OHIO AUDITOR OF STATE
KEITH FABER

**DELAWARE COUNTY TRANSIT BOARD**
**DELAWARE COUNTY**
**DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE
KEITH FABER

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# INDEPENDENT AUDITOR'S REPORT

Delaware County Transit Board
Delaware County
119 Henderson Ct
Delaware, Ohio 43015

To the Board of Trustees:

***Report on the Financial Statements***

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

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

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

***Emphasis of Matter***

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board. We did not modify our opinion regarding this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the Board's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule are management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2021, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 Board's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

August 11, 2021

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**
**(UNAUDITED)**

As management of the Delaware County Transit Board, Delaware County, Ohio (the Board), we offer readers of the Board's basic financial statements this narrative overview and analysis of the financial activities of the Board for the year ended December 31, 2020 and 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements taken as a whole.

### Financial Highlights for 2020

The Board has a net position of $4,681,722. This net position results from the difference between total assets and deferred outflows of resources of $8,575,909 and total liabilities and deferred inflows of resources related to Pensions and OPEB of $3,894,187.

Current assets of $3,592,495 primarily consist of non-restricted Cash and Cash Equivalents of $3,201,075; Intergovernmental/Accounts Receivable of $359,202; and prepaid of $32,218.

Current liabilities of $153,415 include Accounts Payable, Accrued Wages and related Payroll Accruals.

### Financial Highlights for 2019

The Board has a net position of $3,831,655. This net position results from the difference between total assets and deferred outflows of resources of $7,952,814 and total liabilities and deferred inflows of resources related to Pensions and OPEB of $4,121,159.

Current assets of $3,084,801 primarily consist of non-restricted Cash and Cash Equivalents of $2,003,691; Intergovernmental/Accounts Receivable of $1,048,610; and prepaid of $32,500.

Current liabilities of $226,780 include Accounts Payable, Accrued Wages and related Payroll Accruals.

### Basic Financial Statements and Presentation

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

The Statement of Net Position presents information on all the Board's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating. Net position increases when revenues exceed expenses. Increases in assets without a corresponding increase to liabilities results in increased net position, which indicate improved financial position.

The Statement of Revenues, Expenses and Changes in Net Position present information showing how the Board's net position changed during the year. This statement summarizes operating revenues and expenses along with non-operating revenues and expenses. In addition, this statement lists capital grant revenues received from federal, state and local governments.

The Statement of Cash Flows allows financial statement users to assess the Board's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is classified into three categories: 1) Cash flows from operating activities, 2) Cash flows from non-capital financing activities, and 3) Cash flows from capital and related financing activities.

## Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

## Net Position

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

**(Table 1)**
**Delaware County Transit Board**
**Condensed Summary of Net Position**
**For the Years Ended December 31, 2020, 2019, and 2018**

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Current Assets | $3,592,495 | $3,084,801 | $1,602,236 |
| Net Pension Asset | 39,073 | 20,826 | 25,626 |
| Capital Assets (Net of Accumulated Depreciation) | 4,430,320 | 3,980,651 | 3,205,835 |
| Deferred Outflows of Resources-Pensions | 311,612 | 768,815 | 434,734 |
| Deferred Outflows of Resources-OPEB | 202,409 | 97,721 | 81,430 |
| Total Assets & Deferred Outflows | 8,575,909 | 7,952,814 | 5,349,861 |
| | | | |
| Current Liabilities | 153,415 | 226,780 | 167,706 |
| Long Term Sick Liability | 28,921 | 26,256 | 24,811 |
| Net Pension Liability | 1,794,921 | 2,500,522 | 1,511,858 |
| Net OPEB Liability | 1,272,278 | 1,230,492 | 1,076,153 |
| Deferred Inflows of Resources-Pensions | 428,889 | 99,397 | 367,049 |
| Deferred Inflows of Resources-OPEB | 215,763 | 37,712 | 80,166 |
| Total Liabilities & Deferred Inflows | 3,894,187 | 4,121,159 | 3,227,743 |
| | | | |
| Net Position | | | |
| Invested in Capital Assets | 4,430,320 | 3,980,651 | 3,205,835 |
| Unrestricted | 251,402 | (148,996) | (1,083,717) |
| Total Net Position | $4,681,722 | $3,831,655 | $2,122,118 |

During fiscal year 2020, the Board's current assets increased as we received federal and state funds for replacement buses and capital improvements along with funds from a funding agreement with COTA. Capital assets increased due to the purchase of revenue vehicles, equipment, and renovation work on our operating facility, offset by annual depreciation expense.

During fiscal year 2019, the Board's current assets increased as we received federal funds for replacement buses and facility improvements along with funds from a funding agreement with COTA. Capital assets increased due to the purchase of revenue vehicles and renovation work on our operating facility, offset by annual depreciation expense.

### Statement of Revenues, Expenses and Changes in Net Position

Table 2 reflects the changes in net position.

**(Table 2)**
**Delaware County Transit Board**
**Condensed Summary of Revenues, Expenses and Changes in Net Position**
**For the Years Ended December 31, 2020, 2019, and 2018**

| **Revenues:** | **2020** | **2019** | **2018** |
|---|---|---|---|
| General Public Fares | $ 41,375 | $ 72,278 | $ 63,094 |
| Special Transit Fares | 292,932 | 437,694 | 364,065 |
| Local Operating Funds | 969,796 | 2,122,850 | 1,922,935 |
| State Operating Funds | 437,433 | 702,075 | 77,656 |
| Federal Operating Funds | 1,258,769 | 622,587 | 653,192 |
| Other Operating Funds | 25,703 | 26,926 | 35,415 |
| State Capital Funds | 314,823 | 94,613 | 0 |
| Federal Capital Funds | 431,575 | 778,187 | 924,307 |
| Other Non-Operating Funds | 6,226 | 15,474 | 10,445 |
| Total Revenues | 3,778,632 | 4,872,684 | 4,051,109 |
| **Expenses:** | | | |
| Operating Expenses | | | |
| Labor | 1,305,261 | 1,202,236 | 1,170,424 |
| Fringe Benefits | 924,786 | 1,144,267 | 873,691 |
| Contract Services | 114,344 | 125,476 | 87,802 |
| Materials and Supplies | 127,864 | 226,448 | 248,487 |
| Utilities | 28,408 | 27,737 | 26,026 |
| Casualty and Liability Insurance | 90,393 | 121,514 | 92,566 |
| Miscellaneous | 16,037 | 19,562 | 18,272 |
| Depreciation Expense | 321,472 | 295,907 | 228,346 |
| Total Expenses | 2,928,565 | 3,163,147 | 2,745,614 |
| Change in Net Position During the Year | 850,067 | 1,709,537 | 1,305,495 |
| Net Position, Beginning of Year | 3,831,655 | 2,122,118 | 816,623 |
| Net Position, End of Year | $4,681,722 | $3,831,655 | $2,122,118 |

