbus and COTA related to the CNG Satellite station. This funding made up 0.93% of COTA's 2020 total revenue.

# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Years Ended December 31, 2020 and 2019

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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 2020 and 2019, the Authority recognized a -1.7% and 8.3% change, respectively, in labor expense. For both years, there were scheduled pay increases related to the Authority's collective bargaining units and those provided to non-union staff. Additionally, in an effort to support expanded service to the community, in 2019, COTA made a number of staff changes contributing to the increase in labor costs. 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 2020, 2019, and 2018 fringe benefits increased by 21.8%, 7.2%, and 10.6%, respectively. The increases are not proportionate to the increase in labor expense due to pension and OPEB expense adjustments required by GASB Statements No. 68 and 75.

**Materials and Supplies** include the Authority's diesel fuel expense and parts used to maintain buses and facilities. In 2020, 2019, and 2018, the Authority recognized a -37.6%, 6.2%, and 39.5% change, respectively, in fuel expenses incurred. The decrease in 2020 was due to the reduction in routes resulting from the loss of ridership as a result of the COVID Pandemic. During the year, fuel prices were extremely low as a result of the lower demand and 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 2018, the commodity pricing and the cost of natural gas both saw increases. In 2020, 2019, and 2018, the Authority recognized a -15.5%, 12.4%, and 11.4% 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. The decrease in 2020 in material and supply costs, exclusive of fuel, was directly related to the reduction of routes as a result of the COVID Pandemic. Increases in material and supply costs, exclusive of fuel, in prior years were 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 2020, 2019, and 2018, the Authority recognized a 21.1%, 11.6%, and 2.6% change respectively. 2020 had a significant expense increase for purchased transportation due to the supplemental usage during the COVID Pandemic to maintain service where ridership exceeded the capacity limits imposed by COTA to maintain social distancing for the Fixed Route service. The Mainstream service was utilized for stops that were passed up due to the restrictions in place by the COVID restrictions for capacity. 2019 had a significant expense increase as a result of expanding services to include the provision of direct, door-to-door services to those Mainstream customers. 2018 had a slight expense increase that was in line with increases in service hours provided.

**Services** are provided by outside contractors to assist the Authority in completing professional, technical, consulting and maintenance related projects. In 2020, 2019, and 2018 the Authority recognized a 29.7%, 33.0%, and -3.1% 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 were 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 2020, 2019, and 2018, the Authority recognized a -12.3%, 5.2%, and 13.6% change, respectively, in other expenses, mostly driven by a decrease in travel for staff, reduction in advertising expense, and decrease in cost not associated with direct operations.

# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Years Ended December 31, 2020 and 2019

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**Depreciation Expense** In 2020, 2019, and 2018, the Authority recognized 3.6%, 0.2%, and 6.4% increases respectively, over prior year depreciation expense. While the 2019 depreciation expense was consistent with the prior year, the 2020 increase was due to an overall increase in capital assets associated with the first full year of depreciation associated with BRT construction assets, addition of twenty-eight fixed route buses, and additional Paratransit buses for utilization in the COTA Plus Program.

**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 2020, 2019, and 2018, \$2,242,304, \$3,585,334, and \$953,233 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 Authority nor can they be classified as operating expenses of the Authority. In 2020, 2019, and 2018 these non-operating projects expenses were \$460,625, \$289,012, and \$667,688, respectively.



**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Net Position**  
**December 31, 2020 and 2019**

	2020	2019
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents.....	\$ 163,096,630	\$ 149,601,389
Receivables:		
Sales tax.....	36,915,123	36,202,796
Federal capital grants receivable.....	22,294,902	13,167,366
Federal operating assistance.....	202,190	831,410
Other.....	1,618,883	1,572,895
Inventory of materials and supplies.....	4,532,405	4,588,386
Other.....	1,669,056	1,222,268
Board designated:		
Cash and cash equivalents - self insurance.....	16,092,234	15,978,630
Cash and cash equivalents - capital grants.....	10,554,040	13,221,556
<b>TOTAL CURRENT ASSETS.....</b>	<b>256,975,463</b>	<b>236,386,696</b>
<b>NON-CURRENT ASSETS:</b>		
Fair value of derivative instruments.....	54,777	53,555
Capital assets:		
Nondepreciable - land.....	10,908,509	11,456,847
Nondepreciable - construction in progress.....	63,900,606	34,800,883
Net depreciable capital assets.....	189,264,653	189,429,503
Capital assets, net.....	264,073,768	235,687,233
<b>TOTAL NON-CURRENT ASSETS.....</b>	<b>264,128,545</b>	<b>235,740,788</b>
<b>TOTAL ASSETS.....</b>	<b>521,104,008</b>	<b>472,127,484</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred outflow from derivative instruments.....	-	100,285
Pension/OPEB.....	49,065,292	42,313,055
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>49,065,292</b>	<b>42,413,340</b>
<b>CURRENT LIABILITIES:</b>		
Accrued payroll and fringe benefits.....	10,576,318	9,148,868
Accounts payable.....	7,441,913	5,758,894
Accrued payroll taxes.....	1,165,325	1,742,179
Estimated workers' compensation claims.....	478,120	370,421
Estimated claims payable.....	485,000	411,000
Other current liabilities.....	1,624,266	1,422,726
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>21,770,942</b>	<b>18,854,088</b>
<b>NON-CURRENT LIABILITIES:</b>		
Accrued fringe benefits.....	1,300,378	1,316,951
Estimated workers' compensation claims.....	693,812	956,675
Estimated claims payable.....	86,900	115,518
Fair value of derivative instruments.....	-	100,285
Net pension liability.....	102,189,495	110,351,252
Net OPEB liability.....	72,044,732	53,405,611
<b>TOTAL NON-CURRENT LIABILITIES.....</b>	<b>176,315,317</b>	<b>166,246,292</b>
<b>TOTAL LIABILITIES.....</b>	<b>198,086,259</b>	<b>185,100,380</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflow from derivative instruments.....	54,777	53,555
Pension/OPEB.....	36,378,892	10,720,765
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>36,433,669</b>	<b>10,774,320</b>
<b>NET POSITION:</b>		
Investment in capital assets.....	264,073,768	235,687,233
Unrestricted.....	71,575,604	82,978,891
<b>TOTAL NET POSITION.....</b>	<b>\$ 335,649,372</b>	<b>\$ 318,666,124</b>

See notes to financial statements.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years ended December 31, 2020 and 2019**

	2020	2019
<b>OPERATING REVENUES:</b>		
Passenger fares for transit service.....	\$ 4,166,012	\$ 18,208,917
Special transit fares.....	200,487	822,880
Total.....	<u>4,366,499</u>	<u>19,031,797</u>
<b>OPERATING EXPENSES OTHER THAN DEPRECIATION:</b>		
Labor.....	63,664,363	64,771,226
Fringe benefits.....	69,144,543	56,782,782
Materials and supplies.....	10,991,246	13,003,490
Fuel.....	3,498,041	5,604,153
Purchased transportation.....	10,630,800	8,778,525
Services.....	18,811,102	14,505,867
Utilities.....	2,556,023	2,713,131
Taxes.....	760,478	872,138
Leases and rentals.....	206,236	173,335
Claims and insurance, net of settlements.....	594,645	469,096
Advertising.....	351,594	1,033,005
Miscellaneous.....	1,473,997	1,519,556
Total.....	<u>182,683,068</u>	<u>170,226,304</u>
DEPRECIATION.....	<u>30,556,473</u>	<u>29,499,960</u>
Total operating expenses.....	<u>213,239,541</u>	<u>199,726,264</u>
OPERATING LOSS.....	<u>(208,873,042)</u>	<u>(180,694,467)</u>
<b>NON-OPERATING REVENUES(EXPENSES):</b>		
Sales tax revenues.....	133,699,649	135,701,616
Federal operating grants.....	50,601,514	436,008
State operating grants, reimbursements and special fare assistance.....	1,783,392	748,250
Local operating grants.....	255,975	-
Investment income.....	1,188,206	3,976,278
Regional transit subsidy.....	(2,242,304)	(3,585,334)
Non-operating project expense.....	(460,625)	(289,012)
Non-transportation and other revenue.....	1,792,205	1,557,032
Loss on disposal of capital assets.....	(1,010,270)	(74,904)
Total.....	<u>185,607,742</u>	<u>138,469,934</u>
CHANGE BEFORE CAPITAL GRANTS.....	<u>(23,265,300)</u>	<u>(42,224,533)</u>
<b>CAPITAL GRANT REVENUES:</b>		
Federal.....	38,079,805	25,015,028
State.....	1,614,766	-
Local.....	553,977	192,224
Total.....	<u>40,248,548</u>	<u>25,207,252</u>
CHANGE IN NET POSITION	16,983,248	(17,017,281)
NET POSITION, BEGINNING OF YEAR.....	318,666,124	335,683,405
NET POSITION, END OF YEAR.....	<u>\$ 335,649,372</u>	<u>\$ 318,666,124</u>

