

**SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY**

HAMILTON COUNTY, OHIO

REGULAR AUDIT

FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020



OHIO AUDITOR OF STATE  
KEITH FABER



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Finance Committee  
Southwest Ohio Regional Transit Authority  
525 Vine Street  
Cincinnati, Ohio, 45202

We have reviewed the *Independent Auditor's Report* of the Southwest Ohio Regional Transit Authority, Hamilton County, prepared by Crowe LLP, for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 31, 2022

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Southwest Ohio Regional Transit Authority

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For Fiscal Years Ended December 31, 2021 and 2020

| <b>TABLE OF CONTENTS</b>                                                                                                            | <b>PAGE</b> |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>Introductory Section</b>                                                                                                         |             |
| <a href="#"><u>Letter of Transmittal</u></a> .....                                                                                  | 1           |
| <a href="#"><u>Profile of Government</u></a> .....                                                                                  | 2           |
| <a href="#"><u>Financial Information</u></a> .....                                                                                  | 4           |
| <a href="#"><u>Year in Review</u></a> .....                                                                                         | 5           |
| <a href="#"><u>Economic Condition and Outlook</u></a> .....                                                                         | 5           |
| <a href="#"><u>Future Projects</u></a> .....                                                                                        | 7           |
| <a href="#"><u>Other Information</u></a> .....                                                                                      | 8           |
| <a href="#"><u>Board of Trustees and Administration</u></a> .....                                                                   | 9           |
| <a href="#"><u>Table of Organization</u></a> .....                                                                                  | 10          |
| <a href="#"><u>Certificate of Achievement for Excellence in Financial Reporting</u></a> .....                                       | 11          |
| <b>Financial Section</b>                                                                                                            |             |
| <a href="#"><u>Independent Auditors' Report</u></a> .....                                                                           | 12          |
| <a href="#"><u>Management's Discussion and Analysis</u></a> .....                                                                   | 15          |
| Financial Statements:                                                                                                               |             |
| <a href="#"><u>Statements of Net Position</u></a> .....                                                                             | 21          |
| <a href="#"><u>Statements of Revenues, Expenses and Changes in Net Position</u></a> .....                                           | 23          |
| <a href="#"><u>Statements of Cash Flows</u></a> .....                                                                               | 25          |
| <a href="#"><u>Notes to the Financial Statements</u></a> .....                                                                      | 27          |
| Required Supplementary Information:                                                                                                 |             |
| <a href="#"><u>Schedule of Authority's Proportionate Share of Net Pension Liability - OPERS Traditional Plan</u></a> .....          | 58          |
| <a href="#"><u>Schedule of Authority's Proportionate Share of Net Pension Asset - OPERS Combined Plan</u></a> .....                 | 59          |
| <a href="#"><u>Schedule of Authority's Contributions - OPERS Traditional Plan</u></a> .....                                         | 60          |
| <a href="#"><u>Schedule of Authority's Contributions - OPERS Combined Plan</u></a> .....                                            | 61          |
| <a href="#"><u>Schedule of Authority's Proportionate Share of Net OPEB Liability - OPEB Traditional/Combined Plans</u></a> .....    | 62          |
| <a href="#"><u>Schedule of Authority's Contributions - OPEB Traditional/Combined Plans</u></a> .....                                | 63          |
| <a href="#"><u>Notes to the Required Supplementary Information</u></a> .....                                                        | 64          |
| <a href="#"><u>Supplemental Schedule of Revenues, Expenses and Changes in Net Position—Budget and Actual (GAAP Basis)</u></a> ..... | 67          |
| <b>Statistical Section</b>                                                                                                          |             |
| <a href="#"><u>Net Position and Changes in Net Position—Last Ten Years</u></a> .....                                                | 69          |
| <a href="#"><u>Revenues by Source—Last Ten Years</u></a> .....                                                                      | 71          |
| <a href="#"><u>Revenues by Source—Last Ten Years (Graph Presentation)</u></a> .....                                                 | 72          |
| <a href="#"><u>Revenues and Operating Assistance—Comparison to Industry Trend Data—Last Ten Years</u></a> .....                     | 73          |
| <a href="#"><u>Expenses by Object Class—Last Ten Years</u></a> .....                                                                | 74          |
| <a href="#"><u>Operating Expenses per Vehicle Hour—Last Ten Years</u></a> .....                                                     | 75          |
| <a href="#"><u>Operating Expenses—Comparison to Industry Trend Data—Last Ten Years</u></a> .....                                    | 76          |
| <a href="#"><u>Outstanding Debt—Last Ten Years</u></a> .....                                                                        | 77          |
| <a href="#"><u>Demographic Statistics</u></a> .....                                                                                 | 78          |
| <a href="#"><u>Principal Employers in Primary Service Area</u></a> .....                                                            | 79          |
| <a href="#"><u>Operating Statistics—Last Ten Years</u></a> .....                                                                    | 80          |
| <a href="#"><u>Capital Asset Information</u></a> .....                                                                              | 82          |
| <a href="#"><u>Passenger Fares vs. Operating Expenses—Last Ten Years</u></a> .....                                                  | 84          |
| <a href="#"><u>Passenger Fares Recovery Ratio—Last Ten Years</u></a> .....                                                          | 85          |
| <a href="#"><u>Revenue Rates—Last Ten Years</u></a> .....                                                                           | 86          |
| <a href="#"><u>Full-Time Equivalent Employees as of Year-End—Last Ten Years</u></a> .....                                           | 87          |

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**Trustees**

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**Chair**

Robert Harris  
**Vice Chair**

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Maurice Brown  
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Brendon Cull  
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Pete McLinden  
Gwen Robinson  
Sonja Taylor  
Larry Thompson  
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*Recipient of the  
Ohio Auditor of State's  
"Award with Distinction"*

**SORTA's Vision**

20 million rides by 2026

**SORTA's Mission**

Regional transportation  
connecting people and places, driving  
economic growth and expanding  
quality of life choices



**METRO**



Metro and Access  
are non-profit public services  
of Southwest Ohio Regional  
Transit Authority (SORTA).

July 25, 2022

Board of Trustees of the Southwest Ohio Regional Transit Authority  
and residents of Hamilton County, Ohio:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Southwest Ohio Regional Transit Authority ("SORTA" or "The Authority") for fiscal years ended December 31, 2021 and 2020. This ACFR was prepared by the Finance Department and represents SORTA's commitment to provide accurate, concise and high-quality financial information to its Board of Trustees, interested parties and residents in its service area.

This ACFR contains financial statements and statistical data which provides full disclosure of SORTA's material financial operations. The financial statements, supplemental schedules, statistical information, and all data contained herein are the representations of SORTA's management. SORTA's management assumes full responsibility for the accuracy, completeness and fairness of this ACFR presentation.

SORTA's independent auditor, Crowe LLP, has issued an unmodified ("clean") audit opinion on SORTA's financial statements for the fiscal year ended December 31, 2021. Crowe's Independent Auditors' Report can be found on page 11 of this ACFR.

SORTA also participates in the Federal single audit program, which consists of a single audit of all Federally-funded programs administered by SORTA. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including SORTA. The single audit performed by meets the requirements set forth by the State of Ohio and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The single audit report for the fiscal year ended December 31, 2021, was issued with an unmodified ("clean") opinion.

We are very proud that the Governmental Finance Officers Association of the United States and Canada (GFOA) has again awarded a Certificate of Achievement for Excellence in Financial Reporting to SORTA for its comprehensive annual financial report for the fiscal year ended December 31, 2020, representing the 30th consecutive year the Authority has received this award. The Certificate of Achievement is a prestigious national award recognizing conformance to the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily-readable and efficiently-organized comprehensive annual financial report, whose contents conform to stringent program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the program requirements, and we are submitting it to the GFOA to determine our eligibility for another certificate.

This ACFR is divided into the following three sections:

**Introductory Section** contains this letter of transmittal, a list of the members of the Board of Trustees and Administration, and a Table of Organization.

**Financial Section** includes the Independent Auditors' Report, Management's Discussion and Analysis, the financial statements (with related footnotes) for the years ended December 31, 2021 and 2020, the required supplementary information schedule of agency's proportionate share of net pension liability and benefit—OPERS traditional and combined plans, OPEB, the required supplementary information schedule of agency's contributions—OPERS traditional and combined plans, OPEB and the supplemental schedule of revenues, expenses, and changes in net position—budget and actual for the year ended December 31, 2021.

**Statistical Section** provides financial, economic, and demographic information which is useful for indicating trends for comparative fiscal periods.

## PROFILE OF GOVERNMENT

### General

SORTA was created under Chapter 306 of the Ohio Revised Code by a resolution of the Hamilton County Board of Commissioners adopted on October 2, 1968. SORTA's service area is comprised of 218 square miles in Hamilton County, 7 square miles in Clermont County, 17 square miles in Warren County and 10 square miles in Butler County. This service area encompasses 12 townships, 13 villages and 22 cities, including the City of Cincinnati.

### Commencement of Operations and Funding

Voters approved a City of Cincinnati income tax increase for transit in November 1972, which permitted the City's purchase of the privately-owned Cincinnati Transit Inc. bus system. On February 8, 1973, an agreement (the City/SORTA agreement) was executed providing terms for the operation of the transit system and delineating the obligations of SORTA and the City of Cincinnati. SORTA's operation of the service commenced August 15, 1973.

SORTA receives operating and capital assistance from the U.S. Department of Transportation under the Urban Mass Transportation Act of 1964 (the Act), as amended. Among other requirements of the Act, state and local governments must provide a proportionate share of funds and/or support (as defined by the Federal Transit Administration guidelines) for operating and capital assistance. In this regard, under the terms of the City/SORTA agreement, the City provides operating and capital assistance to SORTA from revenues derived from the income tax designated for transit operations. Additional information about these funding sources can be found in Note 3 to the Financial Statements.

With the passage of Issue 7 in the spring of 2020, Hamilton County voters approved a sales tax levy of 0.8 percent and a new funding source for Metro. The funds from the sales tax levy replace the funds SORTA had previously received through the City due to a previous successful vote to (conditionally) rescind the portion of the City of Cincinnati's earnings tax (0.3 percent) that previously funded Metro services should the sales tax levy pass. The proportionate share of funds and/or support (as defined by the Federal Transit Administration guidelines) for operating and capital assistance is now provided for by the Hamilton County Sales Tax.



## Services

SORTA provides public transportation services through two operating divisions, Metro and Access. Metro provides fixed route bus service throughout the service area. Currently, there are 46 fixed bus routes, including both local service and commuter express service on weekdays during rush hours. Operating hours generally run from about 4:00 a.m. to 2:00 a.m. the next day, seven days a week, including holidays. Based on a review of 2000 U.S. Census data, it is estimated that approximately 80% of the population in SORTA's service area lives within three quarters of a mile of Metro fixed route service. In 2021, Metro operated a total of about 721,000 hours of service over 9.4 million miles, providing approximately 9.6 million rides.

Access provides demand-response, shared-ride service in Hamilton County for persons whose disabilities prevent them from riding Metro fixed route service. Effective January 1, 2020, Access is managed and operated by SORTA, which uses Access's fleet of 48 lift-equipped vehicles and 4 ambulatory vehicles. SORTA's Director of Accessible Services provides oversight for this service. In 2021, Access provided about 130,000 passenger trips over 1.0 million vehicle miles.

## Management

SORTA is managed by a Board of Trustees (the Board) which is vested by Ohio law with the powers necessary to manage SORTA. The Board of Trustees is comprised of a 16-member volunteer citizens board of trustees. Eleven trustees are appointed by Hamilton County and five are appointed by the City of Cincinnati. Three of the Hamilton County appointees are non-voting trustees representing Butler, Clermont, and Warren counties. The resolution that created SORTA, as amended in 2008, also authorizes SORTA to evolve into a multi-state regional transit commission in the future and possibly expand the number of Trustees to 17.

The administration of SORTA, subject to the policies and supervision of its Board of Trustees, is directed by the Chief Executive Officer (CEO). The CEO selects the senior staff who manage the day-to-day operations of the Authority. A Table of Organization which depicts the key functional responsibilities is shown on page 9 of this Introductory Section.

## Facilities

SORTA maintains six facilities at the following locations:

**525 Vine Street, Suite 500**, a leased facility in downtown Cincinnati, houses Metro's administrative offices, along with the office of SORTA staff and Board of Trustees.

**120 East Fourth Street**, a leased facility in downtown Cincinnati, is operated jointly with the Transit Authority of Northern Kentucky (TANK) and provides customer services, bus rider information, and sales services.

**Bond Hill Operating Division**, 4700 Paddock Road, provides indoor storage for up to 145 buses and light maintenance work areas.

**Queensgate Operating Division and Maintenance Support Facility**, 1401 Bank Street, provides indoor storage for up to 280 buses. Both heavy and light maintenance is performed at this location. The radio control room is also housed at this facility.

**Silverton Assessment and Training Center**, 7000 Montgomery Road. This facility is for assessment and training for people with disabilities.

**Paratransit Operating Facility**, 1801 Transpark Drive. This is the site from which our Access division operates.

## **FINANCIAL INFORMATION**

### **Basis of Accounting**

SORTA's accounting records are maintained on the accrual basis. The activities are accounted for in a single enterprise (proprietary-type) fund.

### **Budgetary Controls**

The annual accrual-basis operating budget and capital budget are proposed by SORTA's management and adopted by the Board of Trustees in a public meeting. The annual budget is prepared using overall guidelines established after consideration of SORTA's strategic financial plan. All capital and operating items exceeding \$100,000 receive Board approval prior to purchase. The strategic plan, updated annually, projects revenue sources over the next ten years and establishes service levels and growth commensurate with such revenue limits.

SORTA maintains budgetary control by not permitting total operating expenses and expenditures for capital projects to exceed their appropriations without approval by the Board of Trustees. Management ensures that expenses and capital expenditures stay within the total appropriation. On a monthly basis, the Board reviews budget variations. It is the responsibility of each department to administer its operations in such a manner as to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Trustees.

### **Internal Control Structure**

The management of SORTA is responsible for establishing and maintaining an internal control structure designed to ensure that SORTA's assets are protected from loss, theft, or misuse. Its responsibility is also to ensure that accurate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

In developing and evaluating SORTA's accounting systems, emphasis is placed on the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the protection of assets against loss from unauthorized use or disposition, and the reliability of financial records used to prepare financial statements. The concept of "reasonable assurance" recognizes that the cost of the control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. Management believes that SORTA's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Management also believes that the data, as presented herein, is accurate in all material respects, that it presents fairly the financial position, results of operations and cash flows of SORTA, and that all disclosures necessary to enable the reader to obtain an understanding of SORTA's financial affairs have been included.

### **Financial Operating Results**

Management's Discussion and Analysis (MD&A) on pages 14-19 of this ACFR provides a narrative introduction, overview and analysis of the Authority's basic Financial Statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## YEAR IN REVIEW

During the past year, SORTA has been primarily involved in rolling out the Reinventing Metro plan, the most aggressive and comprehensive service improvement and expansion in Metro's history. Here are just a few of the major accomplishments:

- **Fare simplification** - more than 10 different fare categories were reduced down to just three, with free transfers when using the mobile ticketing app.
- **Phase I of Reinventing Metro** – included 24/7/365 service on seven routes, expanded weekday and weekend frequency and longer span of service on most major routes and new Sunday service on two routes.
- **Phase IA of Reinventing Metro** – brought additional service improvements with two new crosstown routes and continued increases in frequency.
- **New buses** - equipped with free Wi-Fi service, charging ports, new seat design and a sleek, updated window design.
- **Transit Infrastructure Fund** - awarded more than \$30 million to support 22 transit-related projects throughout Hamilton County.

**Everybody Rides Metro Foundation** – provides \$500,000 annual funding to more than 40 local social service agencies to help subsidize fare for their clients' trips to work, training and health care.

## ECONOMIC CONDITION AND OUTLOOK

### General

SORTA's primary service area is in Hamilton County, which is situated in the southwest corner of Ohio. The county seat is the City of Cincinnati, which is located on the southern boundary of the state on the Ohio River. Population in SORTA's principal service area since 1960 has been as follows:

| <u>Year</u> | <u>Cincinnati</u> | <u>Hamilton<br/>County</u> |
|-------------|-------------------|----------------------------|
| 1960        | 502,550           | 864,121                    |
| 1970        | 452,524           | 924,018                    |
| 1980        | 385,497           | 873,224                    |
| 1990        | 364,040           | 867,881                    |
| 2000        | 331,285           | 845,303                    |
| 2010        | 296,943           | 802,374                    |
| 2020        | 306,487           | 820,710                    |

*Source: U.S. Bureau of the Census*

Hamilton County (SORTA's primary service area) is situated in the southwest corner of Ohio and its county seat is the City of Cincinnati. The Cincinnati Metropolitan Statistical Area (MSA) consists of 13 counties: Brown, Butler, Clermont, Hamilton and Warren in Ohio; Boone, Campbell, Gallatin, Grant, Kenton and Pendleton in Kentucky; and Dearborn and Ohio in Indiana. The MSA population estimate for 2020 (the most recent U.S. Census) was 2.2 million. Hamilton County's population in 2020 was 820,710, which represents an increase of 2.3 percent versus the 2010 Census.

Hamilton County's current economic situation is mixed. The county has a diversified local economy with strong business clusters. The region is projected to create 50,000 jobs from 2014 to 2024. Before the pandemic occurred the county's low unemployment rate tracked with the rest of the nation and was lower than the State of Ohio.

Population in the county had stabilized and has seen a 3% increase since 2010. The question still remains, however, whether the positive trends in certain areas like Downtown, OTR and Uptown are sustainable and whether they will spread to other areas and communities.

Redevelopment is happening in the City of Cincinnati and in well-positioned suburban communities. Some communities, however, are financially constrained and are limited in how they can partner with the private sector on redevelopment projects.

Finally, the County faces major infrastructure needs. With the proposed construction of a new Brent Spence Bridge and a list of other transportation projects in need of funding or support, it is critical for the County to determine its role in prioritized projects given the limited resources available. In addition, Hamilton County faces similar issues of other urban, Midwestern communities when attempting to assemble marketable, available land for development.

## **Employment**

For 2021, Hamilton County had an unemployment rate of 3.2%. The US average is 3.9%.

Like most urbanized areas, Hamilton County is facing an unprecedented labor shortage, particularly in the areas of hospitality/restaurants, manufacturing and retail. SORTA itself is facing a dearth of bus operator candidates.

Longer-term, weak demographic trends will keep Southwest Ohio's economy growing more slowly than the rest of the U.S. Nevertheless, the region has a number of positive attributes:

- Cincinnati is home to seven Fortune 500 companies with a combined economic impact of \$242 billion in annual revenue.
- A number of educational institutions, including the University of Cincinnati, Xavier University, Northern Kentucky University and Cincinnati State Technical & Community College, provide a well-educated workforce and a steady source of long-term growth that minimizes volatility.
- In particular, large manufacturers such as Honda, Procter & Gamble and GE Aviation are great sources of long-term stability for the area's economy when COVID impacts are removed.
- And newcomers Amazon and DHL are bringing new jobs and a spinoff economic effect among logistics, freight handling and delivery companies to the region.

## **Income**

The average annual income for a Hamilton County resident is \$30,062 compared to \$28,555 per year for a U.S. resident. The median household income for Hamilton County \$48,927 a year, which is slightly lower than the U.S. average of \$53,482 a year. However, this is somewhat offset when compared to the cost of living in the rest of the country. Hamilton County's cost of living is 13.5 percent lower than the U.S. average.

As with other areas, the aftermath of COVID-19 and the "Great Resignation" and resulting labor shortage is putting pressure on employers to increase wages and benefits to attract and retain employees.

## Housing

The median home price is currently \$206,300. Home appreciation in Hamilton County is up 7.9 percent due to increased demand and a lagging supply. Home appreciation in the U.S. over the last 10 years has been 65.2 percent while in Hamilton County that number is 18.0 percent.

Housing demand is also supported by easier access to credit, including historically low interest rates, although the Federal Reserve Bank has been cautiously raising some rates in an attempt to forestall inflation.

Continued interest for the development of housing (both for rent and purchase) in the downtown area in particular is also driving the local housing market. There has also been a recent move to address the shortage of affordable housing for low to moderate-income individuals and families.

This housing shortage is also reflected in rental property; renters make up 35.8 percent of the Hamilton County population, yet only 2.3 percent of houses and apartments are available to rent.

Overall, housing is very affordable in the region compared to other areas of similar size.

For a comprehensive examination of the regional economic outlook, visit

<https://www.bestplaces.net/economy/county/ohio/hamilton>, from which many of these statistics were derived.

## FUTURE PROJECTS

Initiatives planned for 2022 include:

- In a continuation of Reinventing Metro, SORTA will introduce MetroNow, it's mobility on demand service, on two pilot routes.
- Also part of Reinventing Metro, a study of bus rapid transit (BRT) will begin to identify the best two corridors upon which to launch this new and improved service.
- SORTA will begin testing more sustainable ways to deliver service with a pilot program consisting of two electric vehicles in use on its Access paratransit service for people with disabilities.