### Financial Operating Results

During 2020, the Board's operating revenues exceeded operating cost (excluding depreciation) by $418,915. This is a result of the Board receiving local support of $969,796 which included payments from COTA in the amount of $802,156 to support transit operations. This payment was a result of a regional revenue agreement between the parties where the Board transferred available federal funds to COTA in exchange for local funds from COTA. For 2020 the Board also received increased federal support from the CARES Act. These funds support public transit operations at a 100% funding level, to help ensure continued services to the public.

State support decreased and special transit fares were lower as ridership was impacted by the national health crisis. Operating expenses were mostly stable with wages up slightly as rate of pay and some services were adjusted. Fringe Benefit costs were lower due to lower long term pension recognition costs. Materials and supplies were lower reflecting decreased fuel prices as well as decreased use. Casualty and liability insurance costs were lower. Other expenses remained relatively stable.

During 2019, the Board's operating revenues exceeded operating cost (excluding depreciation) by $1,117,170. This is a result of the Board receiving local support of $2,122,850 which included payments from COTA in the amount of $1,921,682 to support transit operations. This payment was a result of a regional revenue agreement between the parties where the Board transferred available federal funds to COTA in exchange for local funds from COTA. For 2019 the Board also received slightly decreased federal support, increased state support due to increased General Revenue Funding for public transit, and special transit fares were higher. Operating expenses were mostly stable with wages up slightly as some services were adjusted. Materials and supplies were lower reflecting decreased fuel prices and casualty and liability insurance costs were higher.

Management notes that in March of 2020 the Governor of the State of Ohio issued a stay at home directive that had a negative impact on ridership and impacted operating costs. Congress provided funding for public transit systems through the federal CARES Act that provides additional funding which will be used to support public transit through the national crisis, as well as the possible longer term economic downturn. The Board does not expect any financial challenge related to this.

In early 2021 Congress passed additional funding for public transit through the American Recovery Program (ARP) which will be used in future years by the Board to support public transit operations and the local recovery efforts from the national health crisis.

Management is not aware of any known facts, decisions, or conditions that will significantly affect equity or the results for future operations.

### Capital Assets

At the end of fiscal year 2020, the Board had $5,977,310 invested in land, operating facility, revenue vehicles, and equipment. Table 3 shows fiscal year 2020 balances in comparison to fiscal years 2019 and 2018 balances.

**(Table 3)**
**Delaware County Transit Board**
**Statement of Capital Assets**
**For the Years Ended December 31, 2020, 2019, and 2018**

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| **Non-Depreciable Capital Assets** | | | |
| Land | $ 325,507 | $ 325,507 | $ 325,507 |
| Work in Process | 0 | 623,368 | 0 |
| **Depreciable Capital Assets** | | | |
| Facilities & Structures | 2,838,263 | 2,181,222 | 2,181,222 |
| Revenue Vehicles | 2,529,479 | 1,909,281 | 1,522,024 |
| Furniture, Equipment, and TE | 284,061 | 166,791 | 166,791 |
| Total Depreciable Capital Assets | 5,651,803 | 4,257,294 | 3,870,037 |
| Total Cost | $5,977,310 | $5,206,169 | $4,195,544 |
| **Accumulated Depreciation** | | | |
| Facilities & Structures | (315,309) | (240,314) | (175,096) |
| Revenue Vehicles | (1,067,839) | (850,575) | (705,045) |
| Furniture, Equipment, & TE | (163,842) | (134,629) | (109,568) |
| Total Depreciation | (1,546,990) | (1,225,518) | (989,709) |
| **Net Value** | $ 4,430,320 | $ 3,980,651 | $ 3,205,835 |

### Request for Information

This financial report is designed to provide a general overview of the Board's finances. Questions concerning any of the information in this report or request for additional financial information should be addressed to the Executive Director, Delaware County Transit Board, 119 Henderson Court, Delaware, Ohio 43015.

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## DELAWARE COUNTY TRANSIT BOARD
## DELAWARE COUNTY

## STATEMENT OF NET POSITION
## FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| **Assets** | **2020** | **2019** |
|---|---|---|
| Current Assets: | | |
| Cash on Deposit | $ 3,201,075 | $ 2,003,691 |
| Accounts Receivable | 32,840 | 45,985 |
| Intergovernmental Receivable | 326,362 | 1,002,625 |
| Prepaids | 32,218 | 32,500 |
| Total Current Assets | 3,592,495 | 3,084,801 |
| Non-Current Assets: | | |
| Net Pension Asset | 39,073 | 20,826 |
| Property, Facilities and Equipment | | |
| Land - Non Depreciable | 325,507 | 325,507 |
| Facilities & Structures | 2,838,263 | 2,181,222 |
| Revenue Vehicles | 2,529,479 | 1,909,281 |
| Furniture & Equipment | 239,374 | 122,104 |
| Transit Enhancements | 44,687 | 44,687 |
| Work In Process - Non Depreciable | - | 623,368 |
| Subtotal | 5,977,310 | 5,206,169 |
| Less Accumulated Depreciation | (1,546,990) | (1,225,518) |
| Total Property, Facility and Equipment (net of accumulated depreciation) | 4,430,320 | 3,980,651 |
| Total Non-Current Assets | 4,469,393 | 4,001,477 |
| Deferred Outflows of Resources - Pensions | 311,612 | 768,815 |
| Deferred Outflows of Resources - OPEB | 202,409 | 97,721 |
| Total Assets and Deferred Outflows of Resources | $ 8,575,909 | $ 7,952,814 |
| **Liabilities** | | |
| Current Liabilities | | |
| Accounts Payable | 15,763 | 70,864 |
| Accrued Payroll, Withholdings, & Taxes | 26,008 | 47,370 |
| Accrued Leave Payable | 111,644 | 108,546 |
| Total Current Liabilities | 153,415 | 226,780 |
| Long Term Sick Liability | 28,921 | 26,256 |
| Net Pension Liability | 1,794,921 | 2,500,522 |
| Net OPEB Liability | 1,272,278 | 1,230,492 |
| Total Liabilities | 3,249,535 | 3,984,050 |
| Deferred Inflows of Resources - Pensions | 428,889 | 99,397 |
| Deferred Inflows of Resources - OPEB | 215,763 | 37,712 |
| **Net Position** | | |
| Investments in Capital Assets | 4,430,320 | 3,980,651 |
| Unrestricted | 251,402 | (148,996) |
| Total Net Position | 4,681,722 | 3,831,655 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | $ 8,575,909 | $ 7,952,814 |