See notes to financial statements.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Cash Flows**  
**Years ended December 31, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers.....	\$ 4,366,499	\$ 19,031,797
Cash payments to suppliers for goods and services.....	(47,021,693)	(50,630,811)
Cash payments to employees for services.....	(62,236,913)	(64,133,535)
Cash payments for employee benefits.....	(40,354,716)	(35,670,668)
Cash payments for casualty and liability.....	(704,427)	(271,600)
Other receipts.....	1,299,429	1,902,850
Net cash used in operating activities.....	<u>(144,651,821)</u>	<u>(129,771,967)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Sales taxes received.....	132,987,322	135,118,940
Federal operating assistance received.....	51,230,734	-
Local assistance provided.....	(2,242,304)	(3,585,334)
State operating and other assistance received.....	1,783,392	748,250
Local operating and other assistance received.....	255,975	-
Net cash provided by non-capital financing activities.....	<u>184,015,119</u>	<u>132,281,856</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Federal capital grants received.....	28,952,269	13,247,541
State capital grants received.....	1,614,766	-
Local capital grants received.....	553,977	192,224
Acquisition and construction of capital assets.....	(60,335,713)	(40,619,595)
Acquisition and construction of non-capital project expenses.....	(460,625)	(289,012)
Proceeds from sale of capital assets.....	65,151	255,195
Net cash used in capital and related financing activities.....	<u>(29,610,175)</u>	<u>(27,213,647)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments.....	-	(365,946)
Sale of investments.....	-	15,978,630
Interest received from investments.....	1,188,206	3,976,278
Net cash provided by investing activities.....	<u>1,188,206</u>	<u>19,588,962</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>10,941,329</b>	<b>(5,114,796)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....</b>	<b>178,801,575</b>	<b>183,916,371</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR.....</b>	<b><u>\$ 189,742,904</u></b>	<b><u>\$ 178,801,575</u></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating Loss.....	\$ (208,873,042)	\$ (180,694,467)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation.....	30,556,473	29,499,960
Other receipts.....	1,792,205	1,557,032
Change in assets and liabilities:		
(Increase) Decrease in other receivables.....	(45,988)	477,729
Decrease (Increase) in materials and supplies inventory.....	55,981	(865,971)
Increase in other assets.....	(446,788)	(131,911)
Increase in deferred outflows for pension/OPEB.....	(6,752,237)	(12,229,410)
Increase (Decrease) in accounts payable, accrued compensation, self-insurance liabilities and other.....	2,926,084	(52,922)
(Decrease) Increase in net pension liability.....	(8,161,757)	39,079,919
Increase in net OPEB liability.....	18,639,121	3,305,017
Increase (Decrease) in deferred inflows for pension/OPEB.....	25,658,127	(9,716,943)
Net cash used in operating activities.....	<u>\$ (144,651,821)</u>	<u>\$ (129,771,967)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY</b>		
Capital assets acquired through accounts payable.....	<u>\$ 2,661,134</u>	<u>\$ 2,978,418</u>

See notes to financial statements.

# CENTRAL OHIO TRANSIT AUTHORITY

## Notes to Financial Statements

### Years Ended December 31, 2020 and 2019

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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 2020.

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 (1) 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.

#### (2) 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, 2020 and 2019**

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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, 2020, the fair value of the Authority's derivative instruments are offset by a deferred inflow of resources. At December 31, 2019, the fair value of the Authority's derivative instruments are offset by a deferred outflow of resources for diesel and a deferred inflow of resources for natural gas.

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:

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, 2020 and 2019**

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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 market 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 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, 2020 and 2019**

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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, 2018	\$ 4,030,975	\$ 1,338,889
Vacation & Sick Liability Earned	6,480,429	-
Vacation & Sick Liability Paid	<u>(6,005,096)</u>	<u>(21,938)</u>
Compensated Absences Liability December 31, 2019	\$ 4,506,308	\$ 1,316,951
Vacation & Sick Liability Earned	8,546,429	-
Vacation & Sick Liability Paid	<u>(7,810,191)</u>	<u>(16,573)</u>
Compensated Absences Liability December 31, 2020	<u>\$ 5,242,546</u>	<u>\$ 1,300,378</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 2020 will be recognized as revenue in 2020. 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, 2020 and 2019**

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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.

***Reclassifications***

Certain amounts reported in 2019 have been reclassified in order to conform to 2020 financial statement presentation (see Note 14 for additional discussion).

**(3) Upcoming Accounting Pronouncements**

GASB Statement No. 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of GASB Statement No. 87 are effective for 2022. The Authority is currently evaluating the impact GASB Statement No. 87 may have on its financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued to enhance the relevance and comparability of information about capital assets and the costs of borrowing for a period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB Statement No. 89 are effective for 2021. The Authority is currently evaluating the impact GASB Statement No. 89 may have on its financial statements.



**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

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**(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 2020, 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 \$100 million for 2020 and \$25 million for 2019. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business days(s), but on to the \$100 million limit. All accounts of the participant will be combined for these purposes.

***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, 2020, the carrying amount of the Authority's deposits with financial institutions was \$6,377,871 and the bank balance was \$6,399,256. The difference results from outstanding checks and deposits in transit. At December 31, 2020, \$250,050 was covered by Federal Deposit Insurance. \$6,149,206 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.

At December 31, 2019, the carrying amount of the Authority's deposits with financial institutions was \$6,595,035 and the bank balance was \$8,782,561. The difference results from outstanding checks and deposits in transit. At December 31, 2019, \$250,000 was covered by Federal Deposit Insurance. \$8,532,561 was collateralized with securities deposited with a qualified trustee and pledged to the Treasurer of State. In addition, the Authority had \$6,189 of cash on hand.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

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

***Other Deposits***

As of December 31, 2020 and 2019, the Authority held equity of \$183,359,931 and \$172,200,351, respectively, in the STAR Ohio investment pool. STAROhio is rated AAAM by Standard and Poor's. This investment has not been categorized based on a custodial risk because it is not a security. The relationship between the Authority and the investment asset is a direct contractual relationship and the investments evidence ownership or creditorship.

**(5) Commitments**

The Authority has several active projects as of December 31, 2020. At year-end, the Authority's commitments with contractors are as follows:

<b>Project</b>	<b>Spent-to-Date</b>	<b>Remaining Commitment</b>
Content Management System	\$ 3,067	\$ 336,933
SmartYard and AVM	1,025,098	103,231
Fields Avenue Renovation	45,778,929	5,915,403
McKinley Avenue Renovation Phase 3C	856,206	3,268,397
Electric Bus Pilot Program	17,404	2,278,627
Trapeze Upgrade	3,808,565	286,468
COTA Plus Fleet Vehicles	384,113	317,912
BRT Shelter rReplacement	172,000	328,000
IT Core Infrastructure	1,299,202	423,813
Vehicle Connectivity Upgrade	1,436,540	24
Mobility Van Replacement	2,005,894	1,824,500
Fare Management System	-	656,442
East-West Corridor - BRT	-	2,000,000
	<b><u>\$ 56,787,018</u></b>	<b><u>\$ 17,739,750</u></b>

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**(6) Capital Assets**

Capital asset activities for the years ended December 31, 2020 and 2019 are as follows:

	January 1, 2020	Additions	Disposals	Reclassifications/ Transfers	December 31, 2020
<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
<b>Total</b>	<b>46,257,730</b>	<b>42,024,397</b>	<b>(548,338)</b>	<b>(12,924,674)</b>	<b>74,809,115</b>
<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
<b>Total</b>	<b>409,901,103</b>	<b>17,994,032</b>	<b>(8,508,809)</b>	<b>12,924,674</b>	<b>432,311,000</b>
<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)
<b>Total</b>	<b>(220,471,600)</b>	<b>(30,556,473)</b>	<b>7,981,726</b>	<b>-</b>	<b>(243,046,347)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>189,429,503</b>	<b>(12,562,441)</b>	<b>(527,083)</b>	<b>12,924,674</b>	<b>189,264,653</b>
<b>Total Capital Assets Net</b>	<b>\$ 235,687,233</b>	<b>\$ 29,461,956</b>	<b>\$ (1,075,421)</b>	<b>\$ -</b>	<b>\$ 264,073,768</b>
	January 1, 2019	Additions	Disposals	Reclassifications/ Transfers	December 31, 2019
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 11,456,847	\$ -	\$ -	\$ -	\$ 11,456,847
CIP	11,470,185	25,806,604	-	(2,475,906)	34,800,883
<b>Total</b>	<b>22,927,032</b>	<b>25,806,604</b>	<b>-</b>	<b>(2,475,906)</b>	<b>46,257,730</b>
<b>Capital Assets Being Depreciated</b>					
Land and leasehold improvements	18,288,482	-	-	-	18,288,482
Building and improvements	159,913,334	89,905	-	2,002,818	162,006,057
Revenue vehicles	152,220,681	16,027,067	(6,438,084)	-	161,809,664
Transit shelter	10,854,885	-	-	-	10,854,885
Other equipment	56,408,822	576,923	(516,818)	473,088	56,942,015
<b>Total</b>	<b>397,686,204</b>	<b>16,693,895</b>	<b>(6,954,902)</b>	<b>2,475,906</b>	<b>409,901,103</b>
<b>Less Accumulated Depreciation</b>					
Land and leasehold improvements	(4,649,253)	(1,384,357)	-	-	(6,033,610)
Building and improvements	(74,539,620)	(8,465,555)	-	-	(83,005,175)
Revenue vehicles	(80,695,672)	(13,230,738)	6,173,549	-	(87,752,861)
Transit shelter	(3,021,163)	(1,247,054)	-	-	(4,268,217)
Other equipment	(34,690,735)	(5,172,256)	451,254	-	(39,411,737)
<b>Total</b>	<b>(197,596,443)</b>	<b>(29,499,960)</b>	<b>6,624,803</b>	<b>-</b>	<b>(220,471,600)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>200,089,761</b>	<b>(12,806,065)</b>	<b>(330,099)</b>	<b>2,475,906</b>	<b>189,429,503</b>
<b>Total Capital Assets Net</b>	<b>\$ 223,016,793</b>	<b>\$ 13,000,539</b>	<b>\$ (330,099)</b>	<b>\$ -</b>	<b>\$ 235,687,233</b>

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**(7) Leases**

COTA leases certain property and equipment under operating leases. Rental expense for all operating leases was \$206,236 and \$173,334 in 2020 and 2019, 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, 2020:

	Commitments under Operating Leases
2021	\$ 6,660
2022	6,927
2023	7,204
2024	7,492
2025	7,792
2026 and forward	8,103
Total Minimum Lease Payments	\$ 44,178

**(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, 2020 and 2019 consist of the following:

	2020	2019
Federal:		
FTA Capital Assistance	\$ 38,079,805	\$ 25,015,028
FTA Operating Assistance	50,601,514	436,008
Total	\$ 88,681,319	\$ 25,451,036
State:		
State Capital Assistance	\$ 1,614,766	\$ -
ODOT Fuel Tax Reimbursement	636,750	748,250
State Operating Assistance	1,146,642	-
Total	\$ 3,398,158	\$ 748,250
Local:		
City of Columbus Reimbursement	\$ 553,977	\$ 192,224
Local Operating Assistance	255,975	-
Total	\$ 809,952	\$ 192,224

**(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, 2020 and 2019**

**(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 \$571,900 at December 31, 2020, and \$526,518 at December 31, 2019, are included in estimated claims payable in the accompanying Statements of Net Position. At December 31, 2020 and 2019 \$16,092,234 and \$15,978,630, 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 \$1,171,932 at December 31, 2020 and \$1,327,096 at December 31, 2019 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 was 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, 2020 and 2019 follows:

	General Liability	Workers' Compensation
Claims liability at December 31, 2018	\$ 253,353	\$ 1,402,765
Incurred claims, net of favorable settlements	672,040	608,568
Claims paid	(398,875)	(684,237)
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

There were no changes to the above 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 and workers' compensation reserve expected to be paid within one year is \$963,120 and \$781,421, for 2020 and 2019 respectively.