## OTHER INFORMATION

### Acknowledgments

The publication of this report is a reflection of the excellence and professionalism of SORTA's Finance Department, and illustrates the extent of SORTA's accountability to taxpayers.

This report would not be possible without the determination and high standards of the entire staff of the Finance Department. SORTA wishes to thank all who contributed to this project.



James D. Haley  
Chief Executive Officer and General Manager  
and Secretary-Treasurer



Lawrence A. Pinkelton  
Chief Financial Officer

Southwest Ohio Regional Transit Authority

## **Board of Trustees and Administration as of December 31, 2021**

### **Members of the Board of Trustees**

Kreg Keesee, Chair  
Robert Harris, Vice Chair  
Alyson Beridon  
Heidi Black  
Maurice Brown  
Chelsea Clark  
Brendon Cull  
Blake Ethridge  
Allan Freeman  
Rod Hinton  
Thaddeus Hoffmeister  
Gwen Robinson  
Sonja Taylor  
Larry Thompson  
Kathleen Wyenandt

### **Administration**

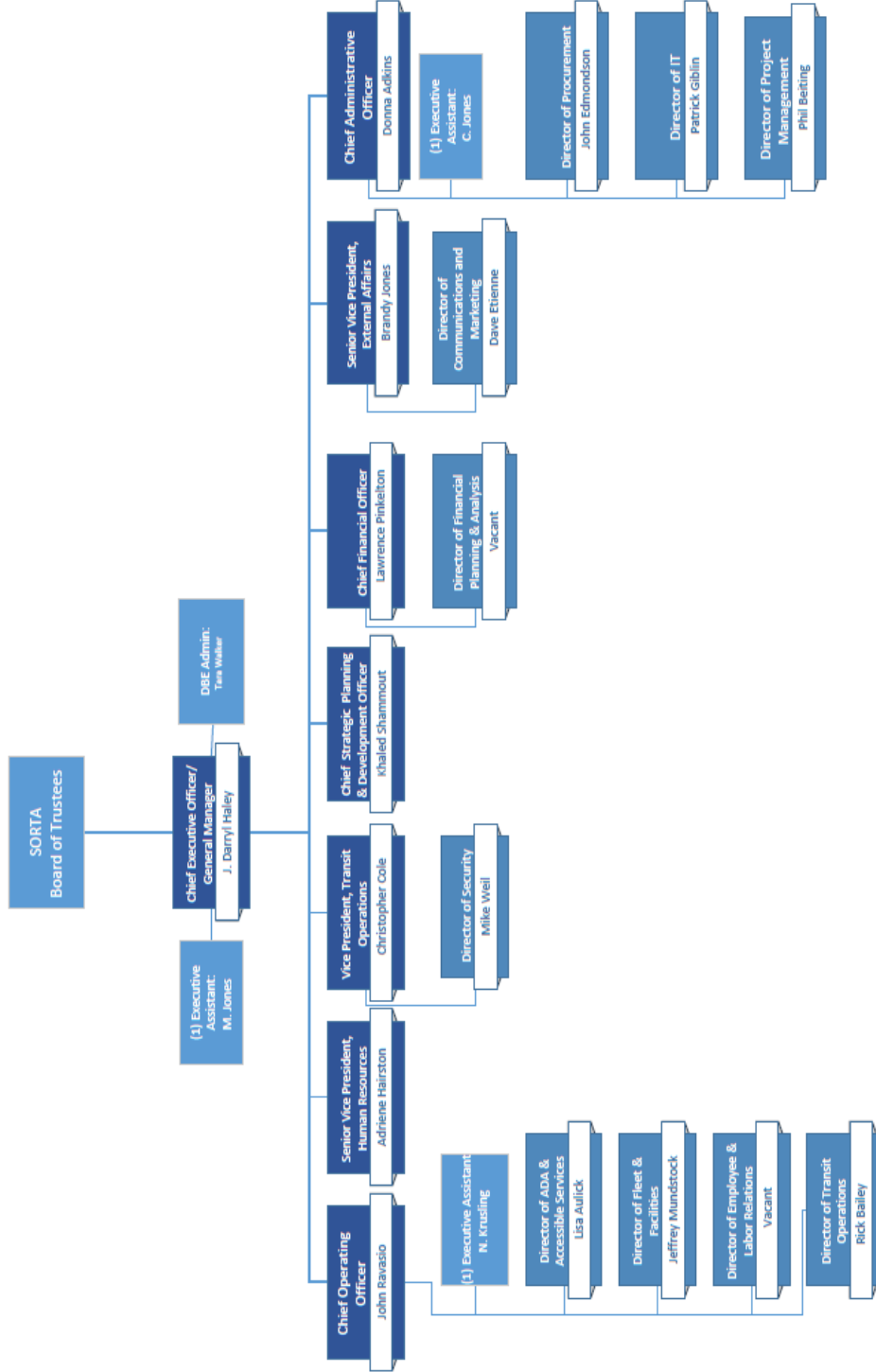
Darryl Haley, Chief Executive Officer and General Manager and Secretary-Treasurer  
John Ravasio, Chief Operating Officer  
Cindy Resor, Interim Chief Financial Officer, through May 1, 2022  
Lawrence Pinkelton, Chief Financial Officer, effective May 2, 2022  
Donna Adkins, Chief Administrative Officer  
Khaled Shammout, Chief Strategic Planning, Development & Innovation Officer

Christopher Cole, Vice President, Transit Operations  
Adriene Hairston, Senior Vice President, Human Resources  
Brandy Jones, Senior Vice President, External Affairs

Steve Anderson, Director, Transit Development & Innovation  
Lisa Aulick, Director, ADA & Accessible Services  
Vicki Barker, Director, Human Resources  
Rick Bailey, Director, Transit Operations  
Phil Beiting, Director, Project Management  
Ben Cole, Director, Training and Employee Development  
John Edmondson, Senior Director, Procurement/Stores  
David Etienne, Director, Communications and Marketing  
Patrick Giblin, Senior Director, Information Services  
Jeff Mundstock, Director, Fleet & Facilities  
Amy Rasmussen, Director, Ridership Development  
Michael Weil, Senior Director, Security

Southwest Ohio Regional Transit Authority

Table of Organization  
December 31, 2021







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Southwest Ohio Regional Transit Authority**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morill*

Executive Director/CEO



Crowe LLP  
Independent Member Crowe Global

## INDEPENDENT AUDITOR'S REPORT

Finance Committee  
Southwest Ohio Regional Transit Authority  
Cincinnati, Ohio

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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

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

#### ***Basis for Opinion***

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

#### ***Other Matter***

The financial statements of the Authority for the year ended December 31, 2020, were audited by other auditors, who expressed an unmodified opinion on those statements on July 20, 2021.

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

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

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

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(Continued)

## Southwest Ohio Regional Transit Authority

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

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

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

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

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

***Required Supplementary Information***

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

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(Continued)

## Southwest Ohio Regional Transit Authority

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedule of revenues, expenses and changes in net position – budget and actual (GAAP basis) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, supplemental schedule of revenues, expenses and changes in net position – budget and actual (GAAP basis) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

  
Crowe LLP

Columbus, Ohio  
July 25, 2022

Southwest Ohio Regional Transit Authority

## Management's Discussion and Analysis

The Southwest Ohio Regional Transit Authority (the "Authority") is pleased to present readers of these financial statements with the following narrative overview and analysis of the Authority's financial activities for the fiscal year ended December 31, 2021. This discussion and analysis is designed to assist the reader in focusing on material financial issues and activities and to identify material changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

### Financial Highlights

- The Authority's total net position at the end of 2021 was \$154.4 million, which represents an increase of \$112.8 million, or 371.5%, compared to the balance at the end of 2020.
- Operating revenue for the year was \$12.5 million, which represents an increase of about \$0.6 million, or 5.0%, from 2020.
- Operating expenses for the year (excluding depreciation and amortization) were \$81.2 million, which represents a decrease of \$25.5 million, or 23.9%, over 2020.
- Non-operating revenues, net of non-operating expenses, including federal, state and local subsidies, were \$175.2 million in 2021, which represents an increase of \$29.7 million, or 20.4%, compared to 2020.

### Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements, which includes the basic financial statements and the notes to the financial statements. This report contains supplementary information concerning the Authority's net position and changes in net position, in addition to the basic financial statements themselves.

### Required Financial Statements

The financial statements of the Authority are designed to provide readers with a broad overview of the Authority's finances in a manner similar to private-sector business.

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

The Statement of Revenues, Expenses, and Changes in Net Position presents information about how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Southwest Ohio Regional Transit Authority

**Management's Discussion and Analysis (continued)****Notes to the Financial Statements**

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

**Condensed Statements of Net Position Compared to Prior Year  
(amounts in thousands)**

|                                                                          | <b>As of December 31,</b> |                  |                  |
|--------------------------------------------------------------------------|---------------------------|------------------|------------------|
|                                                                          | <b>2021</b>               | <b>2020</b>      | <b>2019</b>      |
| Current assets                                                           | \$110,625                 | \$69,759         | \$32,298         |
| Capital assets - net                                                     | 109,994                   | 101,123          | 99,913           |
| Other non-current assets                                                 | 45,468                    | 12,123           | 4,457            |
| <b>Total assets</b>                                                      | <u>266,087</u>            | <u>183,005</u>   | <u>136,669</u>   |
| Deferred outflows of resources                                           | 15,256                    | 18,760           | 32,316           |
| <b>Total assets and deferred outflows of resources</b>                   | <u>\$281,342</u>          | <u>\$201,765</u> | <u>\$168,985</u> |
| Current Liabilities                                                      | \$22,615                  | \$14,096         | \$24,001         |
| Non-current liabilities                                                  | 61,017                    | 123,755          | 152,887          |
| <b>Total liabilities</b>                                                 | <u>83,632</u>             | <u>137,851</u>   | <u>176,888</u>   |
| Deferred inflows of resources                                            | 43,323                    | 22,360           | 2,364            |
| <b>Total liabilities and deferred inflows of resources</b>               | <u>126,955</u>            | <u>160,210</u>   | <u>179,252</u>   |
| Net position                                                             |                           |                  |                  |
| Net investment in capital assets                                         | 109,869                   | 99,144           | 93,763           |
| Restricted                                                               | 48,409                    | 12,101           | 406              |
| Unrestricted                                                             | (3,891)                   | (69,690)         | (104,438)        |
| <b>Total net position</b>                                                | <u>154,387</u>            | <u>41,555</u>    | <u>(10,269)</u>  |
| <b>Total liabilities, deferred inflows of resources and net position</b> | <u>\$281,342</u>          | <u>\$201,765</u> | <u>\$168,983</u> |

Note: Totals shown above may not be mathematically accurate as displayed due to rounding.

Southwest Ohio Regional Transit Authority

## Management's Discussion and Analysis (continued)

As noted earlier, net position over time may serve as a useful indicator of the Authority's financial position. As of December 31, 2021, the Authority's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$154.4 million, which is an increase in net position of \$112.8 million, or 371.5% from 2020. As of December 31, 2020, the Authority's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$41.6 million, which is an increase in net position of \$51.8 million, or 504.7% from 2019. It is further noted that over the past seven years, the adoption of GASB 68 and 75 (see Notes 8 and 9) has decreased the net position of the Authority by \$74.1 million.

By far the largest portion of the Authority's net position is its investment in capital assets, less the outstanding balance of any debt used to acquire those assets. Capital assets include land and land improvements, revenue producing and service equipment, buildings and structures, shop equipment, office furnishings and computer equipment. The Authority uses these capital assets to provide public transportation service in Hamilton County and small portions of Warren, Clermont and Butler Counties. These assets are not available to liquidate liabilities or for other spending.

The Authority's net investment in capital assets as of December 31, 2021, amounts to \$109.9 million, net of accumulated depreciation, which is an increase of \$10.7 million, or 10.8%, from 2020.

Major capital asset expenditures during 2021 included the following:

- \$20.2 million to purchase 39 new 40-foot buses.

Depreciation and amortization expense was \$15.9 million in 2021.

The Authority's net investment in capital assets as of December 31, 2020, amounts to \$99.1 million, net of accumulated depreciation, which is an increase of \$5.4 million, or 5.7%, from 2019.

Major capital asset expenditures during 2020 included the following:

- \$9.7 million to purchase 19 new 40-foot buses.
- \$4.0 million of assets (of which \$1.2 million was transferred from prior year construction in progress) related to the opening of Northside Transit Center were put into service during 2020.

Depreciation and amortization expense was \$15.8 million in 2020.

See Note 5 to the financial statements for more detailed information regarding capital assets.

### Debt Administration

The Authority maintains no short- or long-term debt, other than certain capital leases on occasion. There were no outstanding capital leases as of December 31, 2021 or 2020.

Southwest Ohio Regional Transit Authority

**Management's Discussion and Analysis (continued)****Condensed Statements of Revenues, Expenses and Changes in Net Position  
(amounts in thousands)**

|                                                             | <b>For fiscal years ended December 31,</b> |                 |                   |
|-------------------------------------------------------------|--------------------------------------------|-----------------|-------------------|
|                                                             | <b>2021</b>                                | <b>2020</b>     | <b>2019</b>       |
| Operating revenues:                                         |                                            |                 |                   |
| Passenger fares                                             | \$11,500                                   | \$11,100        | \$21,210          |
| Other operating revenues                                    | 1,029                                      | 838             | 1,851             |
| <b>Total operating revenues</b>                             | <b>12,529</b>                              | <b>11,938</b>   | <b>23,060</b>     |
| Operating expenses other than depreciation and amortization | 81,220                                     | 106,712         | 127,188           |
| Depreciation and amortization expense                       | 15,901                                     | 15,843          | 14,691            |
| <b>Total operating expenses</b>                             | <b>97,122</b>                              | <b>122,555</b>  | <b>141,879</b>    |
| Operating loss                                              | (84,592)                                   | (110,617)       | (118,819)         |
| Non-operating revenues:                                     |                                            |                 |                   |
| Operating assistance from City of Cincinnati                | 9,480                                      | 60,380          | 56,104            |
| Sales and use tax revenue                                   | 134,772                                    | 33,464          | 0                 |
| Federal maintenance grants                                  | 24,206                                     | 47,068          | 14,400            |
| Local operating grants and assistance                       | 1,913                                      | 2,778           | 6,221             |
| Other non-operating revenues                                | 4,836                                      | 1,770           | 8,652             |
| <b>Total non-operating revenues</b>                         | <b>175,206</b>                             | <b>145,460</b>  | <b>85,377</b>     |
| <b>Net income (loss) before capital grant activity</b>      | <b>90,614</b>                              | <b>34,843</b>   | <b>(33,442)</b>   |
| Capital grant revenue                                       | 24,709                                     | 16,980          | 31,558            |
| <b>Change in net position</b>                               | <b>115,322</b>                             | <b>51,823</b>   | <b>(1,884)</b>    |
| <b>Net position, beginning of year (restated for 2021)</b>  | <b>39,065</b>                              | <b>(10,268)</b> | <b>(8,384)</b>    |
| <b>Net position, end of year</b>                            | <b>\$154,387</b>                           | <b>\$41,555</b> | <b>(\$10,268)</b> |

*Note: Totals shown above may not be mathematically accurate as displayed due to rounding.*

**Operating Revenues**

The Authority's operating revenues were \$12.5 million in 2021, which represents an increase of \$0.6 million, or 5.0%, compared to 2020. This increase is due primarily to the restrictions of the COVID-19 pandemic, which led to increased service provided and ridership during the year.

The Authority's operating revenues were \$11.9 million in 2020, which represents a decrease of \$11.1 million, or 48.2%, compared to 2019. This decrease is due primarily to the COVID-19 pandemic, which led to decreased service provided and ridership during the year.



Southwest Ohio Regional Transit Authority

## Management's Discussion and Analysis (continued)

### Operating Expenses

The Authority's operating expenses, other than depreciation and amortization, were \$81.2 million in 2021, which represents a decrease of \$25.5 million, or 23.9%, compared to 2020. This increase was driven by several factors:

- \$5.2 million increase in labor due to increased service during 2021, and a retroactive increase for all of 2021 for bargaining unit employees as a result of a new labor agreement passed in early 2022.
- \$9.0 million increase in casualty and liability due to increased claims payouts and an increase in claims reserve over prior year.

These increases were partially offset by:

- \$44.1 million decrease in pension and OPEB expense primarily due to change in net OPEB asset.

The Authority's operating expenses, other than depreciation and amortization, were \$106.7 million in 2020, which represents a decrease of \$20.5 million, or 16.1%, compared to 2019. This decrease was driven by several factors:

- \$10.2 million decrease in purchased transportation services due to the direct operation of Access service effective January 1, 2020.
- \$8.4 million decrease in fringe benefits includes a \$10.6 million decrease to adjust pension accruals due to favorable investment results.
- \$4.7 million decrease in casualty and liability due to decreased claims payouts and a decrease in claims reserve over prior year.

These decreases were partially offset by:

- \$3.6 million increase in labor primarily due to the direct operation of Access service.

### Non-Operating Revenues

Non-operating revenues were \$175.2 million in 2021, which is an increase of \$29.7 million, or 20.4%, over 2020. This increase is due to \$101.3 million from sales and use tax revenue, offset by a decrease of \$50.9 million from the City of Cincinnati Income Tax Transit Fund.

Non-operating revenues were \$145.4 million in 2020, which is an increase of \$60.1 million, or 70.4%, over 2019. This increase is due to \$33.5 million from sales and use tax revenue (Hamilton County sales tax initiative which passed in May, 2020), and \$32.7 million in federal funding (primarily CARES Act funds provided as relief to COVID-19 pandemic).

Southwest Ohio Regional Transit Authority

## **Management's Discussion and Analysis (concluded)**

### **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those who are interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Southwest Ohio Regional Transit Authority, Chief Financial Officer, 525 Vine Street, Suite 500, Cincinnati, Ohio, 45202.