See Accompanying Notes to the Basic Financial Statements

**DELAWARE COUNTY TRANSIT BOARD**
**DELAWARE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

| | 2020 | 2019 |
|---|---|---|
| **Operating Revenues** | | |
| General Public Fares | $ 41,375 | $ 72,278 |
| Special Transit Fares | 292,932 | 437,694 |
| Local Operating Funds | 969,796 | 2,122,850 |
| State Operating Funds | 437,433 | 702,075 |
| Federal Operating Funds | 1,258,769 | 622,587 |
| Other Operating Revenue | 25,703 | 26,926 |
| Total Operating Revenues | 3,026,008 | 3,984,410 |
| **Operating Expenses** | | |
| Labor | 1,305,261 | 1,202,236 |
| Fringe Benefits | 924,786 | 1,144,267 |
| Contract Services | 114,344 | 125,476 |
| Materials & Supplies | 127,864 | 226,448 |
| Utilities | 28,408 | 27,737 |
| Casualty & Liability Insurance | 90,393 | 121,514 |
| Miscellaneous Expenses | 16,037 | 19,562 |
| Total Operating Expenses | 2,607,093 | 2,867,240 |
| **Operating Gain Excluding Depreciation** | 418,915 | 1,117,170 |
| Depreciation | 321,472 | 295,907 |
| **Operating Gain** | 97,443 | 821,263 |
| **Non-Operating Revenues** | | |
| Federal Grant - Capital | 431,575 | 778,187 |
| State Grant - Capital | 314,823 | 94,613 |
| Other Non-Operating Income | 6,226 | 15,474 |
| Total Non-Operating Revenue | 752,624 | 888,274 |
| **Net Gain** | 850,067 | 1,709,537 |
| **Net Position, Beginning of Year** | 3,831,655 | 2,122,118 |
| **Net Position, End of Year** | $ 4,681,722 | $ 3,831,655 |

See Accompanying Notes to the Basic Financial Statements

**DELAWARE COUNTY TRANSIT BOARD**
**DELAWARE COUNTY**

**STATEMENT OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

| | 2020 | 2019 |
|---|---|---|
| **Operating Activities** | | |
| Cash Received From Customers | $ 3,715,416 | $ 4,172,737 |
| Cash Payments - Suppliers for Goods & Services | (431,865) | (487,154) |
| Cash Payments - Employees for Wages & Fringes | (2,067,650) | (1,830,810) |
| Net Cash (Used) by Operating Activities | 1,215,901 | 1,854,773 |
| **Non-Capital Financing Activities** | | |
| Non-Transit Funds | 6,226 | 12,103 |
| Net Cash Provided by Non-Capital Financing Activities | 6,226 | 12,103 |
| **Capital and Related Financing Activities** | | |
| Purchase of Equipment & Furniture | (27,546) | (89,723) |
| Purchase of Revenue Vehicles | (620,198) | (447,354) |
| Purchase of A&E Services | (2,052) | (41,044) |
| Purchase of Renovation Services | (121,344) | (492,601) |
| Federal Capital Funds | 431,575 | 778,187 |
| State Capital Funds | 314,823 | 94,613 |
| Proceeds from Disposal of Fixed Asset | - | 3,371 |
| Net Cash Used by Capital and Related Financing Activities | (24,742) | (194,551) |
| **Net Decrease in Cash and Cash Equivalents** | 1,197,384 | 1,672,324 |
| **Cash and Cash Equivalents at Beginning of Year** | 2,003,691 | 331,367 |
| **Cash and Cash Equivalents at End of Year** | $ 3,201,075 | $ 2,003,691 |

**Reconciliation of Operating Gain to Net Cash Used in Operating Activities**

| | 2020 | 2019 |
|---|---|---|
| Operating Gain | $ 97,443 | $ 821,263 |
| Adjustments to Reconcile Operating Gain to Net Cash Used in Operating Activities | | |
| Depreciation | 321,472 | 295,907 |
| Changes in Assets, Liabilities, and Deferrals: | | |
| Decrease in Prepaid Items | 282 | 1,432 |
| Decrease in Accounts/Intergovernmental Receivables | 689,408 | 188,327 |
| Increase / (Decrease) in Accounts Payable | (55,101) | 32,151 |
| Increase / (Decrease) in Accrued Payroll, Benefits & Leave | (15,599) | 28,368 |
| Increase / (Decrease) in Net Pension/OPEB Assets | (18,247) | 4,800 |
| Increase / (Decrease) in Net Pension/OPEB Liabilities | (663,815) | 1,143,003 |
| (Increase) / Decrease in Deferred Outflows - Pensions/OPEB | 352,515 | (350,372) |
| (Decrease) / Increase in Deferred Inflows - Pensions/OPEB | 507,543 | (310,106) |
| Net Cash (Used) in Operating Activities | $ 1,215,901 | $ 1,854,773 |

See Accompanying Notes to the Basic Financial Statements

## 1. DESCRIPTION OF ENTITY AND REPORTING ENTITY

**Description of Entity -** The Delaware County Transit Board (Board), is a County Transit Board established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. It was created pursuant to Section 306.01 of the Ohio Revised Code. The Board is not subject to federal or state income taxes.

The Board is directed by a 7 member Board of Trustees and they are appointed by the Delaware County Commissioners. The Board is responsible for the safe and efficient operation and maintenance of regional transportation within Delaware County.

The Board began using the name Delaware County Transit Board instead of Delaware Area Transit Agency during 2019 to better reflect the organization structure and to rebrand the organization.

**Reporting Entity** - The Board complies with the provisions of Statement No. 14 of the Governmental Accounting Standards Board (GASB) regarding the definition of the financial reporting entity. Accordingly, the accompanying financial statements include only the accounts and transactions of the Board. Under the criteria specified in Statement No. 14, the Board has no component units. The Board is, however, considered to be a related organization of Delaware County by virtue of the fact that the Board of Trustees is appointed by the County Commissioners.