**(10) Pension Plan**

***Net Pension Liability***

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

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

# CENTRAL OHIO TRANSIT AUTHORITY

## Notes to Financial Statements

### Years Ended December 31, 2020 and 2019

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**(10) Pension Plan (continued)**

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 are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plan to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the pension plan’s Board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to net pension liability would be effective when the changes are legally enforceable.

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

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

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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g., Authority employees) may elect the Member-Directed Plan and the Combined Plan, the majority of employee members are in OPERS’ Traditional Plan; therefore, the following disclosures focus on the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code (ORC). 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 Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642, or by calling 800-222-7377.

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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>
<p><b>Age and Service Requirements:</b> Age 60 with 5 years of service credit or Age 55 with 25 years of service credit</p> <p><b>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 years</p>	<p><b>Age and Service Requirements:</b> Age 60 with 5 years of service credit or Age 55 with 25 years of service credit</p> <p><b>Formula:</b> 2.2% of FAS multiplied by year of service for the first 30 years and 2.5% for service years in excess of 30 years</p>	<p><b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit</p> <p><b>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 years</p>

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

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**(10) Pension Plan (continued)**

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA was based on the average percentage increase in the Consumer Price Index, capped at 3%.

Funding Policy—The ORC provides statutory authority for member and employer contributions. For 2020, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$9,193,402 for 2020. Of this amount, \$840,503 is reported as accrued payroll and fringe benefits.

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

The net pension liability for OPERS was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability 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:

Proportionate Share of the Net Pension Liability	\$	102,189,495
Proportion of the Net Pension Liability		0.5170047%
Change in Proportion		0.1140861%
Pension Expense	\$	25,628,589

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Deferred Outflows of Resources**

Change in assumptions	\$	5,458,115
Change in proportionate share and difference in employer contributions		14,470,779
Authority contributions subsequent to measurement date		9,193,402
Total Deferred Outflows of Resources	\$	<u>29,122,296</u>

**Deferred Inflows of Resources**

Differences between expected and actual experience	\$	(1,292,040)
Net difference between projected and actual earning on pension plan investments		(20,384,508)
Change in proportionate share and difference in employer contributions		(2,490,606)
Total Deferred Inflows of Resources	\$	<u>(24,167,154)</u>

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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**(10) Pension Plan (continued)**

\$9,193,402 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 in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:		
2021	\$	4,427,202
2022		(1,415,588)
2023		844,117
2024		(8,093,991)
	\$	<u>(4,238,260)</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.

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 in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

Wage inflation	3.25%
Future salary increases, Including inflation	3.25% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3% simple; Post 1/7/2013 retirees: 1.4% simple through 2020, then 2.15% simple
Investment rate of return	7.20%
Actuarial cost method	Individual entry age

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 table.

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



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

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.

During 2019, 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 a loss of 17.2% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	25.00%	1.83%
Domestic Equities	19.00%	5.75%
Real Estate	10.00%	5.20%
Private Equity	12.00%	10.70%
International Equities	21.00%	7.66%
Other Investments	<u>13.00%</u>	4.98%
Total	<u>100.00%</u>	5.61%

**Discount Rate.** The discount rate used to measure the total pension liability 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Authority's proportionate share of the net pension liability	\$ 168,549,331	\$ 102,189,495	\$ 42,540,610

**(11) Other Postemployment Benefit (OPEB) Plans**

**Net OPEB Liability**

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

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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**(11) Other Postemployment Benefit (OPEB) Plans (continued)**

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

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit 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 Combined plans. This 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 refund, Member-Directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in GASB Statement No. 75. See OPERS' annual 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 statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate 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. The portion of Traditional Pension and Combined plans' employer contributions allocated to health care was zero in 2020. 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 2020 was 4.0%.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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**(11) Other Postemployment Benefit (OPEB) Plans (continued)**

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement system relative to the contributions of all participating entities. The following is information related to the proportionate share and OPEB expense:

Proportionate Share of the Net OPEB Liability	\$ 72,044,732
Proportion of the Net OPEB Liability	0.5215871%
Change in Proportion	0.1119607%
OPEB Expense	\$ 12,948,067

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Deferred Outflows of Resources**

Differences between expected and actual experience	\$ 1,932
Change in assumptions	11,403,914
Change in proportionate share and difference in employer contributions	8,537,150
Total Deferred Outflows of Resources	<u>\$ 19,942,996</u>

**Deferred Inflows of Resources**

Differences between expected and actual experience	\$ (6,588,822)
Net difference between projected and actual earnings on plan investments	(3,668,499)
Change in proportionate share and difference in employer contributions	(1,954,417)
Total Deferred Inflows of Resources	<u>\$ (12,211,738)</u>

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

Year Ending December 31:	
2021	\$ 5,070,825
2022	4,225,100
2023	2,920
2024	(1,567,587)
	<u>\$ 7,731,258</u>

**CENTRAL OHIO TRANSIT AUTHORITY**  
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**(11) Other Postemployment Benefit (OPEB) Plans (continued)**

***Actuarial Assumptions – OPERS***

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages 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, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	3.25%
Projected salary increases	3.25% to 10.75%, including wage inflation
Single discount rate:	
Current measurement period	3.16%
Prior measurement period	3.96%
Investment rate of return	6.00%
Municipal bond rate:	
Current measurement period	2.75%
Prior measurement period	3.71%
Health care cost trend rate:	
Current measurement period	10.5% initial, 3.50% ultimate in 2030
Prior measurement period	10.0% initial, 3.25% ultimate in 2029
Actuarial cost method	Individual entry age

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 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 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.

**CENTRAL OHIO TRANSIT AUTHORITY**  
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**(11) Other Postemployment Benefit (OPEB) Plans (continued)**

During 2019, 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, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and 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 19.7% for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the OPERS Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the OPERS Board-approved asset allocation policy for 2019 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00%	1.53%
Domestic Equities	21.00%	5.75%
REITs	6.00%	5.69%
International Equities	23.00%	7.66%
Other Investments	14.00%	4.90%
Total	<u>100.00%</u>	4.55%

**Discount Rate.** A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. 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) 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 an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**CENTRAL OHIO TRANSIT AUTHORITY**  
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**(11) Other Postemployment Benefit (OPEB) Plans (continued)**

**Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate.** The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the Authority's proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0% point lower (2.16%) or 1.0% point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Authority's proportionate share of the net OPEB liability	\$ 94,279,344	\$ 72,044,732	\$ 54,238,266

**Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate.** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

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 2020 is 10.50%. 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 actuaries 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 Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	\$ 69,916,718	\$ 72,044,732	\$ 74,141,451

**Changes Subsequent to the Measurement Date.** On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-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 pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current measurement period, but are expected to decrease the associated OPEB liability.

**CENTRAL OHIO TRANSIT AUTHORITY**  
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**(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, 2020, 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, 2020, 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. FTA grant stipulations also require the granter 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 granter must refund FTA's un-depreciated basis in assets disposed with a net book value greater than \$5,000.

**COVID-19 Pandemic**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures impacted the second half of fiscal year 2020 and will impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and any 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 2020 and 2019, 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 \$0.0239 per gallon at December 31, 2020 and 2019, 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, 2020 and 2019, a loss of \$545,009 and 169,634, 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.



**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

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

**Composition of Derivative Instruments**

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2020 and 2019, classified by type, are as follows:

<u>December 31, 2020</u>	<u>Notional Amount</u>	<u>Fair Value</u>	<u>Counterparty Credit Rating</u>
Positive 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
 <u>December 31, 2019</u>			
Positive Cash Flow Hedge:			
Pay-variable, receive fixed commodity swap	504,000 gallons	\$ 53,555	A2
Negative Cash Flow Hedge:			
Pay-variable, receive fixed commodity swap	240,000 mmbtu	\$ (100,285)	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 \$101,507 for 2020. 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).

**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.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

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**(14) Correction of Amount**

During 2020, the Authority made the decision to present the financial information regarding its derivatives related to its fuel expense on the financial statements. The amounts associated with these hedging instruments has always, and continues to be, insignificant to the Authority's financial statements. The requirements of reporting the instruments in accordance with GASB Statement No. 53 resulted in adjustments to the Statement of Net Position for all years presented but had no effect on the beginning net position of any period.

At December 31, 2019, the Authority had reported \$15,978,630 of investments designated for self-insurance. Upon further examination, the nature of these monies no longer met the definition of an investment and therefore, should have been reported within cash and cash equivalents. The corresponding amounts reported for 2019 have been corrected within the Statement of Net Position as well as the Statement of Cash Flows. This correction had no effect on the beginning net position of the Authority for the year ended December 31, 2020.

**(15) Subsequent Event**

In response to the ongoing COVID-19 pandemic, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was signed into law on December 27, 2020. Additionally, the American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021. The Authority was allocated relief funding of \$51,621,741 from CRRSAA and \$93,279,602 from ARPA to assist with ongoing operations of the Authority.

## **Required Supplementary Information**

**CENTRAL OHIO TRANSIT AUTHORITY**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST SEVEN YEARS (1) (2)

	Authority's Proportion of the Net Pension Liability	Authority's Proportionate Share of the Net Pension Liability	Authority's Covered Payroll	Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.363971%	\$ 42,862,731	\$ 38,340,346	111.80%	86.36%
2015	0.363971%	43,734,920	44,622,933	98.01%	86.45%
2016	0.390550%	67,648,215	48,887,633	138.37%	81.08%
2017	0.408070%	92,665,735	52,764,617	175.62%	77.25%
2018	0.454303%	71,271,333	59,997,877	118.79%	84.66%
2019	0.402919%	110,351,252	60,978,236	180.97%	74.70%
2020	0.517005%	102,189,495	66,169,814	154.44%	82.17%

- (1) Information prior to 2014 is not available. The Authority will continue to presented for years available until a full ten-year trend is compiled.
- (2) Amounts presented for each year were determined as of the Authority's measurement date, which is the prior year-end.