## Southwest Ohio Regional Transit Authority

**Statements of Net Position  
As of December 31, 2021 and 2020**

| <b>ASSETS AND DEFERRED OUTFLOWS</b>                    | <b>2021</b>                 | <b>2020</b>                 |
|--------------------------------------------------------|-----------------------------|-----------------------------|
|                                                        | <u>                    </u> | <u>                    </u> |
| <b>Current Assets:</b>                                 |                             |                             |
| Cash and cash equivalents (Note 4)                     | \$ -                        | \$ 14,078                   |
| Investments (Note 4)                                   | 56,491,684                  | 26,452,766                  |
| Receivables:                                           |                             |                             |
| Sales and use tax                                      | 38,257,241                  | 33,079,134                  |
| Federal assistance                                     | -                           | 2,490,000                   |
| City of Cincinnati Income Tax Transit Fund             | 9,479,740                   | -                           |
| State assistance                                       | 2,311,065                   | 1,740,375                   |
| Capital assistance                                     | 722,683                     | 1,250,623                   |
| Other                                                  | 909,627                     | 2,323,246                   |
| Inventory of materials and supplies                    | 1,599,162                   | 1,518,881                   |
| Prepaid expenses and other current assets              | 853,543                     | 890,173                     |
| Total current assets                                   | <u>110,624,745</u>          | <u>69,759,276</u>           |
| <b>Noncurrent Assets:</b>                              |                             |                             |
| Restricted investments (Note 4)                        | 37,987,180                  | 11,388,473                  |
| Net pension asset (Note 8)                             | 1,064,610                   | 734,660                     |
| Net OPEB asset - OPERS (Note 9)                        | 6,415,827                   | -                           |
| Capital assets (Note 5):                               |                             |                             |
| Land and buildings                                     | 15,284,789                  | 15,179,789                  |
| Improvements                                           | 41,557,965                  | 40,687,030                  |
| Revenue vehicles                                       | 172,264,126                 | 167,051,148                 |
| Other equipment                                        | 42,790,349                  | 39,140,827                  |
| Construction in progress                               | 825,533                     | 2,599,387                   |
| Total capital assets                                   | <u>272,722,762</u>          | <u>264,658,181</u>          |
| Less allowance for depreciation and amortization       | <u>(162,728,595)</u>        | <u>(163,535,313)</u>        |
| Capital assets, net                                    | <u>109,994,167</u>          | <u>101,122,868</u>          |
| Total noncurrent assets                                | <u>155,461,784</u>          | <u>113,246,001</u>          |
| Total assets                                           | <u>266,086,529</u>          | <u>183,005,277</u>          |
| <b>Deferred Outflows of Resources:</b>                 |                             |                             |
| OPEB (Note 9)                                          | 4,674,550                   | 7,673,030                   |
| Pension (Note 8)                                       | 10,581,214                  | 11,086,857                  |
| Total deferred outflows of resources                   | <u>15,255,764</u>           | <u>18,759,887</u>           |
| <b>Total assets and deferred outflows of resources</b> | <u>\$ 281,342,293</u>       | <u>\$ 201,765,164</u>       |

(continued)

## Southwest Ohio Regional Transit Authority

**Statements of Net Position**  
**As of December 31, 2021 and 2020 (continued)**

| <b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>                    | <b>2021</b>                 | <b>2020</b>                 |
|--------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                          | <u>                    </u> | <u>                    </u> |
| <b>Current liabilities:</b>                                              |                             |                             |
| Checks written in excess of cash balance (Note 4)                        | \$ 6,839,160                | \$ -                        |
| Accounts payable                                                         | 2,585,547                   | 2,175,801                   |
| Accounts payable - capital additions                                     | 124,756                     | 1,978,937                   |
| Accrued payroll                                                          | 2,016,701                   | 731,227                     |
| Accrued payroll taxes and other benefits                                 | 6,273,406                   | 5,190,115                   |
| Current portion of estimated claims payable (Note 10)                    | 4,030,716                   | 2,920,638                   |
| Other current liabilities                                                | 744,873                     | 1,099,136                   |
| Total current liabilities                                                | <u>22,615,159</u>           | <u>14,095,854</u>           |
| <b>Noncurrent Liabilities:</b>                                           |                             |                             |
| Estimated claims payable, net of current portion (Note 10)               | 4,354,773                   | 7,356,806                   |
| Net OPEB liability - OPERS (Note 9)                                      | -                           | 47,356,353                  |
| Net pension liability (Note 8)                                           | 53,476,710                  | 67,970,413                  |
| Other post employment benefits (Note 9)                                  | 1,797,172                   | 888,199                     |
| Other non-current liabilities                                            | 1,388,179                   | 183,079                     |
| Total non-current liabilities                                            | <u>61,016,834</u>           | <u>123,754,850</u>          |
| Total liabilities                                                        | <u>83,631,993</u>           | <u>137,850,704</u>          |
| <b>Deferred Inflows of Resources:</b>                                    |                             |                             |
| OPEB (Note 9)                                                            | 19,731,000                  | 7,008,650                   |
| Pension (Note 8)                                                         | 23,592,155                  | 15,350,914                  |
| Total deferred inflows of resources                                      | <u>43,323,155</u>           | <u>22,359,564</u>           |
| <b>Net position:</b>                                                     |                             |                             |
| Net investment in capital assets                                         | 109,869,411                 | 99,143,931                  |
| Restricted for:                                                          |                             |                             |
| Net pension asset                                                        | 1,064,610                   | 734,660                     |
| City of Cincinnati Income Tax Transit Fund escrow                        | 3,000,000                   | 3,000,000                   |
| Sales and use tax - Infrastructure                                       | 44,343,914                  | 8,365,989                   |
| Unrestricted                                                             | (3,890,790)                 | (69,689,684)                |
| Total net position                                                       | <u>154,387,145</u>          | <u>41,554,896</u>           |
| <b>Total liabilities, deferred inflows of resources and net position</b> | <u>\$ 281,342,293</u>       | <u>\$ 201,765,164</u>       |

(concluded)

*The accompanying notes are an integral part of the financial statements.*

Southwest Ohio Regional Transit Authority

**Statements of Revenues, Expenses and Changes in Net Position  
For Fiscal Years Ended December 31, 2021 and 2020**

|                                                    | <b>2021</b>            | <b>2020</b>             |
|----------------------------------------------------|------------------------|-------------------------|
| <b>Operating Revenues</b>                          |                        |                         |
| Passenger fares for transit service                | \$ 11,500,345          | \$ 11,100,072           |
| Special transit fares                              | 499,824                | 412,526                 |
| Auxiliary transportation revenue                   | 528,898                | 425,859                 |
| Total operating revenues                           | <u>12,529,067</u>      | <u>11,938,457</u>       |
| <b>Operating expenses other than depreciation:</b> |                        |                         |
| Labor                                              | 56,404,084             | 51,229,501              |
| Fringe benefits                                    | 30,857,827             | 26,638,722              |
| Materials and supplies consumed                    | 11,888,785             | 10,674,474              |
| Services                                           | 7,312,065              | 5,073,208               |
| Utilities                                          | 1,809,246              | 2,162,329               |
| Casualty and liability                             | 11,272,847             | 69,278                  |
| Taxes                                              | 1,277,266              | 1,007,913               |
| Purchased transportation services                  | -                      | 49,266                  |
| Leases and rentals                                 | 879,026                | 726,860                 |
| Miscellaneous                                      | 3,647,403              | 915,554                 |
| Pension and OPEB expense (revenue)                 | (44,128,119)           | 8,164,699               |
| Total operating expenses other than depreciation   | <u>81,220,430</u>      | <u>106,711,804</u>      |
| Depreciation and amortization (Note 5)             | <u>15,901,098</u>      | <u>15,843,438</u>       |
| Total operating expenses                           | <u>97,121,528</u>      | <u>122,555,242</u>      |
| <b>Operating loss</b>                              | <u>\$ (84,592,461)</u> | <u>\$ (110,616,785)</u> |

(continued)

*The accompanying notes are an integral part of the financial statements.*

## Southwest Ohio Regional Transit Authority

**Statements of Revenues, Expenses and Changes in Net Position  
For Fiscal Years Ended December 31, 2021 and 2020 (continued)**

|                                                                                      | <u>2021</u>           | <u>2020</u>          |
|--------------------------------------------------------------------------------------|-----------------------|----------------------|
| <b>Nonoperating Revenues (Expenses):</b>                                             |                       |                      |
| Operating assistance from the City of Cincinnati<br>Income Tax Transit Fund (Note 3) | \$ 9,479,740          | \$ 60,380,212        |
| Sales and use tax revenue                                                            | 134,771,748           | 33,463,956           |
| Federal maintenance grants and reimbursements (Note 6)                               | 24,205,919            | 47,067,501           |
| State maintenance grants, reimbursements and special fare<br>assistance (Note 6)     | 4,104,365             | 2,716,013            |
| Local operating grants and special fare assistance (Note 6)                          | 1,912,959             | 2,777,784            |
| Investment income, net (Note 4)                                                      | 87,162                | 175,554              |
| Increase (decrease) in fair value of investments                                     | (126,128)             | 333                  |
| Non-transportation revenue                                                           | 770,309               | 437,316              |
| Other non-operating expenses                                                         | -                     | (1,558,998)          |
| Total nonoperating revenues (expenses)                                               | <u>175,206,074</u>    | <u>145,459,671</u>   |
| <b>Net income before capital grant activity</b>                                      | 90,613,613            | 34,842,886           |
| <b>Capital grant revenue (Note 6)</b>                                                | 24,708,636            | 16,979,810           |
| <b>Increase in net position during the year</b>                                      | <u>115,322,249</u>    | <u>51,822,696</u>    |
| <b>Net position, beginning of year</b>                                               | 41,554,896            | (10,267,800)         |
| <b>Cumulative effect of adoption of new accounting principle</b>                     | (2,490,000)           | -                    |
| <b>Net position, beginning of year restated (Note 2)</b>                             | <u>39,064,896</u>     | <u>(10,267,800)</u>  |
| <b>Net position, end of year</b>                                                     | <u>\$ 154,387,145</u> | <u>\$ 41,554,896</u> |

(concluded)

*The accompanying notes are an integral part of the financial statements.*

## Southwest Ohio Regional Transit Authority

**Statements of Cash Flows**  
**For Fiscal Years Ended December 31, 2021 and 2020**

|                                                                                    | <u>2021</u>           | <u>2020</u>         |
|------------------------------------------------------------------------------------|-----------------------|---------------------|
| <b>Cash Flows From Operating Activities:</b>                                       |                       |                     |
| Receipts from fares and special service                                            | \$ 11,504,063         | \$ 13,264,492       |
| Payments for labor and employee benefits                                           | (78,619,919)          | (78,759,343)        |
| Payments to suppliers                                                              | (27,193,028)          | (17,297,055)        |
| Payments for claims and insurance                                                  | (12,801,976)          | (7,066,529)         |
| Net cash used in operating activities                                              | <u>(107,110,860)</u>  | <u>(89,858,435)</u> |
| <b>Cash Flows From Noncapital Financing Activities:</b>                            |                       |                     |
| Transfer from City of Cincinnati Income Tax Transit Fund                           | -                     | 60,352,093          |
| Federal maintenance grants and reimbursements                                      | 24,205,919            | 48,485,222          |
| State maintenance grants, reimbursements<br>and special fare assistance            | 3,533,675             | 5,070,295           |
| Sales and use tax                                                                  | 129,593,641           | 384,822             |
| Other non-operating expenses                                                       | -                     | (1,558,998)         |
| Other local operating assistance received                                          | 1,541,152             | 3,187,810           |
| Net cash provided by noncapital financing activities                               | <u>158,874,387</u>    | <u>115,921,244</u>  |
| <b>Cash Flows From Capital and Related Financing Activities:</b>                   |                       |                     |
| Capital grants received:                                                           |                       |                     |
| Federal and other local                                                            | 24,708,636            | 3,043,525           |
| Additions to capital assets                                                        | (26,626,578)          | (15,141,408)        |
| Net cash used in capital and related financing activities                          | <u>(1,917,942)</u>    | <u>(12,097,883)</u> |
| <b>Cash Flows From Investing Activities:</b>                                       |                       |                     |
| Net cash payments from investment securities                                       | (56,763,753)          | (18,674,493)        |
| Interest received                                                                  | 64,930                | 236,715             |
| Net cash used in investing activities                                              | <u>(56,698,823)</u>   | <u>(18,437,778)</u> |
| <b>Net Decrease in Cash and Cash Equivalents</b>                                   | <u>(6,853,238)</u>    | <u>(4,472,852)</u>  |
| <b>Cash and Cash Equivalents at Beginning of Year</b>                              | <u>14,078</u>         | <u>4,486,930</u>    |
| <b>Cash and Cash Equivalents at End of Year (Checks in Excess of Cash Balance)</b> | <u>\$ (6,839,160)</u> | <u>\$ 14,078</u>    |

(continued)

*The accompanying notes are an integral part of the financial statements.*

## Southwest Ohio Regional Transit Authority

**Statements of Cash Flows**  
**For Fiscal Years Ended December 31, 2021 and 2020 (continued)**

|                                                                                   | <u>2021</u>            | <u>2020</u>           |
|-----------------------------------------------------------------------------------|------------------------|-----------------------|
| <b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b> |                        |                       |
| Operating loss                                                                    | \$ (84,592,461)        | \$(110,616,785)       |
| Adjustments to reconcile operating loss to net cash used in operating activities: |                        |                       |
| Depreciation and amortization                                                     | 15,901,098             | 15,843,438            |
| Non-transportation revenue                                                        | 770,309                | 437,316               |
| Effect of changes in assets, liabilities, deferred outflows and inflows:          |                        |                       |
| Other receivables                                                                 | 1,435,851              | 135,221               |
| Deferred outflow of resources - OPEB                                              | 2,998,480              | (3,785,242)           |
| Deferred outflow of resources - pension                                           | 505,643                | 17,341,100            |
| Receivables for capital assistance                                                | 527,940                | (1,119,163)           |
| Inventory of materials and supplies                                               | (80,281)               | (96,134)              |
| Prepaid expenses and other current assets                                         | 36,630                 | (269,856)             |
| Net pension asset                                                                 | (329,950)              | (328,999)             |
| Accounts payable                                                                  | 409,746                | (1,681,191)           |
| Accrued expenses                                                                  | 2,368,765              | 548,459               |
| Other liabilities                                                                 | 1,222,644              | (53,833)              |
| Net OPEB liability                                                                | (53,772,180)           | 2,198,142             |
| Net pension liability                                                             | (14,493,703)           | (27,255,651)          |
| Other post employment benefits                                                    | 908,973                | 42,171                |
| Deferred inflow of resources - OPEB                                               | 12,722,350             | 6,886,122             |
| Deferred inflow of resources - pension                                            | 8,241,241              | 13,109,227            |
| Estimated claims payable                                                          | (1,891,955)            | (1,192,777)           |
| Net cash used in operating activities                                             | <u>\$(107,110,860)</u> | <u>\$(89,858,435)</u> |
| <b>Supplemental Disclosure of Noncash Activity</b>                                |                        |                       |
| Increase (decrease) in fair value of investments                                  | <u>\$ (126,128)</u>    | <u>\$ 333</u>         |
| Capital additions in payables                                                     | <u>\$ 124,756</u>      | <u>\$ 1,978,937</u>   |

(concluded)

*The accompanying notes are an integral part of the financial statements.*



Southwest Ohio Regional Transit Authority

## **Notes to the Financial Statements As of December 31, 2021 and 2020**

### **1. Organization and Reporting Entity**

#### **A. Organization**

The Southwest Ohio Regional Transit Authority (“SORTA” or the “Authority” or “Metro”) is responsible for the operation of the Greater Cincinnati public transit system. SORTA is organized under Sections 306.30 through 306.53 of the Ohio Revised Code and is not subject to income taxes. SORTA is the policy-making body for the transit system known as Metro and operated under an agreement with the City of Cincinnati (the “City”) through September 30, 2020. On October 1, 2020, SORTA began receiving sales tax revenue from Hamilton County, Ohio (the “County”) as a result of the successful passage of a ballot initiative in May, 2020 (see Note 3).

#### **B. Reporting Entity**

The Authority has adopted the provisions of GASB codification. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Statements No. 14, 39 and 61, the Authority has no material component units, nor is it considered a component unit of the City or the County. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization, nor is the City or County accountable for SORTA. This is evidenced by the fact that the Authority is a legally and fiscally separate and distinct organization under the provisions of the Ohio Revised Code.

### **2. Summary of Significant Accounting Policies**

#### **A. Basis of Accounting**

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, which require the economic resources measurement focus and the accrual basis of accounting. Revenues and expenses are recognized in the period earned or incurred, regardless of the timing of the related cash flows. All transactions are accounted for in a single enterprise fund.

#### **B. Net Position Classifications**

GASB Statement No. 34, “Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus,” as amended by GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” requires the classification of net position into the following three components:

- Net investment in capital assets—consisting of capital assets, net of accumulated depreciation and reduced by the outstanding balance of borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

- Restricted—consisting of net position, the use of which is limited by external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, constitutional provisions or enabling legislation, reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted—consisting of net position, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of “investment in capital assets” or “restricted.” This includes amounts that are designated or reserved by the Board of Trustees.

**C. Non-exchange Transactions**

The Authority follows GASB Statement No. 33, “Accounting and Financial Reporting for Non-exchange Transactions.” In general, GASB Statement No. 33 establishes accounting and financial reporting standards about when to report the results of non-exchange transactions involving financial or capital resources. In a non-exchange transaction, an entity gives (or receives) value without directly receiving or giving equal value in return. The Authority’s principal non-exchange transactions involve the receipt of monies from sales tax collections from Hamilton County, Ohio (see Note 3), along with federal, state and local grants for operating assistance and the acquisition of property, facilities and equipment. Substantially all of the Authority’s non-exchange transactions represent reimbursement-type grants, which are recorded as revenue in the period the related expenditures are incurred, and are recorded as liabilities when the funds are received until the expenditures are incurred.

**D. Passenger Fares**

Passenger fares are recorded as revenue at the time services are performed and revenues pass through the farebox.

**E. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and certificates of deposit to be cash equivalents.

**F. Investments**

The Authority’s investments (including cash equivalents) are recorded at fair value (based on quoted market prices), except that short-term, highly-liquid debt investments, with a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

The Authority has invested funds in STAROhio, an investment pool managed by the State Treasurer’s office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price at which the investment could be sold.

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

**G. Inventory of Materials and Supplies**

Materials and supplies are stated at cost, which is determined using the average cost method. These items are expensed when consumed or used, rather than when purchased.

**H. Restricted Assets**

Restricted assets consist of funds received or receivable under various federal, state and local capital grants, including the local matching share received from the City Income Tax-Transit Fund (see Note 3). These assets are restricted for capital and other project expenditures. When both restricted or unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

**I. Capital Assets and Depreciation**

Capital assets are stated at cost and include expenditures which substantially increase the utility or useful lives of existing assets. Maintenance parts are expensed when placed in service. Routine maintenance and repairs are expensed as incurred. Assets acquired with capital grants or under capital lease having a value of \$5,000 or more are also included in capital assets, and depreciation/amortization of the cost of those assets is included in the Statements of Revenues, Expenses and Changes in Net Position. Depreciation/amortization is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

| Description      | Years |
|------------------|-------|
| Buildings        | 40    |
| Improvements     | 15    |
| Revenue vehicles | 4-12  |
| Other equipment  | 3-10  |

**J. Claims**

As described in Note 10, SORTA is self-insured for public liability, personal injury, third-party property damage, health insurance, and workers' compensation claims. SORTA recognizes a liability for such claims if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated.

The liability recorded includes the estimated incremental expenses to be incurred to settle the claims, including legal fees. Claims liabilities are based on evaluations of individual claims and a review of experience, with respect to the probable number and nature of claims arising from losses that have been incurred but have not yet been reported. The claims liabilities represent the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. Estimated future recoveries on settled and unsettled claims, such as subrogations, if any, are evaluated in terms of their estimated realizable value and deducted from the liability for unpaid claims. Any adjustments resulting from the actual settlement of the claims are reflected in earnings at the time the adjustments are determined.

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

**K. Compensated Absences**

Vacation pay is accrued and charged to expense as earned.

**L. Budgetary Accounting and Control**

SORTA's annual budget is prepared on the accrual basis of accounting. The budget includes amounts for current year revenues and expenses as well as new capital projects. The Authority maintains budgetary control by not permitting total operating expenses (excluding depreciation and amortization) and expenditures for individual capital projects to exceed revenue sources without approval by the Board of Trustees. No budget amendments were passed for 2021 or 2020. All operating budget amounts lapse at year end.

**M. 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 the reported amounts of assets, liabilities, deferred outflows, deferred inflows, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**N. Operating and Non-operating Revenues and Expenses**

The Authority considers passenger fares, special transit fares and bus advertising revenues as operating revenues. Non-operating revenues include investment and other miscellaneous income and subsidies received from federal, state and local sources. Expenses incurred for the daily operations of the transit system are considered operating expenses. Non-operating expenses include payments made to Butler County Regional Transit Authority (BCRTA), Clermont Transportation Connection (CTC) and Warren County Transit System (WCTS), pursuant to agreements in which BCRTA, CTC and WCTS transferred Federal funds to SORTA in exchange for non-federal funds from SORTA in the same amount.

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

For purposes of measuring the net pension/OPEB liability, 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.

**P. Deferred Outflows and Inflows**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. See Notes 8 and 9 for detail on the Authority's deferred outflows of resources related to its net pension liability (asset) and net other postemployment

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements**  
**As of December 31, 2021 and 2020 (continued)**

benefits (OPEB) liability, respectively. 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. See Notes 8 and 9 for detail on the Authority's deferred inflows of resources related to its net pension liability (asset) and net OPEB liability, respectively.

**Q. Restatement of Net Position**

Subsequent to the issuance of the ACFR for the year ending December 31, 2020, SORTA adopted Governmental Accounting Standards Board (GASB) Implementation Guide No. 2019-1. This impacts Federal maintenance grants and reimbursements recorded in 2020, reducing income by \$2,490,000. As this impacts periods prior to 2021, this has been recorded as a restatement of Net Position at January 1, 2021.

The following summarizes the restated Net Position at January 1, 2021:

|                                         |                      |
|-----------------------------------------|----------------------|
| Net Position - January 1, 2021          | \$ 41,554,896        |
| Adjustments:                            |                      |
| Adoption of GASB 2019-1                 | <u>(2,490,000)</u>   |
| Restated Net Position - January 1, 2021 | <u>\$ 39,064,896</u> |

**R. Reclassifications**

Certain prior year balances have been reclassified to conform with current year presentation. The reclassifications had no impact on previously reported net position or changes therein.

Southwest Ohio Regional Transit Authority

## **Notes to the Financial Statements As of December 31, 2021 and 2020 (continued)**

### **3. Federal Grants and Local Reimbursement**

SORTA receives capital assistance from the U.S. Department of Transportation under the Urban Mass Transportation Act of 1964 (the "Act"), as amended. Among other requirements of the Act, state and local governments must provide a proportionate share of funds and/or support (as defined by the Federal Transit Administration guidelines) for capital assistance. In addition to federal and state capital assistance, funding is also provided by a portion of the County sales tax levy which became effective October 1, 2020.

In May, 2020, the voters of the County passed Issue 7, which approved a 0.8 percent countywide sales tax increase for transit service (75 percent) and transit-related infrastructure improvements (25 percent). This also triggered elimination of the 0.3 percent City of Cincinnati earnings tax (City Income Tax-Transit Fund) on City residents and workers that had been Metro's primary funding source for more than 40 years.