These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Board is not financially accountable for any other organization nor is any other organization accountable for the Board. This is evidenced by the fact that the Board is a legally and fiscally separate and distinct organization under the provisions of the Ohio Revised Code.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** - The Board's basic financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows. The Board follows the accrual basis of accounting, whereby, revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net income, financial position and cash flows. All transactions are accounted for in a single enterprise fund.

Non-exchange Transactions - The Board complies with the provisions of Statement No. 33 of the Governmental Accounting Standards Board (GASB) regarding the Accounting and Financial Reporting for Non-exchange Transactions. This statement requires that capital contributions be recognized as revenue. No capital contributions were received, and no related revenue was recognized as revenue in the Statement of Revenues, Expenses and Changes in Net Position for the Board.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Cash and Cash Equivalents** - Cash and cash equivalents are carried at cost, which approximates fair value. Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are reported as cash on deposit on the financial statements.

**Investments** – The Board maintains all available funds on deposit with financial institutions with amounts on deposit protected by FDIC coverage or through a public fund depository agreement. The investment policy prohibits any type of investing that would be considered risky.

**Materials and Supplies Inventory** - Materials and supplies (including fuel) are purchased as needed and no parts or fuel inventory are maintained.

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

**Property, Facilities and Equipment** - Property, facilities and equipment are stated at historical cost. The cost of maintenance and repairs is charged to operations as incurred. The Board maintains a capitalization threshold of $5,000.

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

| Description | Years |
|---|---|
| Building and improvements | 5 - 40 |
| Land improvements | 5 - 20 |
| Transportation equipment | 2 - 12 |
| Other equipment | 2 - 15 |

**Deferred Outflows/Inflows of Resources -** In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Board, deferred outflows of resources are reported for pension and OPEB.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Board, deferred inflows of resources include pension and OPEB.

**Pensions/Other Postemployment Benefits (OPEB) -** For purposes of measuring the net pension/ OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/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/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Net Position** - Equity is displayed in two components as follows:

Invested in Capital Assets - This consists of capital assets, net of accumulated depreciation.

Unrestricted - This consists of net position that does not meet the definition of restricted or invested in capital assets.

**Operating Revenues and Expenses** - The Board has classified its revenues as either operating or non-operating. Operating revenues are those revenues that are generated directly from the primary activities. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the Board. Revenues and expenses not meeting this definition are reported as non-operating.

**Recognition of Revenue and Receivables** - The Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT) provide financial assistance and make allocations directly to the Board 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 revenue over the entitlement period. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as revenue when the expenditure has been made and the revenue is available. Capital grant funds received in advance of project costs being incurred are deferred.

When assets acquired with capital grants funds are disposed of, the Board is required to notify the granting agency. 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 vehicles or remitted to the granting agency.

**Accrued Leave Payable -** The Board offers employees paid leave time (Leave) in the form of vacation, holiday pay, and sick leave. Vacation and holiday benefits are accrued as a current liability as the benefits are attributable to services already rendered and it is probable the Board will compensate employees for the benefits through time off or some other means. Employees earn paid leave time off based on actual hours worked and are allowed to carry forward time earned. They are not eligible for payment of unused sick hours until they have reached 10 years of service and the payout is capped at 25% of a maximum of 240 hours. Sick pay is expensed as used. Employees are paid for 100% of unused vacation and holiday upon separation of service. An annual accrual for leave balances at year end is made to the extent that it is probable that benefits will result in future payments. The Board records accrued vacation and holiday time as a short term liability as it is probable the time will be used within the following 12 months. The Board records the value of eligible unused sick time as a long term liability for those employees who have reached the required 10 years of service as those benefits are not expected to be paid out until the death or eligible retirement of the employee, see Note 9.

## 3. EQUITY IN CASH AND DEPOSITS

The Board had bank balance and carrying amount of $3,201,075 and $2,003,691 respectively at December 31, 2020 and 2019, with financial institutions authorized to accept public funds. Of the bank balance at December 31, 2020 $250,000 was covered by federal depository insurance and $2,951,075 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the Board's name.

## 3. EQUITY IN CASH AND DEPOSITS (Continued)

Custodial credit risk is the risk that in the event of bank failure, the Board's deposits may not be returned to it. The Board has no deposit policy for custodial risk beyond the requirements of State statute. By Ohio law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds on deposit with that specific institution. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Protection of the Board's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) and by the financial institutions' 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.

## 4. DEFINED BENEFIT PENSION PLANS

### Net Pension Liability

The net pension liability reported on the statement 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 Board's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension 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.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

## 4. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. 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 Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR 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.

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

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

## 4. DEFINED BENEFIT PENSION PLANS (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 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%. A death benefit of $500-$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

Funding Policy - 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 employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2020 remained 0 percent for both plans. 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 2019 was 4.0 percent.

ORC Chapter 145 assigns authority to the Board to amend the funding policy. As of December 31, 2019, the Board adopted the contribution rates recommended by the actuary. The contribution rates were included in a funding policy adopted by the Board in October 2013, and are certified periodically by the Board as required by the ORC.

The member and employer contribution rates for the State and Local divisions are currently set at the maximums authorized by the ORC of 10% and 14%, respectively.

| Statutory Maximum Contribution Rates | 2020 State and Local | 2019 State and Local |
|---|---|---|
| Employer | 14.0% | 14.0% |
| Employee | 10.0% | 10.0% |

As of December 31, 2019, the date of the last pension actuarial study, the funding period for all defined benefits of the System was 23 years.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was $211,660 for 2020, and $190,307 for 2019.