**NOTES TO SCHEDULE:**

*Change in assumptions.* In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

In 2019, a reduction of the discount rate was made from 7.5% to 7.2%.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST EIGHT YEARS (1)**

	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Authority's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2013	\$ 4,984,245	\$ (4,984,245)	\$ -	\$ 38,340,346	13.00%
2014	5,354,752	(5,354,752)	-	44,622,933	12.00%
2015	5,866,516	(5,866,516)	-	48,887,633	12.00%
2016	6,331,754	(6,331,754)	-	52,764,617	12.00%
2017	7,799,724	(7,799,724)	-	59,997,877	13.00%
2018	8,536,953	(8,536,953)	-	60,978,236	14.00%
2019	9,263,774	(9,263,774)	-	66,169,814	14.00%
2020	9,193,402	(9,193,402)	-	65,667,157	14.00%

(1) Information prior to 2013 is not available. The Authority will continue to be presented for years available until a full ten-year trend is compiled.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE**  
**SHARE OF THE NET OPEB LIABILITY**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST FOUR YEARS (1) (2)**

	Authority's Proportion of the Net OPEB Liability	Authority's Proportionate Share of the Net OPEB Liability	Authority's Covered Payroll	Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.4080699%	\$ 41,216,446	\$ 52,764,617	78.11%	54.05%
2018	0.4613627%	50,100,594	59,997,877	83.50%	54.14%
2019	0.4096264%	53,405,611	60,978,236	87.58%	46.33%
2020	0.5215871%	72,044,732	66,169,814	108.88%	47.80%

- (1) Information prior to 2017 is not available. The Authority will continue to be presented for years available until a full ten-year trend is compiled.
- (2) Amounts presented for each year were determined as of the Authority's measurement date, which is the prior year-end.

**NOTES TO SCHEDULE:**

*Change in assumptions.* In 2018, the single discount rate changed from 4.23% to 3.85%.

In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST SIX YEARS (1)**

	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Authority's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2015	\$ 977,753	\$ (977,753)	\$ -	\$ 48,887,633	2.00%
2016	1,055,292	(1,055,292)	-	52,764,617	2.00%
2017	599,979	(599,979)	-	59,997,877	1.00%
2018	-	-	-	60,978,236	0.00%
2019	-	-	-	66,169,814	0.00%
2020	-	-	-	65,667,157	0.00%

(1) Information prior to 2015 is not available. The Authority will continue to be presented for years available until a full ten-year trend is compiled.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Supplemental Schedule of Revenues, Expenses and**  
**Changes in Net Position - Budget vs. Actual (Accrual Basis)**  
**Year ended December 31, 2020**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
OPERATING REVENUES.....	\$ 19,296,566	\$ 4,366,499	\$ (14,930,067)
OPERATING EXPENSES OTHER THAN DEPRECIATION:			
Labor.....	78,076,191	63,664,363	14,411,828
Fringe benefits.....	29,210,185	39,761,289	(10,551,104)
Materials and supplies.....	14,964,541	10,991,246	3,973,295
Fuel.....	5,563,903	3,498,041	2,065,862
Purchased transportation.....	10,775,404	10,630,800	144,604
Services.....	24,091,001	18,811,102	5,279,899
Utilities.....	3,138,974	2,556,023	582,951
Claims and insurance, net of settlements.....	1,087,800	594,645	493,155
Miscellaneous.....	3,151,976	2,792,305	359,671
Total.....	<u>170,059,975</u>	<u>153,299,814</u>	<u>16,760,161</u>
DEPRECIATION.....	34,779,496	30,556,473	4,223,023
Total operating expenses.....	<u>204,839,471</u>	<u>183,856,287</u>	<u>20,983,184</u>
OPERATING LOSS.....	<u>(185,542,905)</u>	<u>(179,489,788)</u>	<u>6,053,117</u>
NON-OPERATING REVENUES (EXPENSES):			
Sales tax revenues.....	135,478,503	133,699,649	(1,778,854)
Federal operating grant.....	1,574,404	50,601,514	49,027,110
State operating grants, reimbursements and special fare assistance.....	674,633	1,783,392	1,108,759
Local operating grant.....	-	255,975	255,975
Investment income.....	3,000,000	1,188,206	(1,811,794)
Regional transit subsidy.....	(3,200,000)	(2,242,304)	957,696
Non-operating project expense.....	(540,504)	(460,625)	79,879
Non-transportation and other revenues.....	3,130,868	1,792,205	(1,338,663)
Loss on disposal of capital assets.....	-	(1,010,270)	(1,010,270)
Total.....	<u>140,117,904</u>	<u>185,607,742</u>	<u>45,489,838</u>
Change before capital grants.....	(45,425,001)	6,117,954	51,542,955
CAPITAL GRANT REVENUE:			
Federal, state, local.....	98,738,832	40,248,548	(58,490,284)
Total.....	<u>98,738,832</u>	<u>40,248,548</u>	<u>(58,490,284)</u>
CHANGE IN NET POSITION.....	<u>53,313,831</u>	<u>46,366,502</u>	<u>(6,947,329)</u>
NET POSITION, BEGINNING OF YEAR.....	<u>450,830,697</u>	<u>450,830,697</u>	<u>-</u>
NET POSITION, END OF YEAR.....	<u>\$ 504,144,528</u>	<u>\$ 497,197,199</u>	<u>\$ (6,947,329)</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	\$ 16,983,248
<i>Budgeting Difference:</i>	
Recognition of proportionate share of state-wide pension system's pension/OPEB expense for current year.	<u>29,383,254</u>
Change in Net Position, Budgeted Accrual Basis	<u>\$ 46,366,502</u>



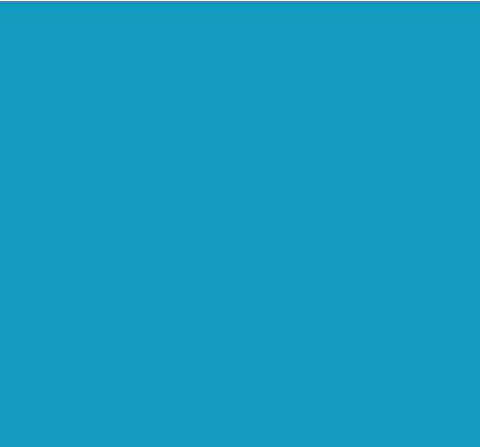
# 2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT



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## STATISTICAL DATA

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# STATISTICAL SECTION

This part of COTA's comprehensive annual 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.

## **Financial Trends and Revenue Capacity**

P56-64

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.

## **Debt Capacity**

P65-67

These schedules indicate COTA specific debt service information as well as direct and overlapping debt computations from Franklin County.

## **Economic and Demographic Information**

P68-70

These schedules contain economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place.

## **Operating Information**

P71-75

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.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>NET POSITION</b>										
Investment in Capital Assets	\$ 150,015,663	\$ 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
Unrestricted	101,209,722	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
<b>TOTAL NET POSITION</b>	<b>\$ 251,225,385</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>

\* 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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>OPERATING REVENUES:</b>										
Passenger fares for transit service	\$ 17,225	\$ 19,256	\$ 19,519	\$ 20,130	\$ 19,137	\$ 18,663	\$ 18,816	\$ 18,577	\$ 18,209	\$ 4,166
Special transit fares	671	772	775	781	879	862	872	845	823	200
Auxiliary transportation revenue	12	-	-	-	-	-	-	-	-	-
<b>Total operating revenues</b>	<b>17,908</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>OPERATING EXPENSES OTHER THAN DEPRECIATION</b>										
Labor	37,623	38,037	39,805	43,216	46,537	51,926	57,546	59,790	64,771	63,664
Fringe Benefits	24,302	24,676	26,120	28,402	29,517	35,781	47,906	52,983	56,783	69,145
Services	6,522	5,993	7,744	7,269	8,190	10,286	11,254	10,904	14,506	18,811
Materials and Supplies	6,297	6,307	6,958	7,372	8,256	9,041	10,385	11,568	13,003	10,991
Fuel	7,588	8,387	9,025	8,536	6,806	4,946	3,785	5,279	5,604	3,498
Utilities	1,937	1,552	1,811	2,179	2,099	2,038	2,267	2,888	2,713	2,556
Claims and Insurance	338	80	(454)	246	150	57	178	241	469	595
Taxes	937	934	1,037	860	814	750	778	768	872	760
Purchased transportation	6,533	6,733	7,136	7,652	7,742	7,822	7,669	7,869	8,779	10,631
Leases and rentals	284	185	183	184	175	186	173	156	173	206
Miscellaneous	743	854	938	1,278	1,653	1,992	2,278	2,391	2,563	1,826
<b>Total</b>	<b>93,104</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>
Depreciation	13,333	16,335	20,048	22,094	24,469	25,376	27,673	29,451	29,500	30,556
<b>Total operating expenses</b>	<b>106,437</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>OPERATING LOSS</b>	<b>(88,529)</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>NON-OPERATING REVENUES(EXPENSES)</b>										
Sales Tax Revenues	98,993	105,854	111,214	118,663	125,163	131,794	129,143	131,383	135,702	133,700
Federal operating grants and reimbursements	2,995	406	1,224	22	267	562	113	395	436	50,602
State / local operating grants, reimbursements and special fare assistance	996	917	830	745	619	596	8,007	1,868	748	2,039
Investment income	29	423	143	384	274	907	1,594	3,311	3,976	1,188
Non-transportation and other revenue	1,088	947	1,048	933	952	971	979	1,221	1,557	1,792
Regional transit subsidy	-	-	-	(1,072)	(240)	(1,508)	(1,038)	(953)	(3,585)	(2,242)
Non-operating project expense	(56)	(933)	-	(30)	22	(1,216)	(4,409)	(668)	(289)	(461)
Gain(Loss) on sale of capital assets	104,045	107,614	114,459	119,645	127,057	131,817	133,697	136,183	138,470	185,608
<b>Total non-operating revenues(expenses)</b>	<b>(56)</b>	<b>(933)</b>	<b>-</b>	<b>(30)</b>	<b>22</b>	<b>(289)</b>	<b>(692)</b>	<b>(374)</b>	<b>(75)</b>	<b>(1,010)</b>
<b>Gain(Loss) before capital grants and special item</b>	<b>15,516</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>CAPITAL GRANT REVENUES</b>										
Federal	19,359	20,835	26,307	22,926	26,389	13,830	36,247	3,319	25,015	38,080
State / local	2,660	986	-	-	-	-	3,572	128	192	2,168
<b>Total</b>	<b>22,019</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>CHANGES IN NET POSITION</b>										
NET POSITION, BEGINNING OF YEAR	37,535	39,390	40,709	34,194	37,054	14,971	21,312	(25,236)	(17,017)	16,983
Restatement, GASB 68	213,691	251,226	290,616	331,325	328,198	365,252	380,223	401,535	335,683	318,666
Restatement, GASB 75	-	-	-	(37,321)	-	-	-	-	-	-
<b>NET POSITION, END 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>