Collections of the 0.3 percent City of Cincinnati earnings tax stopped the day after the new sales tax collection started on October 1, 2020. The Authority began receiving sales tax funding from the approved 0.8% increase in January, 2021.

### **4. Cash and Investments**

The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code and the Authority's established policies. Accordingly, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The Authority is also permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, STAROhio, commercial paper and obligations of the United States government and certain agencies thereof. The Authority may also enter into repurchase agreements for a period not exceeding thirty days with banks located within the State of Ohio with which the Authority has signed a Master Repurchase Agreement. At the time of making an investment, the Authority's Treasurer must reasonably expect that the investment can be held until maturity. To the extent possible, the Treasurer will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the Treasurer will not directly invest in securities maturing more than five years from the settlement date of purchase.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC), may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution, or may deposit surety company bonds that when executed shall be for an amount in excess of collateral requirements. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States Government and must mature or be redeemable within five years of the date of the related repurchase agreement. The fair value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

Southwest Ohio Regional Transit Authority

## **Notes to the Financial Statements As of December 31, 2021 and 2020 (continued)**

The Authority is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a “derivative”). The Authority is also prohibited from investing in reverse repurchase agreements.

As of December 31, 2021 and 2020, the Authority maintained restricted cash and cash equivalents and investments of \$37,987,180 and \$11,388,473, respectively, and unrestricted cash and cash equivalents and investments of \$49,652,524 and \$26,466,844, respectively. The total cash and investments of \$87,639,704 and \$37,855,317, respectively, consisted of \$0 and \$14,078, respectively, in deposits and \$94,478,864 and \$37,841,239, respectively, in investments.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of an investment may decline based on changes in market interest rates. This risk can be reduced, but not eliminated, through the use of common portfolio strategies such as structure (maintaining laddered maturity dates) and diversification (by type of investment, by issuer or by maturity date). Generally, SORTA utilizes a strategy of diversifying its investments while maintaining sufficient liquidity to cover anticipated operating expenses. The Ohio Revised Code limits the investment options for all Ohio public entities, including SORTA.

### **Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Authority’s policy for deposits is collateral is required for demand deposits and certificates of deposit at 105% of all deposits not covered by federal deposit insurance. The collateral is pooled through the Ohio Pooled Collateral System (OPCS). Under this program, public depositories that pledge a collateral pool using the method prescribed in Ohio Rev. Code § 135.18(A)(2) or Ohio Rev. Code § 135.37(A)(2) shall pledge to the Treasurer of State a single pool of eligible securities for the benefit of all public depositors to secure the repayment of all uninsured public deposits at the public depository; provided that at all times the total fair value of securities so pledged is at least equal to either 102% of the total amount of all uninsured public deposits or an amount determined by rules adopted by the Treasurer of State that set forth the criteria for determining the aggregate fair value of the pool of eligible securities pledged by a public depository. Such criteria shall include, but are not limited to, prudent capital and liquidity management by the public depository and the safety and soundness of the public depository as determined by a third-party rating organization. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required. The carrying value of the Authority’s deposits was (\$6,839,160) and \$14,078 at December 31, 2021 and 2020, respectively. At December 31, 2021, the bank balance of \$247,765 was covered by federal depository insurance and \$0 was covered by OPCS. At December 31, 2020, the bank balance of \$250,000 was covered by federal depository insurance and \$379,885 was covered by OPCS.

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

Although the pledging bank has an investment and securities pool used to collateralize all public deposits, which held in the financial institution's name, noncompliance with federal requirements could potentially subject the Authority to a successful claim by the FDIC. The deposits not covered by federal depository insurance are considered uninsured and uncollateralized and subject to custodial credit risk.

**Investments**

As of December 31, 2021 and 2020, the fair value of the Authority's investments were as follows:

|                                          | <u>2021</u>          | <u>2020</u>          |
|------------------------------------------|----------------------|----------------------|
| Star Treasury Reserve of Ohio (STAROhio) | \$ 77,891,702        | \$ 30,853,103        |
| U.S. Agency bonds                        | 12,470,897           | -                    |
| Commercial paper                         | 4,116,265            | 6,988,136            |
| <b>Total investments</b>                 | <b>\$ 94,478,864</b> | <b>\$ 37,841,239</b> |

Investments held by the Authority at December 31, 2021 are presented below, categorized by investment type, maturity, and credit quality rating. Credit quality ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. No deposits were subject to custodial credit risk. STAROhio does not have any minimum holding periods or withdrawal penalties.

| <b>Investment Type</b>                   | <b>Balance</b>       | <b>Not Rated</b>    | <b>AAA</b>           | <b>AAAm</b>          | <b>Below BBB</b> |
|------------------------------------------|----------------------|---------------------|----------------------|----------------------|------------------|
| Star Treasury Reserve of Ohio (STAROhio) | \$ 77,891,702        | \$ -                | \$ -                 | \$ 77,891,702        | \$ -             |
| U.S. Agency bonds                        | 12,470,897           | -                   | 12,470,897           | -                    | -                |
| Commercial paper                         | 4,116,265            | 4,116,265           | -                    | -                    | -                |
| <b>Total Investments</b>                 | <b>\$ 94,478,864</b> | <b>\$ 4,116,265</b> | <b>\$ 12,470,897</b> | <b>\$ 77,891,702</b> | <b>\$ -</b>      |

The following table presents the Authority's investments as of December 31, 2021, by length of maturity.

| <b>Investment Type</b>                   | <b>Balance</b>       | <b>Less Than 1 Year</b> | <b>1 to 5 Years</b>  | <b>6 to 10 Years</b> | <b>More Than 10 Years</b> |
|------------------------------------------|----------------------|-------------------------|----------------------|----------------------|---------------------------|
| Star Treasury Reserve of Ohio (STAROhio) | \$ 77,891,702        | \$ 77,891,702           | \$ -                 | \$ -                 | \$ -                      |
| U. S. Agency bonds                       | \$ 12,470,897        | \$ -                    | \$ 12,470,897        | \$ -                 | \$ -                      |
| Commercial paper                         | \$ 4,116,265         | \$ 4,116,265            | \$ -                 | \$ -                 | \$ -                      |
| <b>Total Investments</b>                 | <b>\$ 94,478,864</b> | <b>\$ 82,007,967</b>    | <b>\$ 12,470,897</b> | <b>\$ -</b>          | <b>\$ -</b>               |



## Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements**  
**As of December 31, 2021 and 2020 (continued)**

Investments held by the Authority at December 31, 2020 are presented below, categorized by investment type, maturity, and credit quality rating. Credit quality ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. No deposits were subject to custodial credit risk. STAROhio does not have any minimum holding periods or withdrawal penalties.

| <b>Investment Type</b>                   | <b>Balance</b>       | <b>Not Rated</b>    | <b>AAA</b>  | <b>AAAm</b>          | <b>Below BBB</b> |
|------------------------------------------|----------------------|---------------------|-------------|----------------------|------------------|
| Star Treasury Reserve of Ohio (STAROhio) | \$ 30,853,103        | \$ -                | \$ -        | \$ 30,853,103        | \$ -             |
| Commercial paper                         | 6,988,136            | 6,988,136           | -           | -                    | -                |
| <b>Total Investments</b>                 | <b>\$ 37,841,239</b> | <b>\$ 6,988,136</b> | <b>\$ -</b> | <b>\$ 30,853,103</b> | <b>\$ -</b>      |

The following table presents the Authority's investments as of December 31, 2020, by length of maturity.

| <b>Investment Type</b>                   | <b>Balance</b>       | <b>Less Than<br/>1 Year</b> | <b>1 to 5<br/>Years</b> | <b>6 to 10<br/>Years</b> | <b>More Than<br/>10 Years</b> |
|------------------------------------------|----------------------|-----------------------------|-------------------------|--------------------------|-------------------------------|
| Star Treasury Reserve of Ohio (STAROhio) | \$ 30,853,103        | \$ 30,853,103               | \$ -                    | \$ -                     | \$ -                          |
| Commercial paper                         | \$ 6,988,136         | \$ 6,988,136                | \$ -                    | \$ -                     | \$ -                          |
| <b>Total Investments</b>                 | <b>\$ 37,841,239</b> | <b>\$ 37,841,239</b>        | <b>\$ -</b>             | <b>\$ -</b>              | <b>\$ -</b>                   |

STAROhio is valued at amortized cost.

The Authority categorizes its fair value measurements at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs (quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or inputs such as investments and yield curves, implied volatility, and credit spreads); Level 3 inputs are significant unobservable inputs.

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

As of December 31, 2021 the Authority's investments had the following recurring fair value measurements:

| Investment<br>Type       | Level 1     | Level 2              | Level 3     | Total                |
|--------------------------|-------------|----------------------|-------------|----------------------|
| U. S. Agency bonds       | \$ -        | \$ 12,470,897        | \$ -        | \$ 12,470,897        |
| Commercial paper         | \$ -        | \$ 4,116,265         | \$ -        | \$ 4,116,265         |
| <b>Total Investments</b> | <b>\$ -</b> | <b>\$ 16,587,162</b> | <b>\$ -</b> | <b>\$ 16,587,162</b> |

As of December 31, 2020 the Authority's investments had the following recurring fair value measurements:

| Investment<br>Type | Level 1 | Level 2      | Level 3 | Total        |
|--------------------|---------|--------------|---------|--------------|
| Commercial paper   | \$ -    | \$ 6,988,136 | \$ -    | \$ 6,988,136 |

Cash, cash equivalents and investments at December 31, 2021 and 2020 consist of the following:

|                         | 2021                 | 2020                 |
|-------------------------|----------------------|----------------------|
| Deposits                | \$ (7,831,487)       | \$ 14,078            |
| Certificates of Deposit | 992,327              | -                    |
| STAR Ohio               | 77,891,702           | 30,853,103           |
| U.S. Agency bonds       | 12,470,897           | -                    |
| Commercial paper        | 4,116,265            | 6,988,136            |
|                         | <b>\$ 87,639,704</b> | <b>\$ 37,855,317</b> |

## Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements**  
**As of December 31, 2021 and 2020 (continued)**
**5. Capital Assets**

Capital asset activity for the year ended December 31, 2021 was as follows:

|                                                | Balance<br>January 1,<br>2021 | Additions    | Deletions  | Transfers   | Balance<br>December 31,<br>2021 |
|------------------------------------------------|-------------------------------|--------------|------------|-------------|---------------------------------|
| Capital assets not being depreciated:          |                               |              |            |             |                                 |
| Land                                           | \$ 13,718,548                 | \$ 105,000   | \$ -       | \$ -        | \$ 13,823,548                   |
| Construction in progress                       | 2,599,387                     | 691,306      | -          | (2,465,160) | 825,533                         |
| Total capital assets<br>not being depreciated  | 16,317,935                    | 796,306      | -          | (2,465,160) | 14,649,081                      |
| Capital assets being depreciated:              |                               |              |            |             |                                 |
| Buildings                                      | 1,461,241                     | -            | -          | -           | 1,461,241                       |
| Improvements                                   | 40,687,030                    | 870,935      | -          | -           | 41,557,965                      |
| Revenue vehicles                               | 167,051,148                   | 20,202,886   | 16,550,883 | 1,560,975   | 172,264,126                     |
| Other equipment                                | 39,140,827                    | 2,912,493    | 167,156    | 904,185     | 42,790,349                      |
| Total capital assets being depreciated         | 248,340,246                   | 23,986,314   | 16,718,039 | 2,465,160   | 258,073,681                     |
| Less accumulated depreciation:                 |                               |              |            |             |                                 |
| Buildings                                      | 780,298                       | 36,531       | -          | -           | 816,829                         |
| Improvements                                   | 29,683,076                    | 1,489,695    | -          | -           | 31,172,771                      |
| Revenue vehicles                               | 98,009,701                    | 12,527,597   | 16,540,660 | -           | 93,996,638                      |
| Other equipment                                | 35,062,238                    | 1,847,275    | 167,156    | -           | 36,742,357                      |
| Total accumulated depreciation                 | 163,535,313                   | 15,901,098   | 16,707,816 | -           | 162,728,595                     |
| Total capital assets<br>being depreciated, net | 84,804,933                    | 8,085,216    | 10,223     | 2,465,160   | 95,345,086                      |
| Total capital assets, net                      | \$ 101,122,868                | \$ 8,881,522 | \$ 10,223  | \$ -        | \$ 109,994,167                  |

## Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2020 and 2019 (continued)**

Capital asset activity for the year ended December 31, 2020 was as follows:

|                                                | Balance<br>January 1,<br>2020 | Additions           | Deletions        | Transfers        | Balance<br>December 31,<br>2020 |
|------------------------------------------------|-------------------------------|---------------------|------------------|------------------|---------------------------------|
| Capital assets not being depreciated:          |                               |                     |                  |                  |                                 |
| Land                                           | \$ 13,153,897                 | \$ -                | \$ -             | \$ 564,651       | \$ 13,718,548                   |
| Construction in progress                       | 1,441,559                     | 2,481,219           | -                | (1,323,391)      | 2,599,387                       |
| Total capital assets<br>not being depreciated  | <u>14,595,456</u>             | <u>2,481,219</u>    | <u>-</u>         | <u>(758,740)</u> | <u>16,317,935</u>               |
| Capital assets being depreciated:              |                               |                     |                  |                  |                                 |
| Buildings                                      | 1,461,241                     | -                   | -                | -                | 1,461,241                       |
| Improvements                                   | 36,783,350                    | 3,637,997           | 343,794          | 609,477          | 40,687,030                      |
| Revenue vehicles                               | 159,130,374                   | 9,671,865           | 1,754,929        | 3,838            | 167,051,148                     |
| Other equipment                                | 40,972,370                    | 1,290,643           | 3,267,611        | 145,425          | 39,140,827                      |
| Total capital assets being depreciated         | <u>238,347,335</u>            | <u>14,600,505</u>   | <u>5,366,334</u> | <u>758,740</u>   | <u>248,340,246</u>              |
| Less accumulated depreciation:                 |                               |                     |                  |                  |                                 |
| Buildings                                      | 743,767                       | 36,531              | -                | -                | 780,298                         |
| Improvements                                   | 28,323,124                    | 1,701,865           | 341,913          | -                | 29,683,076                      |
| Revenue vehicles                               | 87,362,719                    | 12,400,569          | 1,753,587        | -                | 98,009,701                      |
| Other equipment                                | 36,599,932                    | 1,704,473           | 3,242,167        | -                | 35,062,238                      |
| Total accumulated depreciation                 | <u>153,029,542</u>            | <u>15,843,438</u>   | <u>5,337,667</u> | <u>-</u>         | <u>163,535,313</u>              |
| Total capital assets<br>being depreciated, net | <u>85,317,793</u>             | <u>(1,242,933)</u>  | <u>28,667</u>    | <u>758,740</u>   | <u>84,804,933</u>               |
| Total capital assets, net                      | <u>\$ 99,913,249</u>          | <u>\$ 1,238,286</u> | <u>\$ 28,667</u> | <u>\$ -</u>      | <u>\$ 101,122,868</u>           |

Prior to 1986, under terms of the former operating agreement with the City, SORTA agreed to operate transportation equipment and certain operating facilities which had been purchased by the City primarily under FTA and ODOT capital grants. During 1986, the City transferred the title to existing transit system physical assets, except for real estate, construction projects and certain assets which had been conveyed to a bank under a sale and leaseback arrangement.

As an amendment of the City/SORTA operating agreement, titles to the two bus garage and maintenance facilities were transferred to SORTA in 2021.

## Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements**  
**As of December 31, 2021 and 2020 (continued)**
**6. Grants, Reimbursements, and Special Fare Assistance**

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

|                                        | <u>2021</u>           | <u>2020</u>          |
|----------------------------------------|-----------------------|----------------------|
| <b>Non-operating revenues:</b>         |                       |                      |
| <b>Federal:</b>                        |                       |                      |
| FTA-Maintenance and other assistance   | \$ 24,205,919         | \$ 47,067,501        |
| <b>State:</b>                          |                       |                      |
| ODOT-Fuel tax reimbursement            | \$ 1,140,489          | \$ 975,638           |
| ODOT-Maintenance and other assistance  | 2,963,876             | 1,740,375            |
| Total                                  | <u>\$ 4,104,365</u>   | <u>\$ 2,716,013</u>  |
| <b>County:</b>                         |                       |                      |
| Sales and use tax                      | <u>\$ 134,771,748</u> | <u>\$ 33,463,956</u> |
| <b>Local:</b>                          |                       |                      |
| Cincinnati Board of Education contract | \$ 1,694,103          | \$ 2,410,914         |
| Other                                  | 218,856               | 366,870              |
| Total                                  | <u>\$ 1,912,959</u>   | <u>\$ 2,777,784</u>  |
| <b>Capital grant revenue:</b>          |                       |                      |
| Federal                                | \$ 13,192,213         | \$ 11,652,080        |
| State                                  | 2,385,671             | 1,847,660            |
| Local                                  | 9,130,752             | 3,480,070            |
| Total                                  | <u>\$ 24,708,636</u>  | <u>\$ 16,979,810</u> |

**7. Lease Commitments**

SORTA leases its administrative offices and certain park-and-ride facilities under lease agreements which are accounted for as operating leases. Rent expense under these leases, which includes certain short-term leases, was approximately \$654,801 in 2021 and \$533,641 in 2020. At December 31, 2021, the minimum future payments under leases with terms extending beyond one year are as follows:

| Year      | Amount              |
|-----------|---------------------|
| 2022      | \$ 412,058          |
| 2023      | 418,412             |
| 2024      | 387,666             |
| 2025      | 393,306             |
| 2026      | 398,946             |
| 2027-2031 | 2,079,273           |
| 2032-2036 | <u>1,877,712</u>    |
| Total     | <u>\$ 5,967,373</u> |

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

**8. Defined Benefit Pension Plan**

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

The net pension liability represents the Authority's proportionate share of 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 Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB 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.

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

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

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features, while members (e.g. Authority employees) may elect the member-directed plan and the combined plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2020 and 2019 (continued)**

about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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

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

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

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, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

*Funding Policy*

The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

|                                             | 2021         | 2020         |
|---------------------------------------------|--------------|--------------|
| <b>Statutory Maximum Contribution Rates</b> |              |              |
| Employer                                    | 14.0%        | 14.0%        |
| Employee                                    | 10.0%        | 10.0%        |
| <b>Actual Contribution Rates</b>            |              |              |
| Employer:                                   |              |              |
| Pension                                     | 14.0%        | 14.0%        |
| Post-employment Health Care Benefits        | 0.0%         | 0.0%         |
| Total Employer                              | <u>14.0%</u> | <u>14.0%</u> |
| Employee                                    | <u>10.0%</u> | <u>10.0%</u> |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payrolls. The Authority's contractually required contribution was approximately \$8,202,000 for 2021 and \$7,348,000 for 2020. All required contributions have been paid.