## 4. DEFINED BENEFIT PENSION PLANS (Continued)

**Net Pension Liability/(Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability/(asset) for OPERS was measured as of December 31, 2019, and 2018, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability/(asset) was based on the Board's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and expense:

| 2019 OPERS | Traditional Plan | Combined Plan |
|---|---|---|
| Proportionate Share of the Net Pension Liability/(Asset) | $1,794,921 | ($39,073) |
| Proportion of the Net Pension Liability | 0.009081% | 0.018738% |
| Proportionate Share of the Employer Pension Expense | $269,239 | $5,269 |

| 2018 OPERS | Traditional Plan | Combined Plan |
|---|---|---|
| Proportionate Share of the Net Pension Liability/(Asset) | $2,500,522 | ($20,826) |
| Proportion of the Net Pension Liability | 0.009130% | 0.018624% |
| Proportionate Share of the Employer Pension Expense | $576,420 | $5,616 |

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

| | Traditional Plan | Combined Plan | Total |
|---|---|---|---|
| **Deferred Outflows of Resources - Pensions** | | | |
| Changes in assumptions | 95,869 | 4,083 | 99,952 |
| Board's contributions subsequent to the measurement date | 198,278 | 13,382 | 211,660 |
| Total Deferred Outflows of Resources - Pensions | $294,147 | $17,465 | $311,612 |

## 4. DEFINED BENEFIT PENSION PLANS (Continued)

| | | | |
|---|---|---|---|
| **Deferred Inflows of Resources - Pensions** | | | |
| Differences between expected and actual experience | $22,694 | $9,173 | $31,867 |
| Difference between projected and actual earning on pension plan investments | 358,046 | 5,068 | 363,114 |
| Changes in proportion and differences in contributions | 33,828 | 80 | 33,908 |
| Total Deferred Inflows of Resources - Pensions | $414,568 | $14,321 | $428,889 |

The reported $211,660 as deferred outflows of resources related to pension resulting from Board 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:

| | Traditional Plan | Combined Plan |
|---|---|---|
| Year Ending December 31: | | |
| 2020 | $(73,418) | $(2,490) |
| 2021 | (117,940) | (2,395) |
| 2022 | (14,827) | (982) |
| 2023 | (142,168) | (2,837) |
| 2024 | 0 | (529) |
| Thereafter | 0 | (1,005) |
| Total | $(318,699) | $(10,238) |

At December 31, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Traditional Plan | Combined Plan | Total |
|---|---|---|---|
| **Deferred Outflows of Resources - Pensions** | | | |
| Difference between expected and actual experience | $115 | $0 | $115 |
| Changes in proportion and differences in assumptions | 228,822 | 5,694 | 234,516 |
| Difference between projected and actual earning on pension plan investments | 339,391 | 4,486 | 343,877 |
| Board’s contributions subsequent to the measurement date | 178,629 | 11,678 | 190,307 |
| Total Deferred Outflows of Resources - Pensions | $746,957 | $21,858 | $768,815 |

**4. DEFINED BENEFIT PENSION PLANS (Continued)**

| Deferred Inflows of Resources - Pensions | | | |
|---|---|---|---|
| Differences between expected and actual experience | $32,833 | $8,506 | $41,339 |
| Changes in proportion and differences in assumptions | 57,984 | 74 | 58,058 |
| Total Deferred Inflows of Resources - Pensions | $90,817 | $8,580 | $99,397 |

The reported $190,307 as deferred outflows of resources related to pension resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020.

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

| | Traditional Plan | Combined Plan |
|---|---|---|
| Year Ending December 31: | | |
| 2019 | $206,086 | $1,618 |
| 2020 | 82,099 | (139) |
| 2021 | 31,485 | (98) |
| 2022 | 157,842 | 1,306 |
| 2023 | 0 | (1,576) |
| Thereafter | 0 | 489 |
| Total | $477,511 | $1,600 |

**Actuarial Assumptions – Pensions**

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

## 4. DEFINED BENEFIT PENSION PLANS (Continued)

| Key Methods and Assumptions Used in Valuation of Total Pension Liability | | |
|---|---|---|
| Actuarial Information | Traditional Pension Plan | Combined Plan |
| Measurement and Valuation Date | December 31, 2019 & 2018 | December 31, 2019 & 2018 |
| Experience Study | 5-Year Period Ended December 31, 2015 | 5-Year Period Ended December 31, 2015 |
| Actuarial Cost Method | Individual entry age | Individual entry age |
| Actuarial Assumptions | | |
| Investment Rate of Return | 7.20% | 7.20% |
| Wage Inflation | 3.25% | 3.25% |
| Projected Salary Increases | 3.25%-10.75% (includes wage inflation at 3.25%) | 3.25%-8.25% (includes wage inflation at 3.25%) |
| Cost-of-living Adjustments | Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 1.40% Simple through 2020, then 2.15% Simple | Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 1.40% Simple through 2020, then 2.15% Simple |

Pre-retirement mortality rates are based on the RP-2014 Employees' mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

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

***Discount Rate - Pensions*** The discount rate used for the years ending December 31, 2020 and 2019 to measure the total pension liability was 7.2% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members, and those of contributing employers, are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** The following table presents the net pension liability or asset calculated for FY 2020 and 2019 using the discount rate of 7.2%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

**4. DEFINED BENEFIT PENSION PLANS (Continued)**

| Board's Net Pension Liability/(Asset) as of December 31, 2020 | 1% Decrease (6.20%) | Current Discount Rate (7.20%) | 1% Increase (8.20%) |
|---|---|---|---|
| Traditional Plan | $2,960 | $1,795 | $747 |
| Combined Plan | ($24) | ($39) | ($50) |
| | | (in thousands) | |

| Board's Net Pension Liability/(Asset) as of December 31, 2019 | 1% Decrease (6.20%) | Current Discount Rate (7.20%) | 1% Increase (8.20%) |
|---|---|---|---|
| Traditional Plan | $3,694 | $2,501 | $1,509 |
| Combined Plan | ($7) | ($21) | ($31) |
| | | (in thousands) | |

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return.

| Asset Class | Target Allocation for 2020 | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| 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 | 13.00 | 4.98 |
| TOTAL | 100.00% | 5.61% |

The following table displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return.

| Asset Class | Target Allocation for 2019 | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| Fixed Income | 23.00% | 2.79% |
| Domestic Equities | 19.00 | 6.21 |
| Real Estate | 10.00 | 4.90 |
| Private Equity | 10.00 | 10.81 |
| International Equities | 20.00 | 7.83 |
| Other Investments | 18.00 | 5.50 |
| TOTAL | 100.00% | 5.95% |

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 2020 and 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 of 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 17.20% for 2020, and 2.94% for 2019.