\* 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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>OPERATING REVENUES:</b>										
Passenger fares for transit service .....	\$ 17,225	\$ 19,256	\$ 19,519	\$ 20,130	\$ 19,137	\$ 18,663	\$ 18,816	\$ 18,577	\$ 18,209	\$ 4,166
Special transit fares .....	671	772	775	781	879	862	872	845	823	200
Auxiliary transportation revenue .....	12	-	-	-	-	-	-	-	-	-
Total operating revenues .....	17,908	20,028	20,294	20,911	20,016	19,525	19,688	19,422	19,032	4,366
<b>NON-OPERATING REVENUES:</b>										
Sales tax revenues .....	98,993	105,854	111,214	118,663	125,163	131,794	129,143	131,383	135,702	133,700
Federal operating grants .....	2,995	406	1,224	22	267	562	113	395	436	50,602
State and local operating grants, reimbursements and special fare assistance .....	996	917	830	745	619	596	8,007	1,868	748	2,039
Investment income .....	29	423	143	384	274	907	1,594	3,311	3,976	1,188
Non-transportation and other revenues .....	1,088	947	1,048	933	974	971	979	1,221	1,557	1,792
Total nonoperating revenues before capital gifts and grants .....	104,101	108,547	114,459	120,747	127,297	134,830	139,836	138,178	142,419	189,321
Capital gifts and grants:										
Federal capital grants .....	19,359	20,835	26,307	22,926	26,389	13,830	36,247	3,319	25,015	38,080
State and other capital grants .....	2,660	986	-	-	-	-	3,572	128	192	2,168
Total non-operating revenues .....	126,120	130,368	140,766	143,673	153,686	148,660	179,655	141,625	167,626	229,569
<b>TOTAL REVENUES .....</b>	<b>\$ 144,028</b>	<b>\$ 150,396</b>	<b>\$ 161,060</b>	<b>\$ 164,584</b>	<b>\$ 173,702</b>	<b>\$ 168,185</b>	<b>\$ 199,343</b>	<b>\$ 161,047</b>	<b>\$ 186,658</b>	<b>\$ 233,935</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>	
2011	32.8%	11.1%	43.9%	46.3%	9.8%	56.1%	100.0%
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	*	*	*	*	*	*	*
2020	*	*	*	*	*	*	*

### 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>	
2011	12.0%	16.1%	28.1%	69.8%	2.1%	71.9%	100.0%
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%

\* 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.

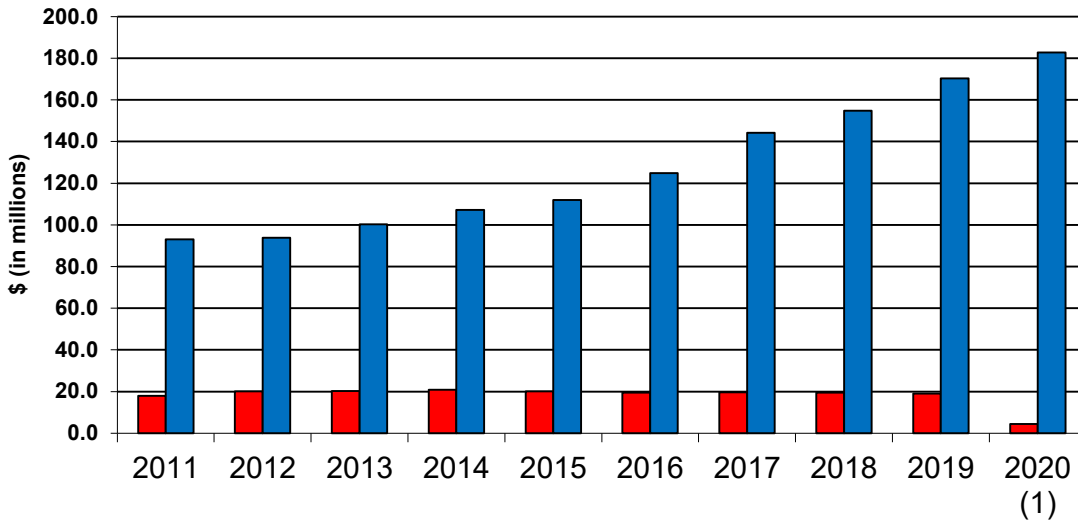
(3) Includes auxiliary transportation revenues, interest income, nontransportation, other revenues and capital grants

(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**

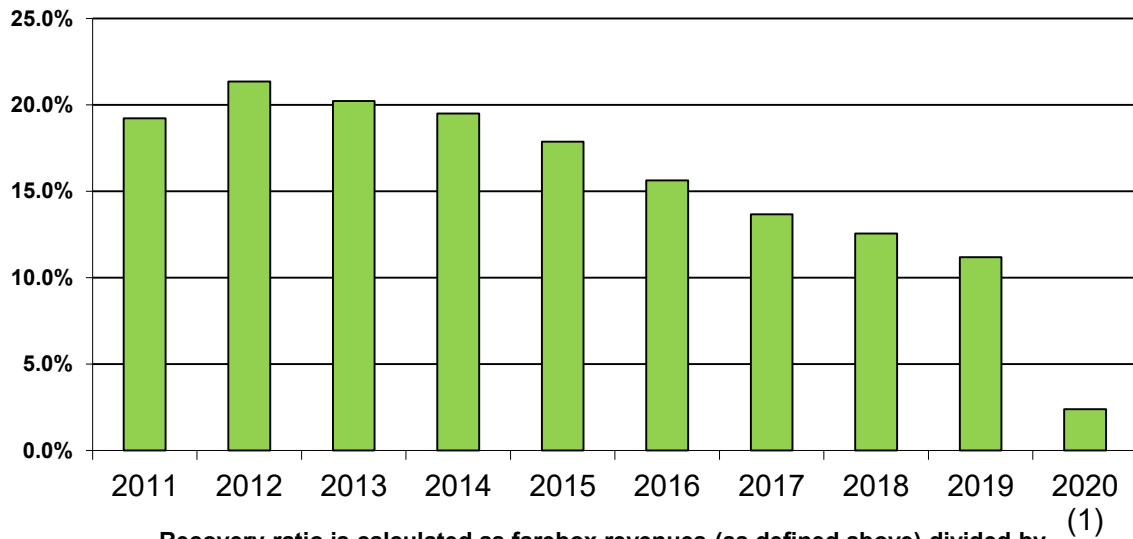


Farebox revenues include passenger, special transit, and charter revenues;  
operating expenses exclude depreciation

■ Farebox Revenues                      ■ Operating Expenses

## CENTRAL OHIO TRANSIT AUTHORITY

**Farebox Recovery Ratio  
Last Ten Fiscal Years**



Recovery ratio is calculated as farebox revenues (as defined above) divided by  
operating expenses (as defined above)

(1) During 2020, the Authority did not collect fares during a significant portion of the year in response to the COVID-19 pandemic.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>OPERATING EXPENSES</b>										
OTHER THAN DEPRECIATION:										
Labor .....	\$ 37,623	\$ 38,037	\$ 39,805	\$ 43,216	\$ 46,537	\$ 51,926	\$ 57,546	\$ 59,790	\$ 64,771	\$ 63,664
Fringe benefits .....	24,302	24,676	26,120	28,402	29,517	35,781	47,906	52,983	56,783	69,145
Services .....	6,522	5,993	7,744	7,269	8,190	10,286	11,254	10,904	14,506	18,811
Materials and supplies .....	6,297	6,307	6,958	7,372	8,256	9,041	10,385	11,568	13,003	10,991
Fuel.....	7,588	8,387	9,025	8,536	6,806	4,946	3,785	5,279	5,604	3,498
Utilities .....	1,937	1,552	1,811	2,179	2,099	2,038	2,267	2,888	2,713	2,556
Claims and insurance .....	338	80	(454)	246	150	57	178	241	469	595
Taxes .....	937	934	1,037	860	814	750	778	768	872	760
Purchased transportation .....	6,533	6,733	7,136	7,652	7,742	7,822	7,669	7,869	8,779	10,631
Leases and rentals .....	284	185	183	184	175	186	173	156	173	206
Miscellaneous .....	743	854	938	1,278	1,653	1,992	2,278	2,391	2,553	1,826
Total .....	93,104	93,738	100,303	107,194	111,939	124,825	144,219	154,837	170,226	182,683
<b>DEPRECIATION</b> .....	13,333	16,335	20,048	22,094	24,469	25,376	27,673	29,451	29,500	30,556
Total operating expenses .....	106,437	110,073	120,351	129,288	136,408	150,201	171,892	184,288	199,726	213,239
<b>NONOPERATING EXPENSES:</b>										
Loss on sale of capital assets .....	56	933	-	30	-	289	692	374	75	1,010
Non-operating project expense .....	-	-	-	-	-	1,216	4,409	668	289	461
Regional transit subsidy .....	-	-	-	1,072	240	1,508	1,038	953	3,585	2,242
<b>TOTAL EXPENSES</b> .....	\$ 106,493	\$ 111,006	\$ 120,351	\$ 130,390	\$ 136,648	\$ 153,214	\$ 178,031	\$ 186,283	\$ 203,675	\$ 216,952