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

The 2021 net pension liability (asset) for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 2021 OPERS total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020, and for 2020, January 1, 2019 rolled forward to December 31, 2019. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

|                                                          | 2021          |               |               | 2020         |             |              |
|----------------------------------------------------------|---------------|---------------|---------------|--------------|-------------|--------------|
|                                                          | Traditional   | Combined      | Total         | Traditional  | Combined    | Total        |
| Proportionate Share of the Net Pension Liability (Asset) | \$53,476,710  | (\$1,064,610) | \$52,412,100  | \$67,970,413 | (\$734,660) | \$67,235,753 |
| Proportion of the Net Pension Liability                  | 0.361138%     | 0.368807%     |               | 0.343881%    | 0.352314%   |              |
| Pension Expense                                          | (\$5,851,396) | (\$225,373)   | (\$6,076,769) | \$10,151,017 | \$80,660    | \$10,231,677 |



## Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements**  
**As of December 31, 2021 and 2020 (continued)**

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

|                                                                                                                | <u>Traditional</u> | <u>Combined</u> | <u>Total</u> |
|----------------------------------------------------------------------------------------------------------------|--------------------|-----------------|--------------|
| <b>Deferred Outflows of Resources</b>                                                                          |                    |                 |              |
| Change in assumptions                                                                                          | \$0                | \$66,485        |              |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 2,370,948          | (58,537)        |              |
| Authority contributions subsequent to the measurement date                                                     | 7,963,411          | 238,907         |              |
| Total Deferred Outflows of Resources                                                                           | \$10,334,359       | \$246,855       | \$10,581,214 |
| <b>Deferred Inflows of Resources</b>                                                                           |                    |                 |              |
| Net difference between expected and actual experience                                                          | \$2,236,975        | \$200,849       |              |
| Net difference between projected and actual earnings on pension plan investments                               | 20,843,660         | 158,324         |              |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 179,355            | (27,008)        |              |
| Total Deferred Inflows of Resources                                                                            | \$23,259,990       | \$332,165       | \$23,592,155 |

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

|                                                                                                                | <u>Traditional</u> | <u>Combined</u> | <u>Total</u> |
|----------------------------------------------------------------------------------------------------------------|--------------------|-----------------|--------------|
| <b>Deferred Outflows of Resources</b>                                                                          |                    |                 |              |
| Differences between expected and actual experience                                                             | \$0                | \$75,751        |              |
| Change in assumptions                                                                                          | 3,630,416          | 0               |              |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 0                  | 32,510          |              |
| Authority contributions subsequent to the measurement date                                                     | 7,120,634          | 227,546         |              |
| Total Deferred Outflows of Resources                                                                           | \$10,751,050       | \$335,807       | \$11,086,857 |
| <b>Deferred Inflows of Resources</b>                                                                           |                    |                 |              |
| Net difference between expected and actual experience                                                          | \$859,389          | \$172,475       |              |
| Net difference between projected and actual earnings on pension plan investments                               | 13,558,570         | 95,288          |              |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 616,415            | 48,777          |              |
| Total Deferred Inflows of Resources                                                                            | \$15,034,374       | \$316,540       | \$15,350,914 |

Contributions subsequent to the measurement date of \$8.2 million are reported as deferred outflows of resources related to pension as they will be recognized as a reduction of the net pension liability in the year ending December 31, 2022 rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

| Fiscal Year Ending December 31: | Traditional           | Combined           |
|---------------------------------|-----------------------|--------------------|
| 2022                            | (\$7,404,782)         | (\$81,069)         |
| 2023                            | (2,143,670)           | (53,256)           |
| 2024                            | (8,495,684)           | (89,642)           |
| 2025                            | (2,844,906)           | (44,106)           |
| 2026                            | 0                     | (19,739)           |
| Thereafter                      | 0                     | (36,405)           |
| <b>Total</b>                    | <b>(\$20,889,042)</b> | <b>(\$324,217)</b> |

**Actuarial Assumptions – OPERS**

OPERS’ total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2020 and 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                              | <b>Traditional</b>   | <b>Combined</b>      |
|----------------------------------------------|----------------------|----------------------|
| Wage Inflation                               | 3.25%                | 3.25%                |
| Future Salary Increases, Including Inflation | 3.25% – 10.75%       | 3.25% - 8.25%        |
| Cost-of-Living Adjustment                    | 3% Simple            | 3% Simple            |
| Investment Rate of Return                    | 7.20%                | 7.20%                |
| Actuarial Cost Method                        | Individual entry age | Individual entry age |

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled male mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

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

## Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements**  
**As of December 31, 2021 and 2020 (continued)**

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

During 2019 and 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 12.02% for 2020 and a gain of 17.20% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The tables below displays the Board-approved asset allocation policy for 2020 and 2019 and the long-term expected real rates of return:

| <u>Asset Class</u>     | <u>Target Allocation for 2020</u> | <u>Weighted Average Long Term Expected Real Rate of Return</u> |
|------------------------|-----------------------------------|----------------------------------------------------------------|
| Fixed Income           | 25.00%                            | 1.32%                                                          |
| Domestic Equities      | 21.00%                            | 5.64%                                                          |
| Real Estate            | 10.00%                            | 5.39%                                                          |
| Private Equity         | 12.00%                            | 10.42%                                                         |
| International Equities | 23.00%                            | 7.36%                                                          |
| Other Investments      | 9.00%                             | 4.75%                                                          |
| TOTAL                  | 100.00%                           | 5.43%                                                          |

| <u>Asset Class</u>     | <u>Target Allocation for 2019</u> | <u>Weighted Average Long Term Expected Real Rate of Return</u> |
|------------------------|-----------------------------------|----------------------------------------------------------------|
| Fixed Income           | 25.00%                            | 1.83%                                                          |
| Domestic Equities      | 19.00%                            | 5.75%                                                          |
| Real Estate            | 10.00%                            | 5.20%                                                          |
| Private Equity         | 12.00%                            | 10.70%                                                         |
| International Equities | 21.00%                            | 7.66%                                                          |
| Other Investments      | 13.00%                            | 4.98%                                                          |
| TOTAL                  | 100.00%                           | 5.61%                                                          |

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

**Discount Rate** The total pension liability was calculated using the discount rate of 7.20 percent for 2021 and 2020. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.

Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.20 percent for 2021 and 2020). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the Authority's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** Net pension liability (asset) is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.20 percent for 2021 and 2020, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent), or one percentage point higher (8.20 percent) than the current rate.

| 2021:                                                                | 1% Decrease<br>(6.20%) | Current Discount<br>Rate (7.20%) | 1% Increase<br>(8.20%) |
|----------------------------------------------------------------------|------------------------|----------------------------------|------------------------|
| Authority's proportionate share of the net pension liability (asset) |                        |                                  |                        |
| - Traditional Pension Plan                                           | \$102,007,039          | \$53,476,710                     | \$13,123,755           |
| - Combined Plan                                                      | (\$741,302)            | (\$1,064,610)                    | (\$1,305,577)          |

| 2020:                                                                | 1% Decrease<br>(6.20%) | Current Discount<br>Rate (7.20%) | 1% Increase<br>(8.20%) |
|----------------------------------------------------------------------|------------------------|----------------------------------|------------------------|
| Authority's proportionate share of the net pension liability (asset) |                        |                                  |                        |
| - Traditional Pension Plan                                           | \$112,105,206          | \$67,970,413                     | \$28,294,529           |
| - Combined Plan                                                      | (\$443,916)            | (\$734,660)                      | (\$944,202)            |

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

**9. Postemployment Benefits**

*Net OPEB Liability*

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

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

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority 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.

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

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.

Southwest Ohio Regional Transit Authority

## **Notes to the Financial Statements As of December 31, 2021 and 2020 (continued)**

In order to qualify for postemployment health care coverage, 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' ACFR referenced below for additional information.

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

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

**Funding Policy** - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021 and 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. 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 2021. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Authority did not make any contributions to OPERS to fund health care in 2021.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, and December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year.

## Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements**  
**As of December 31, 2021 and 2020 (continued)**

The following is information related to the proportionate share and OPEB expense:

|                                                       | 2021             | 2020              |
|-------------------------------------------------------|------------------|-------------------|
| Proportion of the Net OPEB Liability:                 |                  |                   |
| Current Measurement Date                              | 0.360500%        | 0.342849%         |
| Prior Measurement Date                                | 0.342849%        | 0.346368%         |
| Change in Proportionate Share                         | <u>0.017651%</u> | <u>-0.003519%</u> |
| Proportionate Share of the Net OPEB Liability (Asset) | (\$6,415,827)    | \$47,356,353      |
| OPEB Expense                                          | (\$38,051,350)   | \$5,382,399       |

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

|                                                                               | <u>OPERS</u>        |
|-------------------------------------------------------------------------------|---------------------|
| <b>Deferred Outflows of Resources</b>                                         |                     |
| Change in assumptions                                                         | \$3,158,493         |
| Change in proportionate share                                                 | 1,516,057           |
| Total Deferred Outflows of Resources                                          | <u>\$4,674,550</u>  |
| <b>Deferred Inflows of Resources</b>                                          |                     |
| Net difference between expected and actual experience                         | \$5,796,974         |
| Net difference between projected and actual earnings on OPEB plan investments | 3,421,107           |
| Change in assumptions                                                         | 10,406,530          |
| Change in proportionate share                                                 | 106,389             |
| Total Deferred Inflows of Resources                                           | <u>\$19,731,000</u> |

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

|                                                                               | <u>OPERS</u>       |
|-------------------------------------------------------------------------------|--------------------|
| <b>Deferred Outflows of Resources</b>                                         |                    |
| Differences between expected and actual experience                            | \$1,271            |
| Change in assumptions                                                         | 7,496,006          |
| Change in proportionate share                                                 | 175,753            |
| Total Deferred Outflows of Resources                                          | <u>\$7,673,030</u> |
| <b>Deferred Inflows of Resources</b>                                          |                    |
| Net difference between expected and actual experience                         | \$4,330,956        |
| Net difference between projected and actual earnings on OPEB plan investments | 2,411,372          |
| Change in proportionate share                                                 | 266,322            |
| Total Deferred Inflows of Resources                                           | <u>\$7,008,650</u> |

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

The Authority did not report any amounts as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date, therefore, none will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022.

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

| Year Ending December 31, | OPERS                 |
|--------------------------|-----------------------|
| 2022                     | (\$7,867,133)         |
| 2023                     | (5,352,918)           |
| 2024                     | (1,433,330)           |
| 2025                     | (403,069)             |
| Total                    | <u>(\$15,056,450)</u> |

*Actuarial Assumptions - OPERS*

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, and a 2018 valuation rolled forward to 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:

|                                                 | 2020                                           | 2019                                           |
|-------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Wage Inflation                                  | 3.25 percent                                   | 3.25 percent                                   |
| Projected Salary Increases, including inflation | 3.25 to 10.75 percent including wage inflation | 3.25 to 10.75 percent including wage inflation |
| Single Discount Rate:                           |                                                |                                                |
| Current measurement date                        | 6.00 percent                                   | 3.16 percent                                   |
| Prior Measurement date                          | 3.16 percent                                   | 3.96 percent                                   |
| Investment Rate of Return                       | 6.00 percent                                   | 6.00 percent                                   |
| Municipal Bond Rate                             | 2.00 percent                                   | 2.75 percent                                   |
| Health Care Cost Trend Rate                     | 8.5 percent, initial                           | 10.5 percent, initial                          |
|                                                 | 3.50 percent, ultimate in 2035                 | 3.50 percent, ultimate in 2030                 |
| Actuarial Cost Method                           | Individual entry age                           | Individual entry age normal                    |



Southwest Ohio Regional Transit Authority

## **Notes to the Financial Statements As of December 31, 2021 and 2020 (continued)**

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

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

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

During 2020 and 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 10.96% for 2020 and a gain of 19.70 % for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and 2019 and the long-term expected real rates of return:

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

| Asset Class            | 2020              |                                                                      | 2019              |                                                                      |
|------------------------|-------------------|----------------------------------------------------------------------|-------------------|----------------------------------------------------------------------|
|                        | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
| Fixed Income           | 34.00%            | 1.07%                                                                | 36.00%            | 1.53%                                                                |
| Domestic Equities      | 25.00%            | 5.64%                                                                | 21.00%            | 5.75%                                                                |
| REITs                  | 7.00%             | 6.48%                                                                | 6.00%             | 5.69%                                                                |
| International Equities | 25.00%            | 7.36%                                                                | 23.00%            | 7.66%                                                                |
| Other Investments      | 9.00%             | 4.02%                                                                | 14.00%            | 4.90%                                                                |
| <b>Total</b>           | <b>100.00%</b>    | <b>4.43%</b>                                                         | <b>100.00%</b>    | <b>4.55%</b>                                                         |

*Discount Rate*

A single discount rate of 6.00% and 3.16% was used to measure the OPEB liability (asset) on the measurement date of December 31, 2020 and 2019, respectively. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00% and 2.75% as of December 31, 2020 and 2019, respectively. 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 2120 for December 31, 2020 (2032 for December 31, 2019). As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2120 for December 31, 2020 (2032 for December 31, 2019), and the municipal bond rate was applied to all health care costs after that date.

*Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate*

The following tables present the Authority's proportionate share of the net OPEB liability (asset) calculated using the single discount rate, as well as what the Authority's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

| 2021:                                                             | 1% Decrease (5.00%) | Current Discount Rate (6.00%) | 1% Increase (7.00%) |
|-------------------------------------------------------------------|---------------------|-------------------------------|---------------------|
| Authority's proportionate share of the net OPEB liability (asset) | (\$6,579,125)       | (\$6,415,827)                 | (\$6,247,465)       |

## Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements**  
**As of December 31, 2021 and 2020 (continued)**

| 2020:                                                     | <b>1% Decrease<br/>(2.96%)</b> | <b>Current Discount<br/>Rate (3.96%)</b> | <b>1% Increase<br/>(4.96%)</b> |
|-----------------------------------------------------------|--------------------------------|------------------------------------------|--------------------------------|
| Authority's proportionate share of the net OPEB liability | \$61,973,385                   | \$47,356,353                             | \$35,652,868                   |

*Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate*

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following tables present the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50% (10.50% in 2020). If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

| 2021:                                                             | <b>1% Decrease</b> | <b>Health Care Cost<br/>Trend Rate Assumption</b> | <b>1% Increase</b> |
|-------------------------------------------------------------------|--------------------|---------------------------------------------------|--------------------|
| Authority's proportionate share of the net OPEB liability (asset) | (\$6,579,125)      | (\$6,415,827)                                     | (\$6,247,465)      |

| 2020:                                                     | <b>1% Decrease</b> | <b>Health Care Cost<br/>Trend Rate Assumption</b> | <b>1% Increase</b> |
|-----------------------------------------------------------|--------------------|---------------------------------------------------|--------------------|
| Authority's proportionate share of the net OPEB liability | \$45,958,908       | \$47,356,353                                      | \$48,735,985       |

*OPEB plan fiduciary net position*

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPERS financial report.

*Payable to the OPEB Plan*

The Authority did not have a payable to the OPEB plan as of December 31, 2021 and 2020.

*Other Benefits Provided*

In addition to the other postemployment benefits provided by OPERS, SORTA also provides a \$2,000 life insurance benefit to each retired hourly employee.

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

The life insurance benefits are provided through group insurance arrangements which are funded by SORTA through payment of monthly insurance premiums. As of December 31, 2021, 507 individuals were eligible to receive life insurance benefits.

On its Statements of Net Position as of December 31, 2021 and 2020, SORTA has recorded an accrued liability for life insurance benefits of \$1,797,172 and \$888,199, respectively. These liabilities represent the present value of the estimated future life insurance premiums that are expected to be paid for retirees who were eligible for benefits as of each of the dates indicated. The liability for life insurance benefits includes a provision for estimated amounts which will be paid for existing employees.

These liabilities were determined based on the following assumptions:

|                                                    | 2021     | 2020     |
|----------------------------------------------------|----------|----------|
| Future annual increases in life insurance premiums | 7.00%    | 1.40%    |
| Remaining life expectancy* - Life                  | 14.6 yrs | 14.9 yrs |
| Interest factor                                    | 1.40%    | 0.16%    |

\*Based on U.S. National Center for Health Statistics, Vital Statistics of the U.S. 2019 (most recent available).

The total provision recognized by the Authority for postemployment benefits not provided under OPERS was approximately \$940,000 and \$79,000 for the years ended December 31, 2021 and 2020, respectively.

**10. Risk Management**

SORTA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. Blanket insurance coverage has been obtained to cover damage or destruction to the Authority’s property and SORTA is self-insured for public liability, personal injury, and third-party property damage claims. During 2019, the City of Cincinnati transferred \$3,000,000 of funds previously held in the City Income Tax-Transit Fund (see Note 3) to SORTA. These funds may be used to fund individual claims against SORTA to the extent that each claim is in excess of \$100,000 per incident. Claims expense and a liability are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

## Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements**  
**As of December 31, 2021 and 2020 (continued)**

On January 1, 1995, the Authority became self-insured for workers' compensation benefits. Prior to 1995, SORTA was insured through the State of Ohio for workers' compensation benefits. The State of Ohio Bureau of Workers' Compensation continues to be liable for all claims prior to January 1, 1995. As shown below, the estimated amount due for workers' compensation claims is included in the accrual for estimated claims payable. SORTA carries liability insurance to cover any workers' compensation claim in excess of \$250,000 through December 31, 2001, \$350,000 through December 31, 2003, \$400,000 through January 31, 2011, \$500,000 through March 31, 2017, and \$550,000 thereafter.

On January 1, 2018, the Authority became self-insured for public liability/property damage insurance. Prior to this date, the Authority is responsible for all losses incurred; for claims occurring after this date, the Authority is only responsible for \$1,000,000 per occurrence.

Each of these liabilities include an amount for claims that may have been incurred but not reported. These claim liabilities have been calculated on an actuarial basis considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic factors. The present value of each of these liabilities is calculated using an interest rate of 1.4%.

On January 1, 2017, the Authority became self-funded for health insurance. In 2021 and 2020, the plan assumed zero specific stop loss in both years, and a \$300,000 stop loss for the group in both years.

The changes in the liabilities for self-insured risks for the years ended December 31, 2021, 2020 and 2019 are as follows:

|                                     | <b>Workers'<br/>Compensation</b> | <b>Public Liability/<br/>Property Damage</b> | <b>Health<br/>Insurance</b> | <b>Total</b>        |
|-------------------------------------|----------------------------------|----------------------------------------------|-----------------------------|---------------------|
| Balance, January 1, 2019            | \$ 4,015,973                     | \$ 2,915,919                                 | \$ 1,316,466                | \$ 8,248,358        |
| Claims, net of changes in estimates | 768,805                          | 4,448,335                                    | 9,814,679                   | 15,031,819          |
| Payments                            | <u>(522,290)</u>                 | <u>(1,002,925)</u>                           | <u>(10,284,741)</u>         | <u>(11,809,956)</u> |
| Balance, December 31, 2019          | <u>4,262,488</u>                 | <u>6,361,329</u>                             | <u>846,404</u>              | <u>11,470,221</u>   |
| Claims, net of changes in estimates | 1,224,756                        | 4,468,788                                    | 11,335,879                  | 17,029,423          |
| Payments                            | <u>(794,323)</u>                 | <u>(6,110,232)</u>                           | <u>(11,317,645)</u>         | <u>(18,222,200)</u> |
| Balance, December 31, 2020          | <u>4,692,921</u>                 | <u>4,719,885</u>                             | <u>864,638</u>              | <u>10,277,444</u>   |
| Claims, net of changes in estimates | 393,740                          | 10,334,203                                   | 13,470,385                  | 24,198,328          |
| Payments                            | <u>(833,439)</u>                 | <u>(11,968,537)</u>                          | <u>(13,288,307)</u>         | <u>(26,090,283)</u> |
| Balance, December 31, 2021          | <u>\$ 4,253,222</u>              | <u>\$ 3,085,551</u>                          | <u>\$ 1,046,716</u>         | <u>\$ 8,385,489</u> |

The liabilities above represent the Authority's best estimates based upon available information. Settled claims have not exceeded the Authority's commercial insurance coverage for any of the past three years.

Southwest Ohio Regional Transit Authority

**Notes to the Financial Statements  
As of December 31, 2021 and 2020 (continued)**

**11. Contingencies and Commitments**

**A. Litigation and Claims**

It is the Authority's policy, within certain limits (see Note 10), to act as self-insurer for certain insurable risks consisting primarily of public liability, property damage, health insurance and workers' compensation. As of December 31, 2021, SORTA had been named in various public liability and property damage claims and suits, some of which seek significant damages. The ultimate outcome of those matters cannot be determined; however, it is the opinion of management that any resulting liability to the Authority in excess of the amount provided for in the accompanying Statements of Net Position, and which is not covered by insurance, will not have a material adverse effect on the Authority's financial position.

**B. Federal and State Grants**

Under the terms of the Authority's various grants, periodic audits are required where certain costs could be questioned as not being eligible expenditures under the terms of the grants. At December 31, 2021, there were no questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of SORTA's management, no material grant expenditures will be disallowed.

**C. Purchase Commitments**

The Authority has committed to purchase 25 Metro buses during 2022 at a cost of approximately \$14.7 million, of which Federal grant funding will pay for approximately \$9.9 million.

**12. Energy Forward Pricing Mechanisms**

Pursuant to Attorney General Opinion No.89-080 dated October 16, 1989, SORTA may enter into forward pricing mechanisms (e.g., commodity-type futures, options, contracts, etc.) as a budget risk reduction tool to manage price variability and cost/budget uncertainty associated with the purchase of Authority-consumed energy (e.g., diesel fuel). Since May 2006, SORTA has hedged its diesel consumption (approximately 3 million gallons per year) with Energy Forward Pricing Mechanisms (EFPM). This program's objective is to manage a large portion of Metro's exposure to fuel price swings. EFPs may be comprised of any single or combined use of futures, options, options on futures, or fixed price delivery contracts. In 2020 and 2019, heating oil #2 futures contracts ("contracts") and fixed-price supply contracts were utilized. The SORTA Board approval limits contracts in-place to ninety percent of consumption expected in any one month. Additionally, a dynamic strategy using futures will also enhance SORTA's ability to maintain a relatively static forward pricing profile. This means that at any point in time, SORTA's fuel supply will be 90% hedged for each of the next 12 to 24 months and 50% for each of the next 25 to 36 months. The initial value of each contract is zero. The price of diesel fuel purchased any day is the published Cincinnati rack price for the prior day plus or minus a differential agreed to through a competitive bidding process.