## 5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

### Net OPEB Liability

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” The net OPEB liability reported on the statement 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 Board’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 and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB 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 healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

## 5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

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

The net OPEB liability was measured as of December 31, 2019 and 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Board's proportion of the net OPEB liability was based on the Board's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

| | 2019 OPERS |
|---|---|
| Proportion of the Net OPEB Liability Current Measurement Date | 0.009211% |
| Proportionate Share of the Net OPEB Liability | $1,272,278 |
| OPEB Expense | $116,137 |

| | 2018 OPERS |
|---|---|
| Proportion of the Net OPEB Liability Current Measurement Date | 0.009438% |
| Proportionate Share of the Net OPEB Liability | $1,230,492 |
| OPEB Expense | $96,816 |

## 5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

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

| | OPERS |
|---|---|
| **Deferred Outflows of Resources - OPEB** | |
| Difference between expected and actual experience | $34 |
| Changes in assumptions | 201,388 |
| Board's contributions subsequent to the measurement date | 987 |
| Total Deferred Outflows of Resources - OPEB | $202,409 |
| **Deferred Inflows of Resources - OPEB** | |
| Differences between expected and actual experience | $116,356 |
| Difference between projected and actual earning on pension plan investments | 64,784 |
| Changes in proportion and differences in contributions | 34,623 |
| Total Deferred Inflows of Resources - OPEB | $215,763 |

The reported $987 as deferred outflows of resources related to OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020.

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

| | OPERS |
|---|---|
| Year Ending December 31: | |
| 2020 | $5,528 |
| 2021 | 7,763 |
| 2022 | 52 |
| 2023 | (27,684) |
| 2024 | 0 |
| Thereafter | 0 |
| Total | $(14,341) |

## 5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

At December 31, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | OPERS |
|---|---|
| **Deferred Outflows of Resources - OPEB** | |
| Difference between expected and actual experience | $416 |
| Changes in proportion and differences in assumptions | 39,673 |
| Difference between projected and actual earning on pension plan investments | 56,411 |
| Board's contributions subsequent to the measurement date | 1,221 |
| Total Deferred Outflows of Resources - OPEB | $97,721 |
| **Deferred Inflows of Resources - OPEB** | |
| Differences between expected and actual experience | $3,339 |
| Changes in proportion and differences in assumptions | 34,373 |
| Total Deferred Inflows of Resources - OPEB | $37,712 |

The reported $1,221 as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020.

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

| | OPERS |
|---|---|
| Year Ending December 31: | |
| 2019 | $27,175 |
| 2020 | (5,582) |
| 2021 | 8,777 |
| 2022 | 28,418 |
| 2023 | 0 |
| Thereafter | 0 |
| Total | $58,788 |

## 5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

### Actuarial Assumptions – OPEB

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. 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 74:

| Key Methods and Assumptions Used in Valuation of Total OPEB Liability | |
|---|---|
| Actuarial Information | |
| Actuarial Valuation Date | December 31, 2018 and 2017 |
| Rolled-Forward Measurement Date | December 31, 2019 and 2018 |
| Experience Study | 5-Year Period Ended December 31, 2015 |
| Actuarial Assumptions | |
| Single Discount Rate | 3.16% and 3.96% |
| Investment Rate of Return | 6.00% & 6.00% |
| Municipal Bond Rate | 2.75% & 3.71% |
| Wage Inflation | 3.25% |
| Projected Salary Increases | 3.25%-10.75% (includes wage inflation at 3.25%) |
| Health Care Cost Trend Rate | 10.5% initial, 3.5% ultimate in 2030 |

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

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

## 5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

***Discount Rate - OPEB*** A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019 and 3.96% was used for the December 31, 2018 measurement date. 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). For measurement year December 31, 2019, the 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%. For measurement year December 31, 2018, the 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 3.71%. 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.

***Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Health Care Trend Rate*** The following tables present the OPEB liability calculated using the single discount rate of 3.16% for the year ending December 31, 2020 and 3.96% for the year ending December 31, 2019; and the expected net OPEB liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

| As of December 31, 2020 | 1% Decrease (2.16%) | Current Discount Rate (3.16%) | 1% Increase (4.16%) |
|---|---|---|---|
| Board's Net OPEB Liability | $1,665 | $1,272 | $958 |
| | | (in thousands) | |

| As of December 31, 2019 | 1% Decrease (2.96%) | Current Discount Rate (3.96%) | 1% Increase (4.96%) |
|---|---|---|---|
| Board's Net OPEB Liability | $1,574 | $1,230 | $957 |
| | | (in thousands) | |

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 2019 is 10.00% and 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.

## 5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

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.

| As of December 31, 2020 | 1% Decrease | Current Health Care Cost Trend Rate Assumption | 1% Increase |
|---|---|---|---|
| Board's Net OPEB Liability | $1,235 | $1,272<br>(in thousands) | $1,309 |

| As of December 31, 2019 | 1% Decrease | Current Health Care Cost Trend Rate Assumption | 1% Increase |
|---|---|---|---|
| Board's Net OPEB Liability | $1,183 | $1,230<br>(in thousands) | $1,285 |

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

The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

| Asset Class | Target Allocation for 2020 | 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 | 100.00% | 4.55% |

## 5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

| Asset Class | Target Allocation for 2019 | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| Fixed Income | 34.00% | 2.42% |
| Domestic Equities | 21.00 | 6.21 |
| REITs | 6.00 | 5.98 |
| International Equities | 22.00 | 7.83 |
| Other Investments | 17.00 | 5.57 |
| TOTAL | 100.00% | 5.16% |

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

During 2019 and 2018, 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 is 19.7% and 5.6% for 2019 and 2018, respectively.

## 6. RISK MANAGEMENT

For both FY2020 and FY2019, the Board participated in the Ohio Transit Risk Pool Association, (OTRP), related to its risk of property and casualty loss. Under this plan, the Board receives property and casualty loss coverage in exchange for premiums paid. OTRP retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess insurance and reinsurance contracts. Per-occurrence retention for auto physical damage was $250,000 and the per-occurrence retention for commercial property damage was $100,000. OTRP's per-occurrence retention for liability claims (including auto liability, public officials' liability, and general liability) was $2,000,000. OTRP's per-occurrence retention for crime and fidelity coverage was $100,000. OTRP's per-occurrence retention for boiler and machinery was $50,000. For each per-occurrence claim within OTRP's self-insured retention, the Board is charged a deductible. Per occurrence, reinsurance coverage is maintained by OTRP equal to approximately $250,000,000 for qualified property losses and $10,000,000 for qualified casualty losses. Any underfunding of the plans liabilities is shared pro-rata by the members based on pool contribution factors comprised of population, full-time employees, vehicles, property values, budget, claims history times two and net operating expenses.

## 6. RISK MANAGEMENT (Continued)

The Board continues to carry commercial insurance for all other risks of loss, including workers compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has not been a significant reduction in insurance coverage from the previous fiscal year.