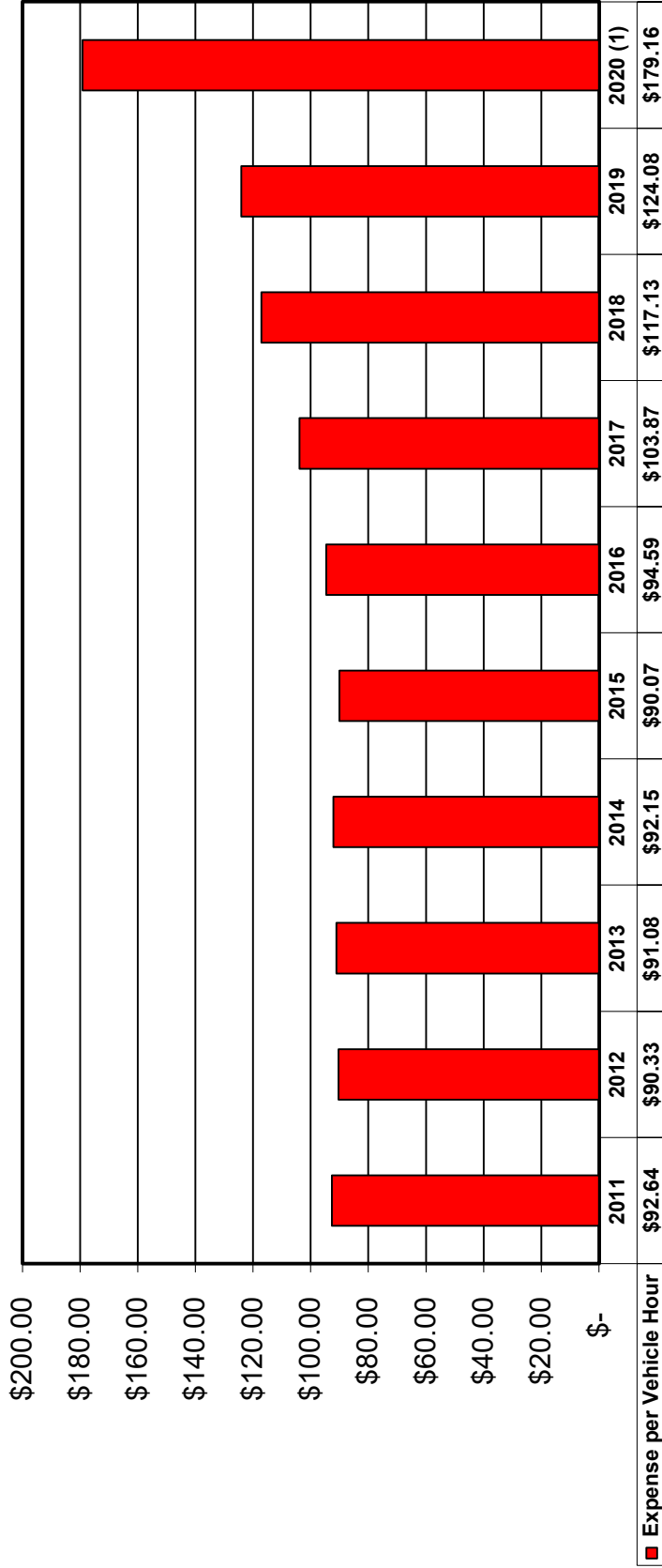
\* GASB 68 implemented in 2015.

\* 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



(1) During 2020, the Authority had significantly fewer vehicle hours due to the COVID-19 pandemic.

**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>
2011	65.0%	6.6%	11.4%	3.3%	2.6%	13.3%	(2.2%)	100.0%
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	*	*	*	*	*	*	*	*
2020	*	*	*	*	*	*	*	*

**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>
2011	66.5%	7.0%	14.9%	2.1%	0.4%	7.0%	2.1%	100.0%
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%

\* 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, 2020**

**CALCULATION OF LEGAL OVERALL DEBT MARGIN:**

Total assessed property valuation of Authority (2020 tax year valuation) (1) .....	\$ 37,704,961,770
Multiplied by: Legal overall debt limitation (%) .....	5.00%
Equals: Total legal voted and unvoted debt limitation .....	\$ 1,885,248,089
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) .....	\$ 1,885,248,089

**CALCULATION OF LEGAL UNVOTED DEBT MARGIN:**

Total assessed property valuation of Authority (2020 tax year valuation) (1) .....	\$ 37,704,961,770
Multiplied by: Legal unvoted debt limitation (%) .....	0.10%
Equals: Legal unvoted debt limitation .....	\$ 37,704,962
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).....	\$ 37,704,962

(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>
2011	1,173,158	\$ 27,147,358,600	\$ -	0.00%	\$0.00
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

\* Information not available

(1) U. S. Census Bureau - Latest Available is July 1, 2019

(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, 2020**

Franklin County Total Value	\$36,494,330,110
Licking County (City of Reynoldsburg)	\$252,620,010
Delaware County (Westerville & Columbus)	\$763,358,410
Fairfield County (Columbus and Reynoldsburg)	\$194,653,240

**\*Assessed Value for COTA = \$ 337,704,961,770**

\*The above amounts are all less Tangible Personal

Political Subdivision	General Obligation Debt	Percentage Applicable to COTA	Amount Applicable to COTA
COTA	-	100.0%	-
Counties With Overlapping:			
Delaware	40,682,200	10.94%	4,450,633
Fairfield	11,043,579	5.04%	556,596
Franklin	178,725,000	99.99%	178,707,128
Licking	27,450,788	4.52%	1,240,776
Cities wholly within COTA	1,827,108,000	100.0%	1,827,089,999
Cities with Overlapping:			
City of Dublin	50,817,000	92.45%	46,980,317
Canal Winchester City	4,915,000	95.59%	4,698,249
Villages wholly within COTA	7,720,000	100.0%	7,720,000
Villages with Overlapping:			
Townships wholly within COTA	20,840,500	100.0%	20,840,500
Townships with Overlapping:			
Etna Township	2,000,000	39.73%	794,600
Genoa Township	5,510,000	0.06%	3,306
Madison Township	1,600,000	99.61%	1,593,760
Violet Township	9,130,000	4.36%	398,068
School Districts wholly within COTA	666,981,993	100.0%	731,185,667
School Districts with Overlapping:			
Canal Winchester Local S.D.	39,069,983	75.52%	29,505,651
Dublin City S.D.	183,431,640	80.82%	148,249,451
Hilliard City S.D.	119,114,912	99.99%	119,103,001
Jonathan Alder Local S.D.	12,830,000	1.68%	215,544
Licking Heights Local S.D.			
Olentangy Local S.D.			
Pickerington Local S.D.			
New Albany-Plain Local S.D.	74,849,001	99.98%	74,834,031
Reynoldsburg City S.D.	70,764,987	98.80%	69,915,807
South-Western City S.D.	223,034,962	99.82%	222,633,499
Southwest Licking Local S.D.			
Teays Valley Local S.D.			
Westerville City S.D.	132,200,000	75.52%	99,877,100
Eastland Joint Vocational S.D.			
Licking County Joint Vocational S.D.	85,945,000	51.12%	43,935,084
Tolles Joint Vocational S.D.			
Special District with Overlapping:			
New Albany/Plain Jnt Park District			
Solid Waste Authority of Central Ohio			
West Licking Fire District			
<b>Total</b>			<u><u>3,634,528,768</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. TY2019/CY2020 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)
2011	1,173,158	\$39,646	34.9	197,082	8.1%
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	*	34.1	188,938	7.4%

Note: All information presented is for Franklin County

\* Information not available

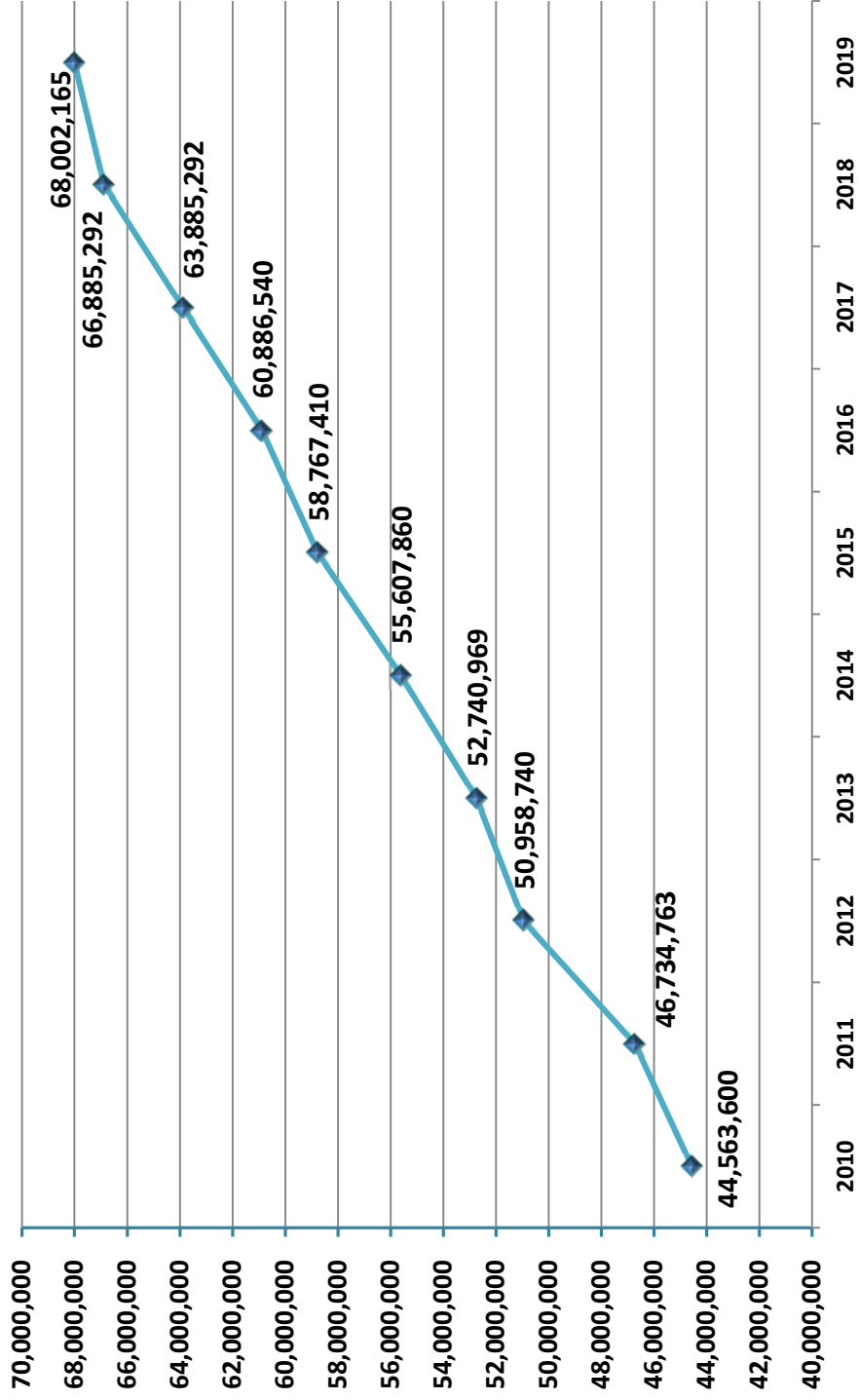
Sources:

- (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**  
**2010-2019 (Latest Information Available)**

(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 2020		% of Total		Rank	Name of Employer	FTE 2011		% of Total	
		FTE	Total	FTE	Total			FTE	Total	FTE	Total
1	Ohio State University	34,416	21.12%	1	Ohio State University	26,778	19.12%				
2	Ohio Health	24,889	15.27%	2	State of Ohio	26,728	19.09%				
3	State of Ohio	23,254	14.27%	3	JP Morgan Chase & Co.	18,000	12.85%				
4	JP Morgan Chase & Co.	18,596	11.41%	4	Ohio Health	13,217	9.44%				
5	Nationwide	13,710	8.41%	5	Nationwide Mutual Insurance Co.	11,668	8.33%				
6	Nationwide Children's Hospital	11,539	7.08%	6	Columbus Public Schools	9,766	6.97%				
7	Kroger Co.	10,854	6.66%	7	Kroger Co.	9,766	6.97%				
8	City of Columbus	8,957	5.50%	8	City of Columbus	8,592	6.14%				
9	L Brands Inc.	8,616	5.29%	9	Nationwide Children's Hospital	7,904	5.64%				
10	Mount Carmel Health System	8,148	5.00%	10	McDonald's Corp.	7,622	5.44%				

Source: Book of List, 2021 Business First, 2011.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Fare Rate Structure**  
**December 31, 2020**

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**CASH OR TICKET FARES:**

Express .....	\$ 2.75
Local and Crosstown .....	2.00
Project Mainstream ADA Trip <sup>(1)</sup> .....	3.50
Mainstream On Demand .....	\$1.00 per mile with a \$5.00 minimum
Transfer .....	Free

**DAY PASSES <sup>(2)</sup>:**

Adult <sup>(3)</sup> .....	\$ 4.50
Human Service Agency <sup>(4)</sup> .....	4.00
Children over 48" and under 12 years old, Senior Discount Card <sup>(5)</sup> , or Key Card <sup>(6)</sup> .....	2.25
Seven-Day Pass .....	25.00

**MONTHLY PASSES:**

Express .....	\$ 85.00
Local .....	62.00
Project Mainstream <sup>(1)</sup> .....	105.00
Senior Discount Card <sup>(5)</sup> , or Key Card <sup>(6)</sup> .....	31.00

**SPECIAL FARES:**

Children over 48" and under 12 years old, Senior Discount Card <sup>(5)</sup> , or Key Card <sup>(6)</sup> .....	\$ 1.00
Children under 48" tall .....	Free
All ADA Card <sup>(7)</sup> recipients on fixed-route bus service only .....	Free
CBUS.....	Free
Summer Youth Pass June 1 - August 31 <sup>(8)</sup> .....	62.00

- (1) Door-to-door service on demand, in wheelchair lift-equipped paratransit mini-buses, for eligible disabled riders holding an "ADA" card. ADA Trips are defined as trips originating 3/4 of a mile or less from an existing fixed-route bus line that is in operation within the time of day and day of the week. All other trips are considered a Non-ADA Trip.
- (2) Good for unlimited travel on all local/crosstown routes from time of validation until midnight
- (3) Additional \$0.75 required for express service
- (4) Distributed by approved nonprofit service agencies for use by their clientele
- (5) Photo identification card, for riders aged 65 and over
- (6) Photo identification card, for eligible disabled riders
- (7) Photo identification card, for physically or mentally disabled riders for Project Mainstream service
- (8) Age 17 or younger, additional \$0.75 required for express service

# CENTRAL OHIO TRANSIT AUTHORITY

## Operating Statistics

### Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (2)
<b>SYSTEM RIDERSHIP</b>										
Motor bus.....	18,764,047	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
Demand responsive.....	259,883	268,960	277,467	285,817	282,515	278,410	287,242	291,455	288,690	163,460
<b>AVERAGE WEEKDAY</b>										
<b>SYSTEM RIDERSHIP</b>										
Motor bus.....	63,065	62,266	61,538	63,050	62,356	60,884	59,344	60,419	59,929	32,968
Demand responsive.....	858	873	887	935	908	898	925	955	952	520
<b>VEHICLE MILES OPERATED</b>										
Motor bus.....	11,518,844	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
Demand responsive.....	3,429,996	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
<b>AVERAGE WEEKDAY</b>										
<b>VEHICLE MILES OPERATED</b>										
Motor bus.....	38,551	39,047	41,152	42,354	44,991	49,431	49,897	47,981	49,963	31,208
Demand responsive.....	11,388	11,430	11,821	12,385	12,772	12,757	12,976	13,037	13,015	8,074
<b>REVENUE MILES</b>										
Motor bus.....	9,388,064	9,689,684	10,241,965	10,590,852	11,443,670	12,298,599	13,036,419	13,619,995	13,837,591	10,703,308
Demand responsive.....	3,003,424	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
<b>PASSENGER MILES</b>										
Motor bus.....	70,704,654	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
Demand responsive.....	2,571,127	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

( 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 by the Authority.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (2)
VEHICLE HOURS OPERATED (1)										
Motor bus.....	835,880	861,213	918,742	974,096	1,045,171	1,118,776	1,181,768	1,231,077	1,231,478	458,717
Demand responsive.....	169,102	176,468	182,477	189,120	197,621	200,845	206,660	204,958	212,724	150,828
VEHICLE REVENUE HOURS (1)										
Motor bus.....	766,606	789,004	841,428	879,037	948,248	1,013,167	1,072,219	1,116,957	1,143,058	426,011
Demand responsive.....	151,416	159,306	165,320	172,145	178,038	179,841	180,302	182,865	188,272	130,001
DIESEL, BIODIESEL, CNG GASOLINE FUEL USAGE (IN GALLONS)..... (1)	2,979,458	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
FLEET REQUIREMENTS (DURING PEAK HOURS) (1)										
Motor bus.....	247	257	261	275	284	295	297	268	269	200
Demand responsive.....	56	68	60	68	77	64	60	60	62	47
TOTAL REVENUE VEHICLES DURING PERIOD (1)										
Motor bus.....	296	308	334	336	341	354	357	322	322	322
Demand responsive.....	64	74	66	74	78	72	60	72	77	89
NUMBER OF EMPLOYEES ..... (1)	853	852	865	924	951	1,004	1,122	1,188	1,186	1,122

(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 by the Authority.

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

<b>CLASSIFICATION</b>	<b>2011</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>
VEHICLE OPERATIONS	577	593	594	647	680	721	775	843	788	768
VEHICLE MAINTENANCE	123	117	121	123	125	130	171	173	182	168
NON-VEHICLE MAINTENANCE	36	35	30	28	27	29	31	30	28	28
GENERAL ADMINISTRATION	117	107	120	126	119	124	145	142	188	158
<b>TOTAL LABOR</b>	<b>853</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>

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, 2020**

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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 (one vacancy)
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 <sup>1</sup> .....	23
Number of bus stop locations .....	3,041
Number of bus stop passenger shelters .....	436
Number of Park-and-Ride facilities .....	23
Parking capacity, all Park-and-Ride facilities .....	2,266
Number of active fleet buses .....	322
Average bus vehicle age .....	6.9
Average fixed-route system speed .....	14.66
Average fixed-route system fuel economy .....	4.36
Number of customer information calls received .....	433,626

1. 23 active routes, 19 routes suspended due to pandemic

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

# 2020

**FOR FISCAL YEAR ENDED DECEMBER 31, 2020**

**PREPARED BY:  
FINANCE DIVISION**

Angel L. Mumma	<i>Chief Financial Officer</i>
Kenyatta Chandler	<i>Director, Finance</i>
Joseph Homan	<i>Chief Accountant</i>
Kelli Cannon	<i>Manager, Accounting &amp; Reporting</i>
Jennifer Seppeler	<i>Payroll Manager</i>
Kathy Ackerman	<i>Accounting Clerk</i>
Celso Baquedano	<i>Payroll Administrator</i>
Mark Hauk	<i>Staff Accountant</i>
Murray Holmes	<i>Staff Accountant</i>
Jahn Jones	<i>Senior Administrative Assistant</i>
Ashanti Powell	<i>Payroll Administrator</i>
Amy Seitz	<i>Finance/Purchasing Coordinator</i>
Ellen Thompson	<i>Revenue &amp; Ridership Analyst</i>
Sam Thomsen	<i>Fare System Administrator</i>
Lynette Vargas	<i>Grant Accountant</i>





**CLARK SCHAEFER HACKETT**  
BUSINESS ADVISORS

**CENTRAL OHIO TRANSIT AUTHORITY  
FRANKLIN COUNTY, OHIO**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Board of Trustees  
Central Ohio Transit Authority  
Columbus, Ohio 43215