Southwest Ohio Regional Transit Authority

### **Notes to the Financial Statements As of December 31, 2021 and 2020 (continued)**

When fuel is purchased, contracts are exercised, thereby effectively tying the fuel price to the price of #2 heating oil as of the date of the contract's creation. For the years ending December 31, 2021 and 2020, gains of \$901,597 (36.2 cents per gallon) and losses of \$1,638,748 (77.3 cents per gallon), respectively, were recognized as a decrease and increase, respectively, in diesel fuel expense. On December 31, 2021 and 2020, the remaining open contracts had \$2,651,221 of unrealized gains and \$199,391 of unrealized losses, respectively. There is no debt associated with these contracts and unrealized losses are fully funded.

As outlined in Governmental Accounting Standards Board Technical Bulletin 2003-1, there are certain risks attached to this program. Metro may face increased costs if: (1) fuel consumption falls below the contract levels, or (2) the closing value of the contract is below its nominal value.

### **13. Subsequent Events**

In January, 2022, SORTA and the Amalgamated Transit Union Local 627 reached an agreement to approve a new, three-year contract.

Among the contract's highlights are:

- 2.5% wage increases every six months, retroactive to January 2021
- Increased starting wage of \$21 per hour for new operators (after paid training)
- Yearly increases in top earning wages for operators and mechanics, reaching \$32.39 per hour and \$34.33 per hour, respectively, by contract's end
- New "premium pay" structure for operators running high-ridership routes to ensure more reliable service for the most customers

As this agreement is retroactive to the beginning of 2021, SORTA has accrued approximately \$1.3 million in labor and fringe benefits expense in 2021, with payments taking place in January, 2022.

Southwest Ohio Regional Transit Authority

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY-  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PLAN  
DEFINED BENEFIT PENSION PLAN  
LAST EIGHT YEARS (1)**

|                                                                                                     | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         |
|-----------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Authority's Proportion of the Net Pension Liability                                                 | 0.361138%    | 0.343881%    | 0.347693%    | 0.345032%    | 0.355328%    | 0.351326%    | 0.354394%    | 0.354394%    |
| Authority's Proportionate Share of the Net Pension Liability                                        | \$53,476,710 | \$67,970,413 | \$95,226,064 | \$54,128,882 | \$80,688,946 | \$60,854,092 | \$42,743,877 | \$41,778,435 |
| Authority's Covered Payroll                                                                         | \$50,861,671 | \$48,373,671 | \$47,053,297 | \$45,604,538 | \$45,953,908 | \$50,985,667 | \$50,690,058 | \$44,929,023 |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 105.14%      | 140.51%      | 202.38%      | 118.69%      | 175.59%      | 119.36%      | 84.32%       | 92.99%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                          |              | 86.88%       | 82.17%       | 74.70%       | 84.66%       | 81.08%       | 86.45%       | 86.36%       |

Amounts presented as of the Authority's measurement date which is the prior fiscal year end.

(1) Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

See accompanying notes to the required supplementary information.



Southwest Ohio Regional Transit Authority

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION ASSET-**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – COMBINED PLAN**  
**DEFINED BENEFIT PENSION PLAN**  
**LAST EIGHT YEARS (1)**

|                                                                                                 | 2021        | 2020        | 2019        | 2018        | 2017        | 2016        | 2015        | 2014        |
|-------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Authority's Proportion of the Net Pension Asset                                                 | 0.368807%   | 0.352314%   | 0.362772%   | 0.315025%   | 0.374267%   | 0.33512%    | 0.333761%   | 0.333761%   |
| Authority's Proportionate Share of the Net Pension Asset                                        | \$1,064,610 | \$734,660   | \$405,661   | \$428,851   | \$208,305   | \$163,077   | \$128,506   | \$35,022    |
| Authority's Covered Payroll                                                                     | \$1,625,329 | \$1,568,336 | \$1,458,932 | \$1,290,177 | \$1,456,850 | \$1,415,300 | \$1,363,792 | \$1,119,731 |
| Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll | 65.50%      | 46.84%      | 27.81%      | 33.24%      | 14.30%      | 11.52%      | 9.42%       | 3.13%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Asset                          |             | 157.67%     | 145.28%     | 123.62%     | 137.28%     | 116.90%     | 114.83%     | 105.00%     |

Amounts presented as of the Authority's measurement date which is the prior fiscal year end.

(1) Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

See accompanying notes to the required supplementary information.

Southwest Ohio Regional Transit Authority

**REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF AUTHORITY'S CONTRIBUTIONS  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PLAN  
 DEFINED BENEFIT PENSION PLAN  
 LAST NINE YEARS (1)**

|                                                                      | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution                                  | \$7,963,411  | \$7,120,634  | \$6,772,314  | \$6,587,461  | \$5,928,590  | \$5,514,469  | \$6,118,280  | \$6,082,807  | \$5,840,773  |
| Contributions in Relation to the Contractually Required Contribution | (7,963,411)  | (7,120,634)  | (6,772,314)  | (6,587,461)  | (5,928,590)  | (5,514,469)  | (6,118,280)  | (6,082,807)  | (5,840,773)  |
| Contribution Deficiency (Excess)                                     | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          |
| Authority's Covered Payroll                                          | \$56,881,507 | \$50,861,671 | \$48,373,671 | \$47,053,297 | \$45,604,538 | \$45,953,908 | \$50,985,667 | \$50,690,058 | \$44,929,023 |
| Contributions as a Percentage of Covered Payroll                     | 14%          | 14%          | 14%          | 14%          | 13%          | 12%          | 12%          | 12%          | 13%          |

(1) Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

See accompanying notes to the required supplementary information.

Southwest Ohio Regional Transit Authority

**REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF AUTHORITY'S CONTRIBUTIONS  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – COMBINED PLAN  
 DEFINED BENEFIT PENSION PLAN  
 LAST NINE YEARS (1)**

|                                                                      | 2021        | 2020        | 2019        | 2018        | 2017        | 2016        | 2015        | 2014        | 2013        |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually Required Contribution                                  | \$238,907   | \$227,546   | \$219,567   | \$204,251   | \$167,723   | \$174,822   | \$169,836   | \$163,655   | \$145,565   |
| Contributions in Relation to the Contractually Required Contribution | (238,907)   | (227,546)   | (219,567)   | (204,251)   | (167,723)   | (174,822)   | (169,836)   | (163,655)   | (145,565)   |
| Contribution Deficiency (Excess)                                     | \$0         | \$0         | \$0         | \$0         | \$0         | \$0         | \$0         | \$0         | \$0         |
| Authority's Covered Payroll                                          | \$1,706,479 | \$1,625,329 | \$1,568,336 | \$1,458,932 | \$1,290,177 | \$1,456,850 | \$1,415,300 | \$1,363,792 | \$1,119,731 |
| Contributions as a Percentage of Covered Payroll                     | 14%         | 14%         | 14%         | 14%         | 13%         | 12%         | 12%         | 12%         | 13%         |

(1) Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

See accompanying notes to the required supplementary information.

Southwest Ohio Regional Transit Authority

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY -  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL AND COMBINED PLANS  
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS  
LAST FIVE YEARS (1)**

|                                                                                                  | 2021          | 2020         | 2019         | 2018         | 2017         |
|--------------------------------------------------------------------------------------------------|---------------|--------------|--------------|--------------|--------------|
| Authority's Proportion of the Net OPEB Liability                                                 | 0.360500%     | 0.342849%    | 0.346368%    | 0.341613%    | 0.000000%    |
| Authority's Proportionate Share of the Net OPEB Liability (Asset)                                | (\$6,415,827) | \$47,356,353 | \$45,158,211 | \$37,096,623 | \$44,699,416 |
| Authority's Covered Payroll                                                                      | \$52,487,000  | \$49,942,007 | \$48,512,229 | \$46,894,715 | \$47,410,758 |
| Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | (12.22%)      | 94.82%       | 93.09%       | 79.11%       | 94.28%       |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability                          |               | 115.57%      | 47.80%       | 54.14%       | 54.05%       |

Amounts presented as of the Authority's measurement date which is the prior fiscal year end.

(1) Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

See accompanying notes to the required supplementary information.

Southwest Ohio Regional Transit Authority

**REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF AUTHORITY'S CONTRIBUTIONS  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL AND COMBINED PLANS  
 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS  
 LAST SIX YEARS (1)**

|                                                                      | 2021         | 2020         | 2019         | 2018         | 2017             | 2016             |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|------------------|------------------|
| Contractually Required Contribution                                  | \$0          | \$0          | \$0          | \$0          | \$468,947        | \$948,215        |
| Contributions in Relation to the Contractually Required Contribution | <u>0</u>     | <u>0</u>     | <u>0</u>     | <u>0</u>     | <u>(468,947)</u> | <u>(948,215)</u> |
| Contribution Deficiency (Excess)                                     | <u>\$0</u>   | <u>\$0</u>   | <u>\$0</u>   | <u>\$0</u>   | <u>\$0</u>       | <u>\$0</u>       |
| Authority's Covered Payroll                                          | \$58,587,986 | \$52,487,000 | \$49,942,007 | \$48,512,229 | \$46,894,715     | \$47,410,758     |
| Contributions as a Percentage of Covered Payroll                     | 0%           | 0%           | 0%           | 0%           | 1%               | 2%               |

(1) Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

See accompanying notes to the required supplementary information.

Southwest Ohio Regional Transit Authority

**Notes to the Required Supplementary Information  
As of December 31, 2021 and 2020**

**Changes in Assumptions — OPERS Pension — Traditional Plan**

OPERS’ total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2020 and 2019 actuarial valuation for the OPERS Pension—Traditional Plan was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                              | <b>2021</b>          | <b>2020</b>          |
|----------------------------------------------|----------------------|----------------------|
| Wage Inflation                               | 3.25%                | 3.25%                |
| Future Salary Increases, Including Inflation | 3.25% – 10.75%       | 3.25% – 10.75%       |
| Cost-of-Living Adjustment                    | 3% Simple            | 3% Simple            |
| Investment Rate of Return                    | 7.20%                | 7.20%                |
| Actuarial Cost Method                        | Individual entry age | Individual entry age |

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled male mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

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

**Changes in Assumptions — OPERS Pension — Combined Plan**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2020 and 2019 actuarial valuation for the OPERS Pension—Combined Plan was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Southwest Ohio Regional Transit Authority

**Notes to the Required Supplementary Information  
As of December 31, 2021 and 2020 (continued)**

|                                              | 2021                 | 2020                 |
|----------------------------------------------|----------------------|----------------------|
| Wage Inflation                               | 3.25%                | 3.25%                |
| Future Salary Increases, Including Inflation | 3.25% - 8.25%        | 3.25% - 8.25%        |
| Cost-of-Living Adjustment                    | 3% Simple            | 3% Simple            |
| Investment Rate of Return                    | 7.20%                | 7.20%                |
| Actuarial Cost Method                        | Individual entry age | Individual entry age |

**Changes in Assumptions — OPERS OPEB**

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, and a 2018 valuation rolled forward to 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:

|                                                 | 2020                                                   | 2019                                                          |
|-------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------|
| Wage Inflation                                  | 3.25 percent                                           | 3.25 percent                                                  |
| Projected Salary Increases, including inflation | 3.25 to 10.75 percent including wage inflation         | 3.25 to 10.75 percent including wage inflation                |
| Single Discount Rate:                           |                                                        |                                                               |
| Current measurement date                        | 6.00 percent                                           | 3.16 percent                                                  |
| Prior Measurement date                          | 3.16 percent                                           | 3.96 percent                                                  |
| Investment Rate of Return                       | 6.00 percent                                           | 6.00 percent                                                  |
| Municipal Bond Rate                             | 2.00 percent                                           | 2.75 percent                                                  |
| Health Care Cost Trend Rate                     | 8.5 percent, initial                                   | 10.5 percent, initial                                         |
| Actuarial Cost Method                           | 3.50 percent, ultimate in 2035<br>Individual entry age | 3.50 percent, ultimate in 2030<br>Individual entry age normal |

Southwest Ohio Regional Transit Authority

**Notes to the Required Supplementary Information  
As of December 31, 2020 and 2019 (continued)**

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

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



## Southwest Ohio Regional Transit Authority

**Supplemental Schedule of Revenues, Expenses and Changes in Net Position—  
Budget and Actual (GAAP Basis)  
For Fiscal Year Ended December 31, 2021**

|                                                                         | <u>Budget</u>        | <u>Actual</u>         | <b>Variance<br/>Positive<br/>(Negative)</b> |
|-------------------------------------------------------------------------|----------------------|-----------------------|---------------------------------------------|
| <b>Operating revenues</b>                                               | \$ 15,751,621        | \$ 12,529,067         | \$ (3,222,554)                              |
| <b>Operating expenses other than depreciation:</b>                      |                      |                       |                                             |
| Labor                                                                   | 59,675,156           | 56,404,084            | 3,271,072                                   |
| Fringe benefits                                                         | 31,098,501           | 30,857,827            | 240,674                                     |
| Materials and supplies consumed                                         | 12,610,825           | 11,888,785            | 722,040                                     |
| Services                                                                | 9,501,183            | 7,312,065             | 2,189,118                                   |
| Utilities                                                               | 1,720,688            | 1,809,246             | (88,558)                                    |
| Casualty and liability                                                  | 1,569,996            | 11,272,847            | (9,702,851)                                 |
| Taxes                                                                   | 1,246,695            | 1,277,266             | (30,571)                                    |
| Leases and rentals                                                      | 1,386,913            | 879,026               | 507,887                                     |
| Miscellaneous                                                           | 3,932,552            | 3,647,403             | 285,149                                     |
| Pension and OPEB expense (revenue)                                      | -                    | (44,128,119)          | 44,128,119                                  |
| <b>Total</b>                                                            | <u>122,742,509</u>   | <u>81,220,430</u>     | <u>41,522,079</u>                           |
| <b>Depreciation</b>                                                     | <u>15,901,098</u>    | <u>15,901,098</u>     | <u>-</u>                                    |
| <b>Total operating expenses</b>                                         | <u>138,643,607</u>   | <u>97,121,528</u>     | <u>41,522,079</u>                           |
| <b>Operating loss</b>                                                   | <u>(122,891,986)</u> | <u>(84,592,461)</u>   | <u>38,299,525</u>                           |
| <b>Non-operating revenues (expenses):</b>                               |                      |                       |                                             |
| Local operating grants and special fare assistance                      | 7,951,061            | 11,392,699            | 3,441,638                                   |
| Sales and use tax revenue                                               | 83,779,025           | 134,771,748           | 50,992,723                                  |
| Federal maintenance grants and reimbursements                           | 12,610,610           | 24,205,919            | 11,595,309                                  |
| State maintenance grants, reimbursements<br>and special fare assistance | 2,356,840            | 4,104,365             | 1,747,525                                   |
| Investment income-net                                                   | 59,604               | 87,162                | 27,558                                      |
| Decrease in fair value of investments                                   | -                    | (126,128)             | (126,128)                                   |
| Non-transportation revenue                                              | 233,748              | 770,309               | 536,561                                     |
| <b>Total</b>                                                            | <u>106,990,888</u>   | <u>175,206,074</u>    | <u>68,215,186</u>                           |
| <b>Net income (loss) before capital grant activity</b>                  | <u>(15,901,098)</u>  | <u>90,613,613</u>     | <u>106,514,711</u>                          |
| <b>Capital grant revenue</b>                                            | <u>-</u>             | <u>24,708,636</u>     | <u>24,708,636</u>                           |
| <b>Increase (decrease) in net position during the year</b>              | <u>(15,901,098)</u>  | <u>115,322,249</u>    | <u>131,223,347</u>                          |
| <b>Net position, beginning of year (as restated)</b>                    | <u>39,064,896</u>    | <u>39,064,896</u>     | <u>-</u>                                    |
| <b>Net position, end of year</b>                                        | <u>\$ 23,163,798</u> | <u>\$ 154,387,145</u> | <u>\$ 131,223,347</u>                       |

## STATISTICAL SECTION

This part of the Southwest Ohio Regional Transit Authority's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

| <b>Contents</b>                                                                                                                                                                                                              | <b>Page(s)</b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| <b>Financial Trends</b> .....                                                                                                                                                                                                | <b>69-76</b>   |
| These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.                                                                     |                |
| <b>Debt Capacity</b> .....                                                                                                                                                                                                   | <b>77</b>      |
| These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.                    |                |
| <b>Economic and Demographic Information</b> .....                                                                                                                                                                            | <b>78-79</b>   |
| These schedules offer economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place.                                                        |                |
| <b>Operating Information</b> .....                                                                                                                                                                                           | <b>80-87</b>   |
| These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs. |                |

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Southwest Ohio Regional Transit Authority

**Net Position and Changes in Net Position - Last Ten Years**  
(dollars in thousands)

|                                                                         | 2012           | 2013           | 2014           | 2015           | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           |
|-------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Operating revenues</b>                                               |                |                |                |                |                |                |                |                |                |                |
| Passenger fares for transit service                                     | \$23,387       | \$23,495       | \$22,904       | \$21,859       | \$21,220       | \$20,623       | \$20,151       | \$21,210       | \$11,100       | \$11,500       |
| Special transit fares                                                   | 668            | 728            | 817            | 871            | 921            | 982            | 953            | 935            | 413            | 500            |
| Auxiliary transportation revenue                                        | 598            | 574            | 540            | 666            | 907            | 991            | 1,049          | 916            | 426            | 529            |
| <b>Total operating revenues</b>                                         | <b>24,653</b>  | <b>24,797</b>  | <b>24,262</b>  | <b>23,396</b>  | <b>23,048</b>  | <b>22,596</b>  | <b>22,154</b>  | <b>23,060</b>  | <b>11,938</b>  | <b>12,529</b>  |
| <b>Non-operating revenues</b>                                           |                |                |                |                |                |                |                |                |                |                |
| Operating assistance from the City of Cincinnati                        |                |                |                |                |                |                |                |                |                |                |
| Income Tax-Transit Fund                                                 | 41,625         | 42,978         | 44,417         | 47,340         | 50,242         | 50,535         | 54,759         | 56,104         | 60,380         | 9,480          |
| Sales and use tax revenue                                               | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 33,464         | 134,772        |
| Federal maintenance grants and reimbursements                           | 15,082         | 15,521         | 17,193         | 14,764         | 15,325         | 15,401         | 15,204         | 14,400         | 47,068         | 24,206         |
| Federal grant pass-through                                              | 244            | 5,368          | 21,983         | 13,545         | 3,833          | 0              | 0              | 0              | 0              | 0              |
| State maintenance grants and reimbursements and special fare assistance | 807            | 804            | 784            | 790            | 780            | 767            | 780            | 5,105          | 2,716          | 4,104          |
| Local operating grants and fare assistance                              | 7,209          | 6,413          | 6,617          | 6,442          | 6,276          | 6,454          | 6,669          | 6,221          | 2,778          | 1,913          |
| Investment income, net                                                  | 147            | 88             | 107            | 118            | 151            | 327            | 714            | 754            | 176            | 87             |
| Increase (decrease) in fair value of investments                        | 2              | (15)           | 5              | 12             | 4              | (6)            | 3              | (2)            | 0              | (126)          |
| Non-transportation revenue                                              | 392            | 657            | 476            | 1,114          | 2,397          | 3,841          | 3,618          | 3,938          | 437            | 770            |
| <b>Total non-operating revenues</b>                                     | <b>65,508</b>  | <b>71,814</b>  | <b>91,581</b>  | <b>84,126</b>  | <b>79,009</b>  | <b>77,318</b>  | <b>81,747</b>  | <b>86,520</b>  | <b>147,019</b> | <b>175,206</b> |
| <b>Total Revenues</b>                                                   | <b>90,161</b>  | <b>96,611</b>  | <b>115,843</b> | <b>107,522</b> | <b>102,057</b> | <b>99,914</b>  | <b>103,901</b> | <b>109,580</b> | <b>158,957</b> | <b>187,735</b> |
| <b>Operating expenses</b>                                               |                |                |                |                |                |                |                |                |                |                |
| Labor                                                                   | 40,470         | 41,135         | 42,660         | 42,947         | 43,689         | 44,251         | 46,317         | 47,601         | 51,230         | 56,404         |
| Fringe benefits                                                         | 20,699         | 21,552         | 21,986         | 19,756         | 25,835         | 35,824         | 29,779         | 43,191         | 26,639         | 30,858         |
| Materials and supplies consumed                                         | 15,148         | 14,793         | 14,954         | 14,677         | 12,735         | 12,179         | 12,069         | 11,802         | 10,674         | 11,889         |
| Services                                                                | 3,408          | 3,486          | 3,799          | 4,553          | 6,537          | 5,309          | 6,550          | 5,512          | 5,073          | 7,312          |
| Utilities                                                               | 1,402          | 1,475          | 1,519          | 1,435          | 1,108          | 1,201          | 1,212          | 1,389          | 2,162          | 1,809          |
| Casualty and liability                                                  | 515            | 67             | (19)           | 14             | 788            | 844            | 1,671          | 4,751          | 69             | 11,273         |
| Taxes                                                                   | 862            | 846            | 865            | 842            | 830            | 818            | 844            | 1,071          | 1,008          | 1,277          |
| Purchased transportation services                                       | 5,522          | 5,136          | 5,424          | 6,131          | 7,768          | 9,277          | 9,785          | 10,283         | 49             | 0              |
| Leases and rentals                                                      | 568            | 588            | 647            | 596            | 613            | 654            | 671            | 578            | 727            | 879            |
| Miscellaneous                                                           | 681            | 921            | 790            | 652            | 758            | 768            | 738            | 1,010          | 916            | 3,647          |
| Pension and OPEB expense (revenue)                                      | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 8,165          | (44,128)       |
| Grant pass-through                                                      | 244            | 5,368          | 21,983         | 13,545         | 3,833          | 0              | 0              | 0              | 0              | 0              |
| Depreciation and amortization                                           | 13,804         | 14,449         | 14,191         | 14,783         | 15,389         | 15,249         | 14,147         | 14,691         | 15,843         | 15,901         |
| <b>Total operating expenses</b>                                         | <b>103,322</b> | <b>109,815</b> | <b>128,797</b> | <b>119,930</b> | <b>119,883</b> | <b>126,374</b> | <b>123,781</b> | <b>141,879</b> | <b>122,555</b> | <b>97,122</b>  |
| Non-operating expenses                                                  | 852            | 1,300          | 1,420          | 1,117          | 1,061          | 1,026          | 1,011          | 1,143          | 1,559          | 0              |
| <b>Total Expenses</b>                                                   | <b>104,174</b> | <b>111,115</b> | <b>130,217</b> | <b>121,047</b> | <b>120,944</b> | <b>127,400</b> | <b>124,792</b> | <b>143,022</b> | <b>124,114</b> | <b>97,122</b>  |