## 7. CAPITAL ASSETS

| **2020** | January 1, 2020 | Additions | Deletions | December 31, 2020 |
|---|---|---|---|---|
| **Non-Depreciable Capital Assets** | | | | |
| Land | $ 325,507 | $ - | $ - | $ 325,507 |
| Work in Process | 623,368 | 150,943 | (774,311) | - |
| Total Non- Depreciable Assets | 948,875 | 150,943 | (774,311) | 325,507 |
| **Depreciable Capital Assets** | | | | |
| Facilities & Structures | 2,181,222 | 657,041 | - | 2,838,263 |
| Revenue Vehicles | 1,909,281 | 620,198 | - | 2,529,479 |
| Furnishings, Equipment, & TE | 166,791 | 117,270 | - | 284,061 |
| Total Depreciable Capital Assets | 4,257,294 | 1,394,509 | - | 5,651,803 |
| Total Cost | $ 5,206,169 | $ 1,545,452 | $ (774,311) | $ 5,977,310 |
| **Accumulated Depreciation** | | | | |
| Facilities & Structures | (240,314) | (74,995) | - | (315,309) |
| Revenue Vehicles | (850,575) | (217,264) | - | (1,067,839) |
| Furnishings, Equipment, & TE | (134,629) | (29,213) | - | (163,842) |
| Total Depreciation | $ (1,225,518) | $ (321,472) | $ - | $ (1,546,990) |
| **Net Value** | $ 3,980,651 | $ 1,223,980 | $ (774,311) | $ 4,430,320 |

## 7. CAPITAL ASSETS (Continued)

| **2019** | January 1, 2019 | Additions | Deletions | December 31, 2019 |
|---|---|---|---|---|
| **Non-Depreciable Capital Assets** | | | | |
| Land | $ 325,507 | $ - | $ - | $ 325,507 |
| Work in Process | - | 623,368 | - | 623,368 |
| Total Non- Depreciable Assets | 325,507 | 623,368 | - | 948,875 |
| **Depreciable Capital Assets** | | | | |
| Facilities & Structures | 2,181,222 | - | - | 2,181,222 |
| Revenue Vehicles | 1,522,024 | 447,355 | (60,098) | 1,909,281 |
| Furnishings, Equipment, & TE | 166,791 | - | - | 166,791 |
| Total Depreciable Capital Assets | 3,870,037 | 447,355 | (60,098) | 4,257,294 |
| Total Cost | $ 4,195.544 | $ 1,070,723 | $(60,098) | $ 5,206,169 |
| **Accumulated Depreciation** | | | | |
| Facilities & Structures | (175,096) | (65,218) | - | (240,314) |
| Revenue Vehicles | (705,045) | (205,628) | 60,098 | (850,575) |
| Furnishings, Equipment, & TE | (109,568) | (25,061) | - | (134,629) |
| Total Depreciation | $(989,709) | $(295,907) | $ 60,098 | $ (1,225,518) |
| **Net Value** | $ 3,205,835 | $ 774,816 | $ - | $ 3,980,651 |

## 8. DEBT

The Board has no long-term debt but does have an open $250,000 Line of Credit with Richwood Bank, of which $0 was outstanding at both December 31, 2019 and December 31, 2020.

## 9. LONG-TERM SICK LIABILITY

The Board allows employees with 10 or more years of service to be paid out for unused sick leave upon retirement or death at a rate of 25% of up to 240 hours of time. During 2020 the amount of this liability increased from $26,256 to $28,921, an increase of $2,665. None of this is anticipated to be paid out during the next fiscal year. During 2019 the amount of this liability increased from $24,811 to $26,256, an increase of $1,445.

## 10. CONTINGENT LIABILITIES

For the period January 1, 2019 to December 31, 2020, the Board received federal grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Board believes such disallowance, if any, would be immaterial.

## 11. COVID-19

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 ensuring emergency measure will impact subsequent periods of the Board. The Board's investments of the pension and other employee benefit plans in which the Board participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Board's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**DELAWARE COUNTY TRANSIT BOARD**
**DELAWARE COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - PENSION**

**Schedule of the Board's Proportionate Share of Net Pension Liability (Asset)**
**Last Six Fiscal Years**

| Traditional Plan: | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| Board's Proportion of the Net Pension Liability | 0.009081% | 0.009130% | 0.009637% | 0.009482% | 0.008558% | 0.006896% |
| Board's Proportionate Share of the Net Pension Liability/(Asset) | $1,794,921 | $2,500,522 | $1,511,858 | $2,213,798 | $1,480,932 | $831,745 |
| Board's Covered Employee Payroll | $1,275,918 | $1,215,229 | $1,152,850 | $1,220,699 | $1,090,287 | $871,774 |
| Board's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 140.68% | 205.77% | 131.14% | 181.35% | 135.83% | 95.41% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 82.17% | 74.70% | 84.66% | 77.25% | 81.08% | 86.45% |

| Combined Plan: | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| Board's Proportion of the Net Pension Liability | 0.018738% | 0.018624% | 0.018824% | 0.024125% | 0.018470% | 0.014598% |
| Board's Proportionate Share of the Net Pension Liability/(Asset) | $(39,073) | $(20,826) | $(25,626) | $(15,876) | $(8,709) | $(15,876) |
| Board's Covered Employee Payroll | $83,414 | $78,228 | $74,703 | $73,864 | $58,456 | $46,740 |
| Board's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | -46.84% | -26.62% | -34.30% | 116.55% | 181.35% | -21.49% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 145.28% | 126.64% | 137.28% | 114.83% | 116.90% | 114.83% |

Note: Amounts presented as of the Board's measurement date which is the prior year. Although this schedule is intended to show information for ten years, information prior to 2015 is not available. An additional column will be added each year.