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Central Ohio Transit Authority (the Authority), which comprise the statement of net position as of December 31, 2020 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 28, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
June 28, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees  
Central Ohio Transit Authority  
Columbus, Ohio 43215

**Report on Compliance for Each Major Federal Program**

We have audited the Central Ohio Transit Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

**Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Authority as of and for the year ended December 31, 2020, and have issued our report thereon dated June 28, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
June 28, 2021

# CENTRAL OHIO TRANSIT AUTHORITY

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2020

Grantor/Title:	Assistance Listing Number	Grant #	Federal Expenditures
<b>U. S. Department of Transportation</b>			
<b>Highway Planning and Construction Cluster</b>			
<i>Passed through the Ohio Department of Transportation:</i>			
Highway Planning and Construction	20.205	1228-COTA-2020	\$ 164,260
<b>Total Highway Planning and Construction Cluster</b>			<u>164,260</u>
<b>Federal Transit Cluster</b>			
Federal Transit Administration (FTA):			
Federal Transits—Capital Investment Grants	20.500	OH-04-0089	276,096
Total Federal Transits—Capital Investment Grants			<u>276,096</u>
COVID-19 - Federal Transit—Formula Grants	20.507	OH-2020-027-00	49,878,307
Federal Transit—Formula Grants	20.507	OH-2019-029-00	2,809,514
	20.507	OH-2020-052-00	12,598,592
	20.507	OH-2021-002-00	17,455,416
Total Federal Transit—Formula Grants			<u>82,741,829</u>
Bus and Bus Facilities Formula Program	20.526	OH-2018-004-00	100,201
	20.526	OH-2021-002-00	4,675,226
Total Bus and Bus Facilities Formula Program			<u>4,775,427</u>
<b>Total Federal Transit Cluster</b>			<u>87,793,352</u>
<b>Transit Services Programs Cluster</b>			
Federal Transit Administration (FTA):			
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	OH-2018-043-00	407,197
	20.513	OH-2020-043-00	597,685
<b>Total Transit Services Programs Cluster</b>			<u>1,004,882</u>
<b>Total U.S. Department of Transportation</b>			<u><b>88,962,494</b></u>
<b>Total Federal Financial Assistance</b>			<u><b>\$ 88,962,494</b></u>

See notes to schedule of expenditures of federal awards.

# **CENTRAL OHIO TRANSIT AUTHORITY**

## **Notes to the Schedule of Expenditures of Federal Awards**

### **Year Ended December 31, 2020**

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#### **1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal financial assistance programs of the Authority. The Authority's reporting entity is defined in Note 1 to the Authority's financial statements.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to, and does not, present the financial position, activities and cash flows of the Authority for the year ended December 31, 2020.

#### **2. BASIS OF ACCOUNTING**

The accompanying Schedule is presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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

Pass-through entity identifying numbers are presented where available. In addition, the Authority did not pass-through any federal awards to subrecipients during the year ended December 31, 2020.

#### **3. MATCHING REQUIREMENTS**

Certain federal programs require the Authority to contribute non-federal funds (matching funds) to support federally-funded programs. The Authority has complied with the matching requirements. The expenditures of non-federal (matching) funds are not included on the Schedule.

#### **4. RELATIONSHIP OF FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports.



**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Noncompliance material to financial statements noted?	None noted

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	None noted
Identification of major programs:	

*Federal Transit Cluster:*

- CFDA 20.500 – Federal Transits—Capital Investment Grants
- CFDA 20.507 – Federal Transit—Formula Grants
- CFDA 20.507 – COVID-19 - Federal Transit—Formula Grants
- CFDA 20.526 – Bus and Bus Facilities Formula Program

Dollar threshold to distinguish between Type A and Type B programs:	\$2,668,875
Auditee qualified as low-risk auditee?	Yes

**Section II – Financial Statement Findings**

None noted

**Section III – Federal Awards Findings and Questioned Costs**

None noted

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Trustees  
Central Ohio Transit Authority  
Columbus, Ohio 43215

We have performed the applicable procedures enumerated in the Federal Funding Allocation Statistics Form (FFA-10), which were agreed to by the Central Ohio Transit Authority (the Authority) and the Federal Transit Administration (FTA), solely to assist you in complying with the reporting requirements of the Declarations section of the *2020 NTD Policy Manual*, for the year ended December 31, 2020. Management of the Authority is responsible for compliance with the requirements of the *Uniform System of Accounts (USOA) and Records and Reporting System, Final Rule*, as specified in 49 CFR Part 630, *Federal Register*, dated January 15, 1993, and as presented in the *2020 NTD Policy Manual*. The Authority's management is responsible for the Authority's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Authority and the FTA. Consequently, we make no representation regarding the sufficiency of the procedures in the attached appendix, either for the purpose for which this report has been requested or for any other purpose.

FTA has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics Form of the Authority's annual National Transit Database (NTD) report:

- A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.
- A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.
- Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data are fully documented and securely stored.
- A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by FTA or otherwise meet FTA requirements.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual VRM data, appear to be accurate.
- Data are consistent with prior reporting periods and other facts known about transit agency operations.

The procedures were applied separately to each of the information systems used to develop the reported vehicle revenue miles, passenger miles and operating expenses of the Authority for the fiscal year ended December 31, 2020 for each of the following active modes:

- Motor Bus – Directly Operated
- Demand Response – Directly Operated
- Demand Response – Purchased Transportation

The following information and findings came to our attention as a result of performing the procedures described in the attachment to this report:

*None Noted*

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the requirements of the *Uniform System of Accounts and Records and Reporting System, Final Rule*, as specified in 49 CFR Part 630, *Federal Register*, dated January 15, 1993, and as presented in the *2020 NTD Policy Manual* for the year ended December 31, 2020. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report relates only to the information described above and does not extend to the Authority's financial statements taken as a whole, or the forms in the Authority's NTD report, other than the Federal Funding Allocation Statistics Form (FFA-10), for any date or period.

This report is intended solely for the information and use of the Authority's management, the Auditor of State of Ohio and the Federal Transit Administration and is not intended to be, and should not be, used by anyone other than these specified parties.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
June 28, 2021

## **Section 9 Certification – Agreed-Upon Procedures**

1. Discussed procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, *Federal Register*, dated January 15, 1993 and as presented in the *2020 NTD Policy Manual*. If procedures were not written, discussed the procedures with the personnel assigned responsibility of supervising the NTD data preparation and maintenance.
2. Discussed the procedures with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data to determine:
  - The extent to which the Authority followed the procedures on a continuous basis, and
  - Whether they believe such procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, *Federal Register*, and January 15, 1993 and as presented in the *2020 NTD Policy Manual*.
3. Inquired of same personnel concerning the retention policy that is followed by the Authority with respect to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics Form (FFA-10).
4. Based on a description of the Authority's procedures obtained in items 1 and 2 above, identified all the source documents which are to be retained by the Authority for a minimum of three years. For each type of source document, selected three months out of the year and observed that each type of document exists for each of these periods.
5. Discussed the system of internal controls with the person responsible for supervising and maintaining the NTD data. Inquired whether individuals, independent of the individuals preparing source documents and posting data summaries, review the source documents and data summaries for completeness, accuracy and reasonableness and how often such reviews are performed.
6. We did not review selected source documents to ascertain whether signatures were present as the Authority does not review hard copy documents. Data is prepared using the scheduling and Automatic Passenger Counters (APC) system. The annual analytical review is performed online by someone independent of the data entry in lieu of signatures. Evidence of this online review and other review of electronic reports was noted.
7. Obtained the worksheets utilized by the Authority to prepare the final data that is transcribed onto the Federal Funding Allocation Statistics Form (FFA-10). Compared the periodic data included on the worksheets to the periodic summaries prepared by the Authority. Tested the arithmetical accuracy of the summaries.
8. Discussed the Authority's procedures for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with the Authority's staff, noting that the Authority uses an estimate of passenger miles based on statistical sampling that meets the FTA's 95% confidence and 10% precision requirements. The Authority uses an alternative sampling procedure and, therefore, we inquired whether the procedure was approved by the FTA.
9. Discussed with the Authority's staff the Authority's eligibility to conduct statistical sampling for PMT data every third year. Determined whether the Authority meets one of the three criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. However, the Authority has elected to conduct statistical samples on an annual basis.

10. Obtained a description of the sampling procedure for estimation of PMT data used by the Authority. We were informed that the Authority's sampling procedures for the estimation of passenger mile data is substantially as described in the Authority's letter, submitted to the FTA, dated April 27, 1987. We noted no exceptions to the stated sampling procedures described in the above letter.
11. Obtained the passenger mile sample information generated from the APC system and, based on this information, recalculated the passenger miles for the year ended December 31, 2020.
12. Discussed the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles (VRM) with the Authority's staff, noting this requirement is not applicable to the Authority.
13. For actual vehicle revenue mile (VRM) data, documented the collection and recording methodology and determined that deadhead miles are systematically excluded from the computation.
14. Compared operating expenses with audited financial data, after reconciling items were removed.
15. Inquired of personnel reporting the NTD data regarding the amount of purchased transportation (PT) generated fare revenues. Noted the PT fare revenues agreed to the amount reported on the Contractual Relationship form (B-30).
16. Obtained a copy of the PT contract and determined that the contract (1) specified the specific public transportation services to be provided; (2) specified the monetary consideration obligated by the Authority contracting for the service; (3) specified the period covered by the contract and that this period overlaps the entire, or a portion of, the period covered by the Authority's NTD report; and (4) was signed by representatives of both parties to the contract. Inquired of the person responsible for the retention of the executed contract, and determined that copies of the contracts are retained for three years.
17. Compared the data reported on the Federal Funding Allocation Statistics Form (FFA-10) to comparable data for the prior period report year and calculated the percentage change from the prior year to the current year. Fluctuations greater than 10% were investigated and explained and reported to NTD.
18. The following *2020 NTD Policy Manual* Section 9 test procedures were not applicable to the Authority and, therefore, were not performed:
  - Policy Manual Section 9 Data Certification Procedures; n, o, p, q, r s, t, w, and y.



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# OHIO AUDITOR OF STATE KEITH FABER



**CENTRAL OHIO TRANSIT AUTHORITY**

**FRANKLIN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/2/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)