(continued)

Southwest Ohio Regional Transit Authority

**Net Position and Changes in Net Position - Last Ten Years (continued)**  
(dollars in thousands)

|                                            | 2012      | 2013      | 2014       | 2015      | 2016      | 2017       | 2018       | 2019       | 2020     | 2021      |
|--------------------------------------------|-----------|-----------|------------|-----------|-----------|------------|------------|------------|----------|-----------|
| Capital grant revenue                      | 21,788    | 20,708    | 3,836      | 20,804    | 12,321    | 1,327      | 4,313      | 31,558     | 16,980   | 24,709    |
| <b>Increase (decrease) in net position</b> | \$7,774   | \$6,204   | (\$10,538) | \$7,278   | (\$6,566) | (\$26,159) | (\$16,578) | (\$1,884)  | \$51,823 | \$115,322 |
| Net position at year-end                   |           |           |            |           |           |            |            |            |          |           |
| Net investment in capital assets           | \$107,659 | \$114,077 | \$103,449  | \$109,815 | \$106,713 | \$76,535   | \$67,422   | \$93,763   | \$99,144 | \$109,869 |
| Restricted                                 | 2,238     | 6,053     | 7,098      | 494       | 312       | 555        | 2,697      | 406        | 12,101   | 48,409    |
| Unrestricted                               | (1,921)   | (5,951)   | (6,906)    | (34,886)  | (38,168)  | (34,392)   | (78,503)   | (104,438)  | (69,690) | (3,891)   |
| <b>Total net position</b>                  | \$107,975 | \$114,179 | \$103,641  | \$75,423  | \$68,857  | \$42,698   | (\$8,384)  | (\$10,269) | \$41,555 | \$154,387 |

Source: SORTA's audited financial statements for each year. Some balances may have been reclassified to conform with the current year's presentation.

Note: The 2015 net position reflects a \$35,497 adjustment related to the adoption of GASB 68.

Note: The 2018 net position reflects a \$34,504 adjustment related to the adoption of GASB 75.

Note: The 2020 net position reflects a \$2,490 adjustment related to the adoption of GASB 2019-1.

Note: Totals shown above may not be mathematically accurate as displayed due to rounding.

Southwest Ohio Regional Transit Authority

**Revenues by Source - Last Ten Years**  
(dollars in thousands)

|                                                          | 2012            | 2013            | 2014             | 2015             | 2016             | 2017            | 2018             | 2019             | 2020             | 2021             |
|----------------------------------------------------------|-----------------|-----------------|------------------|------------------|------------------|-----------------|------------------|------------------|------------------|------------------|
| <b>Operating Revenues</b>                                |                 |                 |                  |                  |                  |                 |                  |                  |                  |                  |
| Passenger fares for transit service (1)                  | \$30,596        | \$29,909        | \$29,522         | \$28,301         | \$27,496         | \$27,077        | \$26,821         | \$27,430         | \$13,878         | \$13,413         |
| Special transit fares                                    | 668             | 728             | 817              | 871              | 921              | 982             | 953              | 935              | 413              | 500              |
| Auxiliary transportation revenue                         | 598             | 574             | 540              | 666              | 907              | 991             | 1,049            | 916              | 426              | 529              |
| <b>Total operating revenues</b>                          | <b>31,862</b>   | <b>31,211</b>   | <b>30,879</b>    | <b>29,838</b>    | <b>29,325</b>    | <b>29,050</b>   | <b>28,823</b>    | <b>29,281</b>    | <b>14,716</b>    | <b>14,442</b>    |
| <b>Non-Operating Revenues</b>                            |                 |                 |                  |                  |                  |                 |                  |                  |                  |                  |
| Operating assistance from the City of Cincinnati         |                 |                 |                  |                  |                  |                 |                  |                  |                  |                  |
| Income Tax-Transit Fund                                  | 41,625          | 42,978          | 44,417           | 47,340           | 50,242           | 50,535          | 54,759           | 56,104           | 60,380           | 9,480            |
| Sales and use tax revenue                                | 0               | 0               | 0                | 0                | 0                | 0               | 0                | 0                | 33,464           | 134,772          |
| Federal grants and reimbursements (1)                    | 15,082          | 15,521          | 17,193           | 14,764           | 15,325           | 15,401          | 15,204           | 14,400           | 47,068           | 24,206           |
| Federal grant pass-through: City of Cincinnati Streetcar | 0               | 5,096           | 21,731           | 13,355           | 3,770            | 0               | 0                | 0                | 0                | 0                |
| Federal grant pass-through: Everybody Rides Metro        | 244             | 272             | 252              | 190              | 63               | 0               | 0                | 0                | 0                | 0                |
| State grants and reimbursements (1)                      | 807             | 804             | 784              | 790              | 780              | 767             | 780              | 5,105            | 2,716            | 4,104            |
| Investment income                                        | 149             | 73              | 112              | 130              | 155              | 321             | 717              | 752              | 176              | (39)             |
| Non-transportation revenues                              | 392             | 657             | 476              | 1,114            | 2,397            | 3,841           | 3,618            | 3,938            | 437              | 770              |
| <b>Total non-operating revenues</b>                      | <b>58,299</b>   | <b>65,401</b>   | <b>84,964</b>    | <b>77,683</b>    | <b>72,732</b>    | <b>70,864</b>   | <b>75,078</b>    | <b>80,299</b>    | <b>144,241</b>   | <b>173,293</b>   |
| <b>Total Revenues</b>                                    | <b>\$90,161</b> | <b>\$96,612</b> | <b>\$115,843</b> | <b>\$107,521</b> | <b>\$102,057</b> | <b>\$99,914</b> | <b>\$103,901</b> | <b>\$109,580</b> | <b>\$158,957</b> | <b>\$187,735</b> |

Amounts are presented in accordance with accounting principles generally accepted in the United States of America.

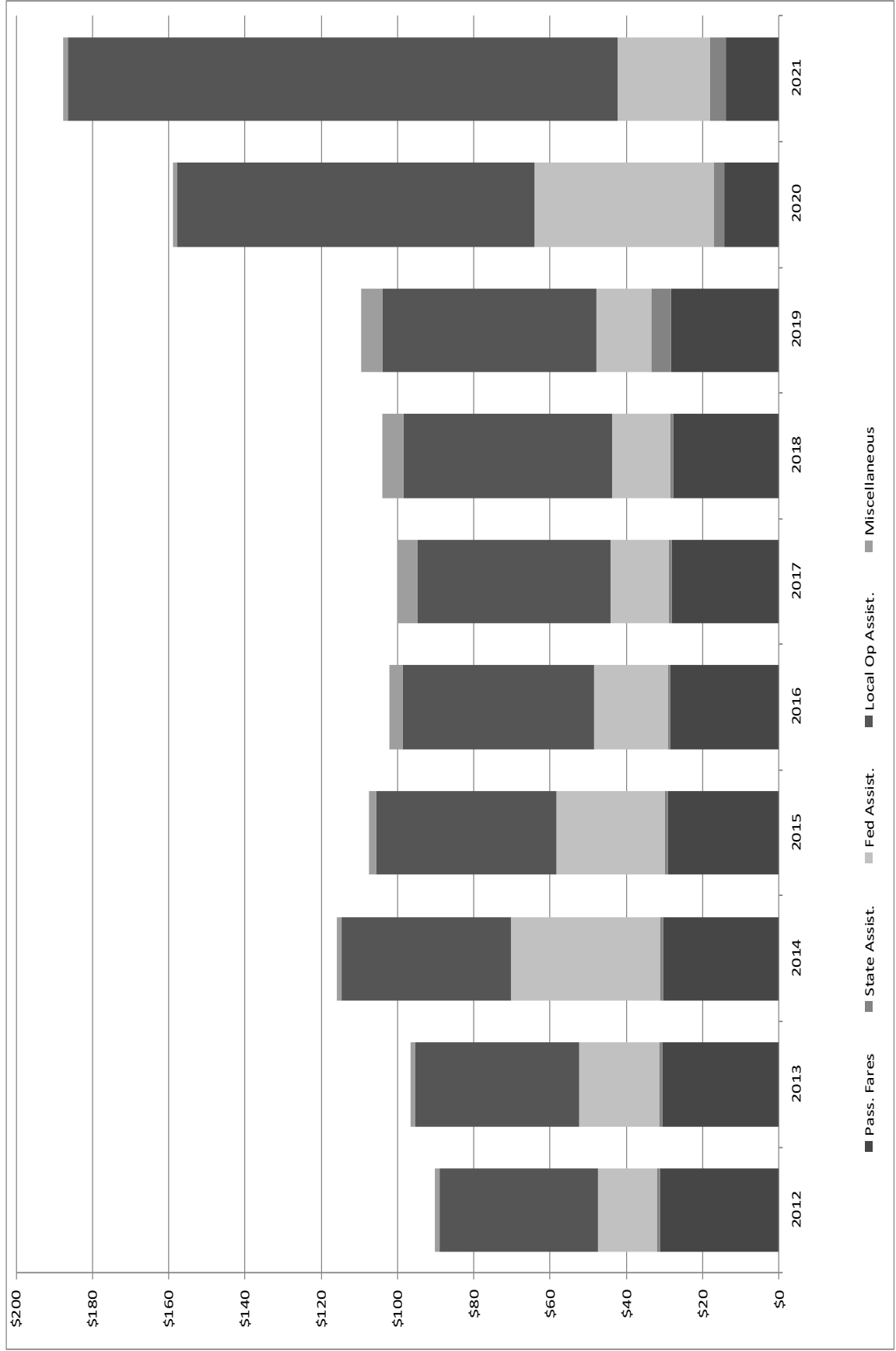
Totals may not be mathematically accurate as displayed due to rounding.

Source: Derived from SORTA's independently audited annual financial statements, except for passenger revenue, and State grants and reimbursements.

Note 1: For purposes of the table above, Passenger Fares include farebox revenues, along with subsidies received from FTA, ODOT, Cincinnati Public Schools, and certain government units to support farebox discounts offered at certain times during the year. Subsidies are classified as Non-Operating Revenues in the Authority's Basic Financial Statements.

Southwest Ohio Regional Transit Authority

Revenues by Source – Last Ten Years  
(dollars in millions)



Southwest Ohio Regional Transit Authority

**Revenues and Operating Assistance – Comparison to Industry Trend Data  
Last Ten Years**

TRANSPORTATION INDUSTRY (1):

| YEAR | OPERATING AND OTHER REVENUE |           |       | OPERATING ASSISTANCE |         |       | TOTAL REVENUES |
|------|-----------------------------|-----------|-------|----------------------|---------|-------|----------------|
|      | PASSENGER                   | OTHER (2) | TOTAL | STATE & LOCAL (3)    | FEDERAL | TOTAL |                |
| 2012 | 32.5%                       | 4.6%      | 37.1% | 54.0%                | 8.9%    | 62.9% | 100.0%         |
| 2013 | 32.5%                       | 3.8%      | 36.3% | 54.8%                | 8.9%    | 63.7% | 100.0%         |
| 2014 | 32.0%                       | 3.9%      | 35.9% | 55.5%                | 8.6%    | 64.1% | 100.0%         |
| 2015 | 32.5%                       | 4.9%      | 37.4% | 54.3%                | 8.3%    | 62.6% | 100.0%         |
| 2016 | 31.3%                       | 5.0%      | 36.3% | 55.7%                | 8.0%    | 63.7% | 100.0%         |
| 2017 | 31.3%                       | 5.0%      | 36.3% | 55.2%                | 8.5%    | 63.7% | 100.0%         |
| 2018 | 30.7%                       | 5.4%      | 36.1% | 55.3%                | 8.6%    | 63.9% | 100.0%         |
| 2019 | *                           | *         | *     | *                    | *       | *     | *              |
| 2020 | *                           | *         | *     | *                    | *       | *     | *              |
| 2021 | *                           | *         | *     | *                    | *       | *     | *              |

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY:

| YEAR | OPERATING AND OTHER REVENUE |           |       | OPERATING ASSISTANCE |         |       | TOTAL REVENUES |
|------|-----------------------------|-----------|-------|----------------------|---------|-------|----------------|
|      | PASSENGER                   | OTHER (2) | TOTAL | STATE & LOCAL (3)    | FEDERAL | TOTAL |                |
| 2012 | 34.7%                       | 1.3%      | 36.0% | 47.0%                | 17.0%   | 64.0% | 100.0%         |
| 2013 | 31.7%                       | 1.4%      | 33.1% | 45.3%                | 21.6%   | 66.9% | 100.0%         |
| 2014 | 26.2%                       | 1.0%      | 27.2% | 39.0%                | 33.8%   | 72.8% | 100.0%         |
| 2015 | 27.2%                       | 1.4%      | 28.6% | 45.0%                | 26.4%   | 71.4% | 100.0%         |
| 2016 | 27.8%                       | 3.4%      | 31.2% | 50.0%                | 18.8%   | 68.8% | 100.0%         |
| 2017 | 28.1%                       | 5.2%      | 33.3% | 51.3%                | 15.4%   | 66.7% | 100.0%         |
| 2018 | 26.7%                       | 5.2%      | 31.9% | 53.5%                | 14.6%   | 68.1% | 100.0%         |
| 2019 | 25.9%                       | 5.1%      | 31.0% | 55.9%                | 13.1%   | 69.0% | 100.0%         |
| 2020 | 9.0%                        | 0.7%      | 9.7%  | 60.7%                | 29.6%   | 90.3% | 100.0%         |
| 2021 | 7.4%                        | 0.7%      | 8.1%  | 79.0%                | 12.9%   | 91.9% | 100.0%         |

\*Information is not available

(1) Source: The American Public Transit Association, "2020 APTA Public Transportation Fact Book".

(2) Includes auxiliary transportation revenues, interest income, and other non-transportation revenues.

(3) Includes local income tax revenues, state operating grants, state fuel tax reimbursements.

Southwest Ohio Regional Transit Authority

**Expenses by Object Class—Last Ten Years**

|                                                                     | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             | 2018             | 2019             | 2020             | 2021            |
|---------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| <b>Operating Expenses Other Than Depreciation and Amortization:</b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |                 |
| Labor                                                               | \$40,470         | \$41,135         | \$42,660         | \$42,947         | \$43,689         | \$44,251         | \$46,317         | \$47,601         | \$51,230         | \$56,404        |
| Fringe Benefits                                                     | 20,699           | 21,552           | 21,986           | 19,756           | 25,835           | 35,824           | 29,779           | 43,191           | 26,639           | 30,858          |
| Materials and supplies consumed                                     | 15,148           | 14,793           | 14,954           | 14,677           | 12,735           | 12,179           | 12,069           | 11,802           | 10,674           | 11,889          |
| Services                                                            | 3,408            | 3,486            | 3,799            | 4,553            | 6,537            | 5,309            | 6,550            | 5,512            | 5,073            | 7,312           |
| Utilities                                                           | 1,402            | 1,475            | 1,519            | 1,435            | 1,108            | 1,201            | 1,212            | 1,389            | 2,162            | 1,809           |
| Casualty and liability                                              | 515              | 67               | (19)             | 14               | 788              | 844              | 1,671            | 4,751            | 69               | 11,273          |
| Taxes                                                               | 862              | 846              | 865              | 842              | 830              | 818              | 844              | 1,071            | 1,008            | 1,277           |
| Purchased transportation services                                   | 5,522            | 5,136            | 5,424            | 6,131            | 7,768            | 9,277            | 9,785            | 10,283           | 49               | 0               |
| Leases and rentals                                                  | 568              | 588              | 647              | 596              | 613              | 654              | 671              | 578              | 727              | 879             |
| Miscellaneous                                                       | 681              | 921              | 790              | 652              | 758              | 768              | 738              | 1,010            | 916              | 3,647           |
| Pension and OPEB expense (revenue)                                  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 8,165            | (44,128)        |
| <b>Total</b>                                                        | <b>89,275</b>    | <b>89,999</b>    | <b>92,624</b>    | <b>91,602</b>    | <b>100,661</b>   | <b>111,125</b>   | <b>109,634</b>   | <b>127,188</b>   | <b>106,712</b>   | <b>81,220</b>   |
| Federal grant pass-through: City of Cincinnati Streetcar            | 0                | 5,096            | 21,731           | 13,355           | 3,770            | 0                | 0                | 0                | 0                | 0               |
| Federal grant pass-through: Everybody Rides Metro                   | 244              | 272              | 252              | 190              | 63               | 0                | 0                | 0                | 0                | 0               |
| <b>Depreciation and Amortization</b>                                | <b>13,804</b>    | <b>14,449</b>    | <b>14,191</b>    | <b>14,783</b>    | <b>15,389</b>    | <b>15,249</b>    | <b>14,147</b>    | <b>14,691</b>    | <b>15,843</b>    | <b>15,901</b>   |
| <b>Total Operating Expenses</b>                                     | <b>\$103,322</b> | <b>\$109,816</b> | <b>\$128,798</b> | <b>\$119,930</b> | <b>\$119,883</b> | <b>\$126,374</b> | <b>\$123,781</b> | <b>\$141,879</b> | <b>\$122,555</b> | <b>\$97,122</b> |

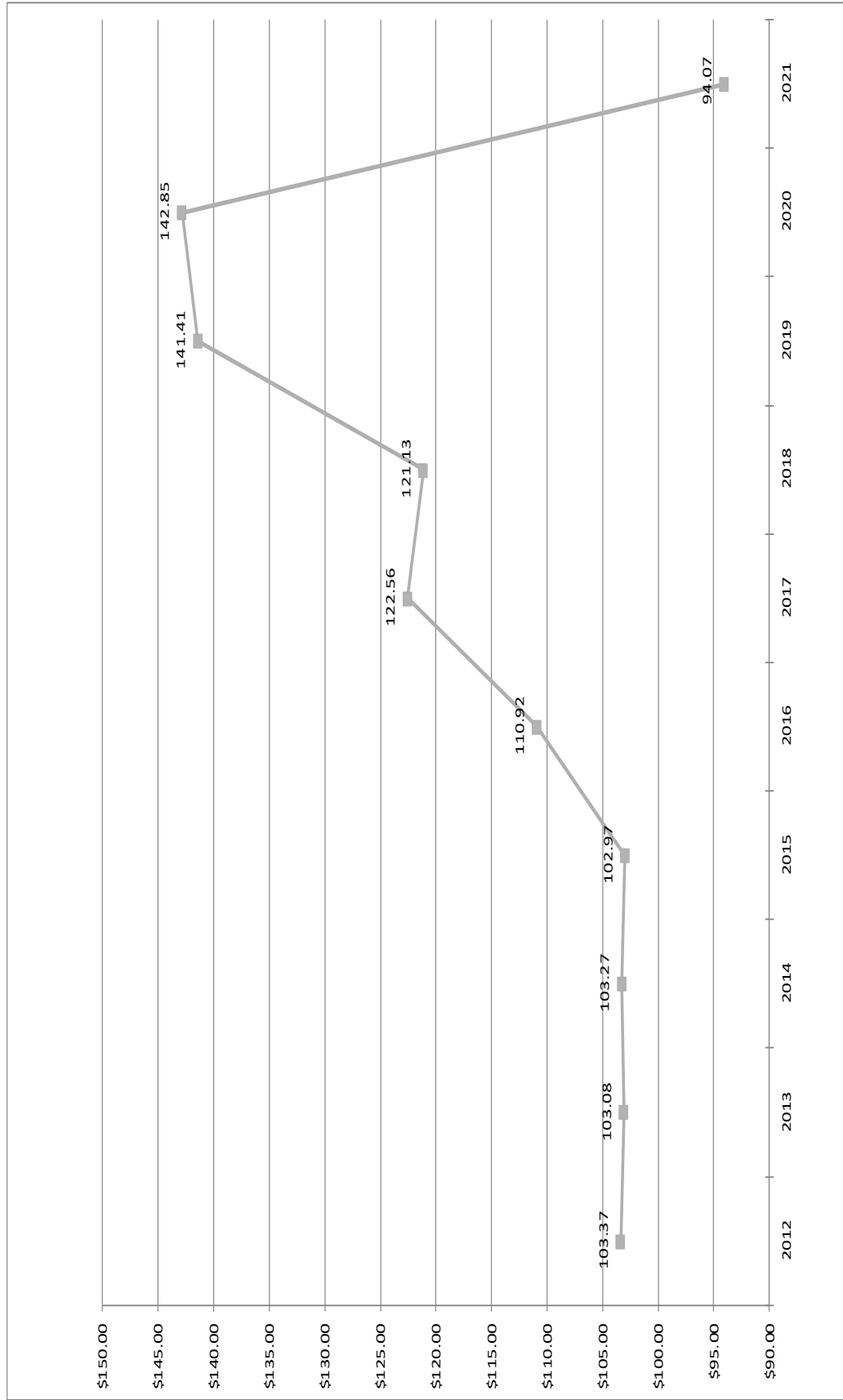
Amounts are presented in accordance with accounting principles generally accepted in the United States of America.