Note – There were no significant changes of benefit terms in 2020
Note – There were no significant changes in assumptions in 2020

**DELAWARE COUNTY TRANSIT BOARD**
**DELAWARE COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - PENSION**

**Schedule of the Board's Contributions**
**Last Seven Fiscal Years**

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Contractually Required Contribution | $211,660 | $190,307 | $181,084 | $159,582 | $135,880 |
| Contributions in Relation to the Contractually Required Contribution | $211,660 | $190,307 | $181,084 | $159,582 | $135,880 |
| Contribution Deficiency (Excess) | - | - | - | - | - |
| Board's Covered-Employee Payroll | $1,518,907 | $1,359,328 | $1,293,457 | $1,227,553 | $1,132,333 |
| Contribution as a Percentage of Covered-Employee Payroll | 13.9% | 14% | 14% | 13% | 12% |

| | 2015 | 2014 |
|---|---|---|
| Contractually Required Contribution | $164,088 | $130,251 |
| Contributions in Relation to the Contractually Required Contribution | $164,088 | $130,251 |
| Contribution Deficiency (Excess) | - | - |
| Board's Covered-Employee Payroll | $1,367,400 | $1,085,425 |
| Contribution as a Percentage of Covered-Employee Payroll | 12% | 12% |

Note: Amounts presented as of the Board's measurement date which is the prior year. Although this schedule is intended to show information for ten years, information prior to 2014 is not available.

**REQUIRED SUPPLEMENTARY INFORMATION**
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - PENSION**

**Schedule of the Board's Proportionate Share of Net OPEB Liability**
**Last Four Fiscal Years**

| **Traditional Plan:** | **2020** | **2019** | **2018** | **2017** |
|---|---|---|---|---|
| Board's Proportion of the Net OPEB Liability | 0.009211% | 0.009438% | 0.009100% | 0.009851% |
| Board's Proportionate Share of the Net OPEB Liability/(Asset) | $1,272,278 | $1,230,492 | $1,076,153 | $1,000,944 |
| Board's Covered Employee Payroll | $1,359,328 | $1,293,457 | $1,227,553 | $1,294,563 |
| Board's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 93.60% | 95.13% | 87.67% | 77.31% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 47.80% | 46.33% | 54.14% | 54.05% |

Note: Amounts presented as of the Board's measurement date which is the prior year. Although this schedule is intended to show information for ten years, information prior to 2017 is not available.

Note – There were no significant changes of benefit terms in 2020
Note – There were no significant changes in assumptions in 2020

**REQUIRED SUPPLEMENTARY INFORMATION**
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - OPEB**

**Schedule of the Board's Proportionate Share of Net OPEB Liability**
**Last Five Fiscal Years**

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Contractually Required Contribution | $987 | $1,221 | $2,237 | $13,151 | $22,646 |
| Contributions in Relation to the Contractually Required Contribution | $987 | $1,221 | $2,237 | $13,151 | $22,646 |
| Contribution Deficiency (Excess) | - | - | - | - | - |
| Board's Covered-Employee Payroll | $1,518,907 | $1,359,328 | $1,293,457 | $1,227,553 | $1,132,333 |
| Contribution as a Percentage of Covered-Employee Payroll | .1% | 0% | 0% | 1% | 2% |

Note – Beginning in 2016, OPERS used on trust fund as the vehicle for all health care plans; therefore, information prior to 2016 is not presented. The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan.

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## DELAWARE COUNTY TRANSIT BOARD
## DELAWARE COUNTY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE YEAR ENDED DECEMBER 31, 2020

| **FEDERAL GRANTOR**<br>***Pass Through Grantor***<br>**Program / Cluster Title** | **Federal CFDA Number** | **Total Federal Expenditures** |
|---|---|---|
| **U.S. DEPARTMENT OF TRANSPORTATION** | | |
| ***Direct Program*** | | |
| Federal Transit Cluster: | | |
| Federal Transit Formula Grant | 20.507 | $ 647,541 |
| COVID-19 Federal Transit Formula Grant | 20.507 | 573,566 |
| Total Federal Transit Cluster | | 1,221,107 |
| ***Direct Program*** | | |
| Transit Services Program Cluster: | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | 469,237 |
| Total Transit Services Program Cluster: | | 469,237 |
| Total U.S. Department of Transportation | | 1,690,344 |
| **Total Expenditures of Federal Awards** | | **$1,690,344** |

*The accompanying notes are an integral part of this schedule.*

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**2 CFR 200.510(b)(6)**
**FOR THE YEAR ENDED DECEMBER 31, 2020**

## NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Delaware County Transit Board (the Board's) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Board.

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

## NOTE C – INDIRECT COST RATE

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

## NOTE D – MATCHING REQUIREMENTS

Certain Federal programs require the Board to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

OHIO AUDITOR OF STATE
KEITH FABER

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

Delaware County Transit Board
Delaware County
119 Henderson Ct
Delaware, Ohio 43015

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Delaware County Transit Board, Delaware County, (the Board) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated August 11, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Board's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

August 11, 2021

OHIO AUDITOR OF STATE
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Delaware County Transit Board
Delaware County
119 Henderson Ct
Delaware, Ohio 43015

To the Board of Trustees:

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

We have audited the Delaware County Transit Board's (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Delaware County Transit Board's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Board's major federal program.

***Management's Responsibility***

The Board's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the Delaware County Transit Board complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

***Report on Internal Control Over Compliance***

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board'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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

August 11, 2021

**DELAWARE COUNTY TRANSIT BOARD**
**DELAWARE COUNTY**

**SCHEDULE OF FINDINGS**
**2 CFR § 200.515**
**DECEMBER 31, 2020 and 2019**

## 1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---|---|---|
| *(d)(1)(i)* | **Type of Financial Statement Opinion** | Unmodified |
| *(d)(1)(ii)* | **Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?** | No |
| *(d)(1)(ii)* | **Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?** | No |
| *(d)(1)(iii)* | **Was there any reported material noncompliance at the financial statement level (GAGAS)?** | No |
| *(d)(1)(iv)* | **Were there any material weaknesses in internal control reported for major federal programs?** | No |
| *(d)(1)(iv)* | **Were there any significant deficiencies in internal control reported for major federal programs?** | No |
| *(d)(1)(v)* | **Type of Major Program Compliance Opinion** | Unmodified |
| *(d)(1)(vi)* | **Are there any reportable findings under 2 CFR § 200.516(a)?** | No |
| *(d)(1)(vii)* | **Major Programs (list):** | Federal Transit Cluster,<br>CFDA # 20.507 |
| *(d)(1)(viii)* | **Dollar Threshold: Type A\B Programs** | Type A: > $ 750,000<br>Type B: all others |
| *(d)(1)(ix)* | **Low Risk Auditee under 2 CFR § 200.520?** | No |

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

**None**

## 3. FINDINGS FOR FEDERAL AWARDS

**None**

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OHIO AUDITOR OF STATE
**KEITH FABER**

**DELAWARE COUNTY TRANSIT BOARD**

**DELAWARE 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 9/23/2021**

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