Totals may not be mathematically accurate as displayed due to rounding.

Source: SORTA's independently audited annual financial statements.



**Southwest Ohio Regional Transit Authority  
Operating Expenses per Vehicle Hour – Last Ten Years**



Source: SORTA's annual "National Transit Database" filed with the Federal Transit Administration. Some balances may have been reclassified to conform with the current year's presentation. Operating expenses exclude depreciation and amortization and grant pass-through.

Southwest Ohio Regional Transit Authority

**Operating Expenses – Comparison to Industry Trend Data  
Last Ten Years**

| TRANSPORTATION INDUSTRY (1): |                   |       |                        |      |          |       |           |        |                        |   |                          |   |       |   |                              |   |
|------------------------------|-------------------|-------|------------------------|------|----------|-------|-----------|--------|------------------------|---|--------------------------|---|-------|---|------------------------------|---|
| YEAR                         | LABOR AND FRINGES |       | MATERIALS AND SUPPLIES |      | SERVICES |       | UTILITIES |        | CASUALTY AND LIABILITY |   | PURCHASED TRANSPORTATION |   | OTHER |   | TOTAL OPERATING EXPENSES (2) |   |
|                              |                   |       |                        |      |          |       |           |        |                        |   |                          |   |       |   |                              |   |
| 2012                         | 64.0%             | 11.7% | 6.9%                   | 3.2% | 2.2%     | 13.8% | -1.8%     | 100.0% |                        |   |                          |   |       |   |                              |   |
| 2013                         | 60.7%             | 11.2% | 7.1%                   | 3.1% | 2.4%     | 13.7% | 1.8%      | 100.0% |                        |   |                          |   |       |   |                              |   |
| 2014                         | 61.1%             | 11.0% | 6.9%                   | 3.2% | 2.5%     | 13.6% | 1.7%      | 100.0% |                        |   |                          |   |       |   |                              |   |
| 2015                         | 61.5%             | 9.8%  | 7.3%                   | 3.0% | 2.4%     | 14.2% | 1.8%      | 100.0% |                        |   |                          |   |       |   |                              |   |
| 2016                         | 62.8%             | 8.9%  | 7.6%                   | 2.7% | 2.7%     | 13.7% | 1.6%      | 100.0% |                        |   |                          |   |       |   |                              |   |
| 2017                         | 61.9%             | 8.7%  | 8.0%                   | 2.8% | 2.8%     | 14.2% | 1.6%      | 100.0% |                        |   |                          |   |       |   |                              |   |
| 2018                         | 61.5%             | 8.7%  | 8.3%                   | 2.9% | 2.6%     | 14.5% | 1.5%      | 100.0% |                        |   |                          |   |       |   |                              |   |
| 2019                         | *                 | *     | *                      | *    | *        | *     | *         | *      | *                      | * | *                        | * | *     | * | *                            | * |
| 2020                         | *                 | *     | *                      | *    | *        | *     | *         | *      | *                      | * | *                        | * | *     | * | *                            | * |
| 2021                         | *                 | *     | *                      | *    | *        | *     | *         | *      | *                      | * | *                        | * | *     | * | *                            | * |

| SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY (3): |                   |       |                        |      |          |      |           |        |                        |  |                          |  |       |  |                              |  |
|------------------------------------------------|-------------------|-------|------------------------|------|----------|------|-----------|--------|------------------------|--|--------------------------|--|-------|--|------------------------------|--|
| YEAR                                           | LABOR AND FRINGES |       | MATERIALS AND SUPPLIES |      | SERVICES |      | UTILITIES |        | CASUALTY AND LIABILITY |  | PURCHASED TRANSPORTATION |  | OTHER |  | TOTAL OPERATING EXPENSES (2) |  |
|                                                |                   |       |                        |      |          |      |           |        |                        |  |                          |  |       |  |                              |  |
| 2012                                           | 68.5%             | 17.0% | 3.8%                   | 1.6% | 0.6%     | 6.2% | 2.3%      | 100.0% |                        |  |                          |  |       |  |                              |  |
| 2013                                           | 69.7%             | 16.4% | 3.9%                   | 1.6% | 0.1%     | 5.7% | 2.6%      | 100.0% |                        |  |                          |  |       |  |                              |  |
| 2014                                           | 69.8%             | 16.1% | 4.1%                   | 1.6% | 0.0%     | 5.9% | 2.5%      | 100.0% |                        |  |                          |  |       |  |                              |  |
| 2015                                           | 68.5%             | 16.0% | 5.0%                   | 1.6% | 0.0%     | 6.7% | 2.2%      | 100.0% |                        |  |                          |  |       |  |                              |  |
| 2016                                           | 69.1%             | 12.7% | 6.5%                   | 1.1% | 0.8%     | 7.7% | 2.1%      | 100.0% |                        |  |                          |  |       |  |                              |  |
| 2017                                           | 72.1%             | 11.0% | 4.8%                   | 1.1% | 0.7%     | 8.3% | 2.0%      | 100.0% |                        |  |                          |  |       |  |                              |  |
| 2018                                           | 69.4%             | 11.0% | 6.0%                   | 1.1% | 1.5%     | 8.9% | 2.1%      | 100.0% |                        |  |                          |  |       |  |                              |  |
| 2019                                           | 71.4%             | 9.3%  | 4.3%                   | 1.1% | 3.7%     | 8.1% | 2.1%      | 100.0% |                        |  |                          |  |       |  |                              |  |
| 2020                                           | 73.0%             | 10.0% | 4.8%                   | 2.0% | 0.1%     | 0.0% | 2.5%      | 92.4%  |                        |  |                          |  |       |  |                              |  |
| 2021                                           | 107.4%            | 14.6% | 9.0%                   | 2.2% | 13.9%    | 0.0% | 7.1%      | 154.2% |                        |  |                          |  |       |  |                              |  |

\* Information is not available  
 (1) Source: The American Public Transit Association, "2020 APTA Transit Fact Book".  
 (2) Operating expenses exclude depreciation and amortization and grant pass-through.  
 (3) Source: Derived from SORTA's independently audited annual financial statements.

Southwest Ohio Regional Transit Authority

**Outstanding Debt – Last Ten Years  
(in thousands, except per capita amounts)**

|                                        | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   |
|----------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Outstanding debt by type:              |        |        |        |        |        |        |        |        |        |        |
| Capital lease obligation               | \$0    | \$0    | \$0    | \$0    | \$0    | \$0    | \$0    | \$0    | \$0    | \$0    |
| Total outstanding debt                 | \$0    | \$0    | \$0    | \$0    | \$0    | \$0    | \$0    | \$0    | \$0    | \$0    |
| Population - Hamilton County, Ohio (1) | 802    | 805    | 807    | 808    | 809    | 814    | 817    | 817    | 821    | 824    |
| Outstanding debt per capita            | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

*Notes: SORTA had leased revenue vehicles under a master lease-purchase agreements with local financial institutions. Based on the terms of these agreements, they have been classified as capital leases. Investments with local financial institutions have been made to compensate the amount/term of the capital lease obligation.*

Source:

(1) Hamilton County Data Center.

Southwest Ohio Regional Transit Authority  
**Demographic Statistics**

| YEAR (1) | MEDIAN AGE | MEDIAN INCOME |
|----------|------------|---------------|
| 1960     | 30.3       | \$5,483       |
| 1970     | *          | \$10,486      |
| 1980     | 30.0       | \$10,673      |
| 1990     | 32.7       | \$15,354      |
| 2000     | 35.5       | \$24,053      |
| 2010     | 37.1       | \$29,197      |
| 2020     | 36.8       | \$32,732      |

| YEAR | K-12 SCHOOL ENROLLMENT (2) | UNEMPLOYMENT RATE (3) | POPULATION (4) |
|------|----------------------------|-----------------------|----------------|
| 2012 | 138,879                    | 7.0%                  | 802,038        |
| 2013 | 149,179                    | 7.1%                  | 804,520        |
| 2014 | 134,943                    | 5.3%                  | 806,631        |
| 2015 | 134,734                    | 4.5%                  | 807,598        |
| 2016 | 134,786                    | 4.3%                  | 809,099        |
| 2017 | 134,916                    | 4.4%                  | 813,822        |
| 2018 | *                          | 4.1%                  | 816,684        |
| 2019 | *                          | 3.8%                  | 817,473        |
| 2020 | *                          | 7.7%                  | 820,710        |
| 2021 | *                          | 3.2%                  | 823,557        |

Note: All information presented is for Hamilton County, Ohio.

\* Information is not available.

Source:

- (1) U.S. Bureau of the Census.
- (2) MDR's School Directory - Ohio/American Fact Finder
- (3) OhioLMI.com.
- (4) Quickfacts.census.gov.

Southwest Ohio Regional Transit Authority  
**Principal Employers in Primary Service Area  
 Calendar Years 2021 and 2012**

**2021**

| <b>Employer</b>                                                  | <b>Nature of Business</b>       | <b>Employees</b> | <b>Percentage of Total<br/>County Employment</b> |
|------------------------------------------------------------------|---------------------------------|------------------|--------------------------------------------------|
| Kroger Co.                                                       | National grocery retailer       | 18,000           | 4.4%                                             |
| Cincinnati Children's Hospital Medical Center<br>Trihealth, Inc. | Pediatric medical center        | 16,478           | 4.0%                                             |
| University of Cincinnati                                         | Health care system              | 12,000           | 2.9%                                             |
| UC Health                                                        | Public university               | 10,196           | 2.5%                                             |
| Proctor & Gamble Co.                                             | Health care system              | 10,112           | 2.4%                                             |
| GE Aviation                                                      | Consumer products company       | 10,000           | 2.4%                                             |
| Bon Secours Mercy Health                                         | Jet engines/components          | 9,000            | 2.2%                                             |
| Fifth Third Bancorp                                              | Health care system              | 7,700            | 1.9%                                             |
| Cincinnati Public Schools                                        | Banking and financial services  | 7,521            | 1.8%                                             |
|                                                                  | Public school system            | 6,500            | 1.6%                                             |
|                                                                  | <b>Total</b>                    | <b>107,507</b>   | <b>26.0%</b>                                     |
|                                                                  | <b>Total County Employment:</b> | <b>412,960</b>   |                                                  |

**2012**

| <b>Employer</b>                                                       | <b>Nature of Business</b>      | <b>Employees</b> | <b>Percentage of Total<br/>County Employment</b> |
|-----------------------------------------------------------------------|--------------------------------|------------------|--------------------------------------------------|
| Kroger Co.                                                            | National grocery retailer      | 20,646           | 5.6%                                             |
| University of Cincinnati                                              | Public university              | 15,329           | 4.1%                                             |
| Cincinnati Children's Hospital Medical Center<br>Proctor & Gamble Co. | Pediatric medical center       | 12,564           | 3.4%                                             |
| Trihealth, Inc.                                                       | Consumer products company      | 12,000           | 3.2%                                             |
| Catholic Health Partners/Mercy Health Partners                        | Health care system             | 10,400           | 2.8%                                             |
| UC Health                                                             | Health care system             | 8,940            | 2.4%                                             |
| GE Aviation                                                           | Health care system             | 8,670            | 2.3%                                             |
| St Elizabeth Healthcare                                               | Jet engines/components         | 7,500            | 2.0%                                             |
| Fifth Third Bancorp                                                   | Health care system             | 7,251            | 1.9%                                             |
|                                                                       | Banking and financial services | 7,180            | 1.9%                                             |
|                                                                       | <b>Total</b>                   | <b>110,480</b>   | <b>29.7%</b>                                     |
|                                                                       | <b>Total County Employment</b> | <b>372,000</b>   |                                                  |

Source: 2021 Business Courier Book of Lists; 2012 Business Courier Book of Lists.

Southwest Ohio Regional Transit Authority

**Operating Statistics – Last Ten Years**

|                                                   | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       | 2021       |
|---------------------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>System Ridership (1)</b>                       |            |            |            |            |            |            |            |            |            |            |
| Motor bus                                         | 17,390,349 | 16,769,004 | 16,426,147 | 15,964,372 | 15,013,274 | 14,265,533 | 13,750,630 | 13,244,916 | 7,315,465  | 9,600,324  |
| Demand responsive                                 | 162,771    | 177,004    | 198,202    | 210,381    | 222,719    | 227,896    | 231,101    | 226,683    | 102,269    | 130,356    |
| <b>Average Weekday System Ridership (1)</b>       |            |            |            |            |            |            |            |            |            |            |
| Motor bus                                         | 59,544     | 57,247     | 55,423     | 54,289     | 51,046     | 48,785     | 46,903     | 45,133     | 24,094     | 31,997     |
| Demand responsive                                 | 570        | 631        | 716        | 761        | 807        | 827        | 838        | 826        | 370        | 473        |
| <b>Vehicle Miles Operated (1)</b>                 |            |            |            |            |            |            |            |            |            |            |
| Motor bus                                         | 11,175,537 | 11,081,761 | 11,254,346 | 11,171,698 | 11,226,917 | 11,158,571 | 11,125,973 | 10,929,413 | 9,467,890  | 11,145,992 |
| Demand responsive                                 | 1,450,664  | 1,528,330  | 1,643,738  | 1,713,592  | 1,776,392  | 1,802,344  | 1,997,277  | 1,852,374  | 1,003,786  | 1,257,354  |
| <b>Average Weekday Vehicle Miles Operated (1)</b> |            |            |            |            |            |            |            |            |            |            |
| Motor bus                                         | 37,908     | 37,627     | 38,261     | 37,937     | 38,076     | 37,980     | 37,881     | 37,129     | 31,282     | 37,273     |
| Demand responsive                                 | 5,079      | 5,447      | 5,936      | 6,199      | 6,437      | 6,543      | 7,241      | 6,473      | 2,967      | 4,558      |
| <b>Revenue Miles (1)</b>                          |            |            |            |            |            |            |            |            |            |            |
| Motor bus                                         | 9,351,070  | 9,464,791  | 9,669,391  | 9,558,809  | 9,622,716  | 9,587,065  | 9,601,059  | 9,409,799  | 8,172,528  | 9,442,905  |
| Demand responsive                                 | 1,258,233  | 1,315,545  | 1,379,346  | 1,431,799  | 1,486,637  | 1,510,091  | 1,560,675  | 1,543,875  | 820,469    | 1,032,288  |
| <b>Passenger Miles (1)</b>                        |            |            |            |            |            |            |            |            |            |            |
| Motor bus                                         | 86,595,685 | 81,125,391 | 89,546,000 | 97,051,405 | 83,272,418 | 80,448,290 | 81,723,692 | 71,291,464 | 41,086,546 | 51,828,597 |
| Demand responsive                                 | 1,816,524  | 1,964,744  | 1,978,056  | 2,259,492  | 2,171,491  | 2,219,697  | 2,771,663  | 2,464,066  | 903,035    | 1,243,596  |

Southwest Ohio Regional Transit Authority

Operating Statistics – Last Ten Years (continued)

|                                                   | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      |
|---------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Vehicle Hours Operated (1)</b>                 |           |           |           |           |           |           |           |           |           |           |
| Motor bus                                         | 774,170   | 778,325   | 791,988   | 787,944   | 793,414   | 790,422   | 785,193   | 777,731   | 676,494   | 782,653   |
| Demand responsive                                 | 89,439    | 94,763    | 104,948   | 109,880   | 114,106   | 116,291   | 119,912   | 121,708   | 70,526    | 80,776    |
| <b>Vehicle Revenue Hours (1)</b>                  |           |           |           |           |           |           |           |           |           |           |
| Motor bus                                         | 713,214   | 717,809   | 736,720   | 731,157   | 736,542   | 734,962   | 731,941   | 724,450   | 630,330   | 721,124   |
| Demand responsive                                 | 73,299    | 77,564    | 84,275    | 88,198    | 92,111    | 94,096    | 97,140    | 98,619    | 54,807    | 63,622    |
| <b>Diesel Fuel Consumption (In Gallons) (1)</b>   | 2,992,001 | 2,957,637 | 2,944,422 | 2,911,345 | 2,900,930 | 2,839,431 | 2,890,234 | 2,763,826 | 2,119,266 | 2,491,190 |
| <b>Fleet Requirements (During Peak Hours) (1)</b> |           |           |           |           |           |           |           |           |           |           |
| Motor bus                                         | 289       | 297       | 297       | 297       | 299       | 299       | 294       | 281       | 281       | 286       |
| Demand responsive                                 | 48        | 48        | 48        | 48        | 48        | 48        | 48        | 48        | 48        | 40        |
| <b>Total Revenue Vehicles During Period (1)</b>   |           |           |           |           |           |           |           |           |           |           |
| Motor bus                                         | 346       | 356       | 356       | 357       | 316       | 360       | 356       | 356       | 356       | 316       |
| Demand responsive                                 | 48        | 48        | 48        | 56        | 50        | 56        | 56        | 56        | 56        | 56        |
| <b>Number of Full Time Employees (2) (3)</b>      | 719       | 808       | 791       | 834       | 780       | 859       | 821       | 848       | 924       | 938       |

Sources:  
 (1) SORTA's annual "National Transit Database" (NTD) report filed with the Federal Transit Administration. Note that in 2012, SORTA began reporting annual system ridership using data provided by farebox transactions, which represents a change from the sampling methodology used in prior years.  
 (2) Human Resources Department "Personnel Distribution - Department Breakdown" report.  
 (3) Beginning in 2017 -- Budgeted Headcount report prepared by the Finance Department.

Southwest Ohio Regional Transit Authority  
**Capital Asset Information as of December 31, 2021**

|                                      |                                              |                                                                                             |                                      |                                              |                                                                                   |
|--------------------------------------|----------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------|-----------------------------------------------------------------------------------|
| <b><u>ACCESS</u></b>                 | 1801 Transpark Drive, Cincinnati, Ohio 45229 | <b>76,518</b>                                                                               | <b><u>SILVERTON</u></b>              | 7000 Montgomery Road, Cincinnati, Ohio 45236 | <b>3,237</b>                                                                      |
| <b>Building Total Square Footage</b> | Which includes:                              | Office space<br>9,685<br>Operations<br>21,480<br>Maintenance<br>11,793<br>Storage<br>33,560 | <b>Building Total Square Footage</b> | Which includes:                              | Office space<br>1,260<br>Operations<br>1,927<br>Maintenance<br>0<br>Storage<br>50 |
| <b>Real Estate Acreage</b>           | Sq. Ft. parking lot                          | <b>5.65</b><br>41,430                                                                       | <b>Real Estate Acreage</b>           | Sq. Ft. parking lot                          | <b>2.25</b><br>28,800                                                             |
|                                      |                                              |                                                                                             | <b>Park and Ride Spaces</b>          |                                              | <b>120</b>                                                                        |

|                                          |                                                  |                           |
|------------------------------------------|--------------------------------------------------|---------------------------|
| <b><u>FOREST PARK, PARK AND RIDE</u></b> | 1160 Kemper Meadow Drive, Cincinnati, Ohio 45240 | <b>2.34</b><br><b>120</b> |
| <b>Real Estate Acreage</b>               |                                                  |                           |
| <b>Park and Ride Spaces</b>              |                                                  |                           |

(continued)

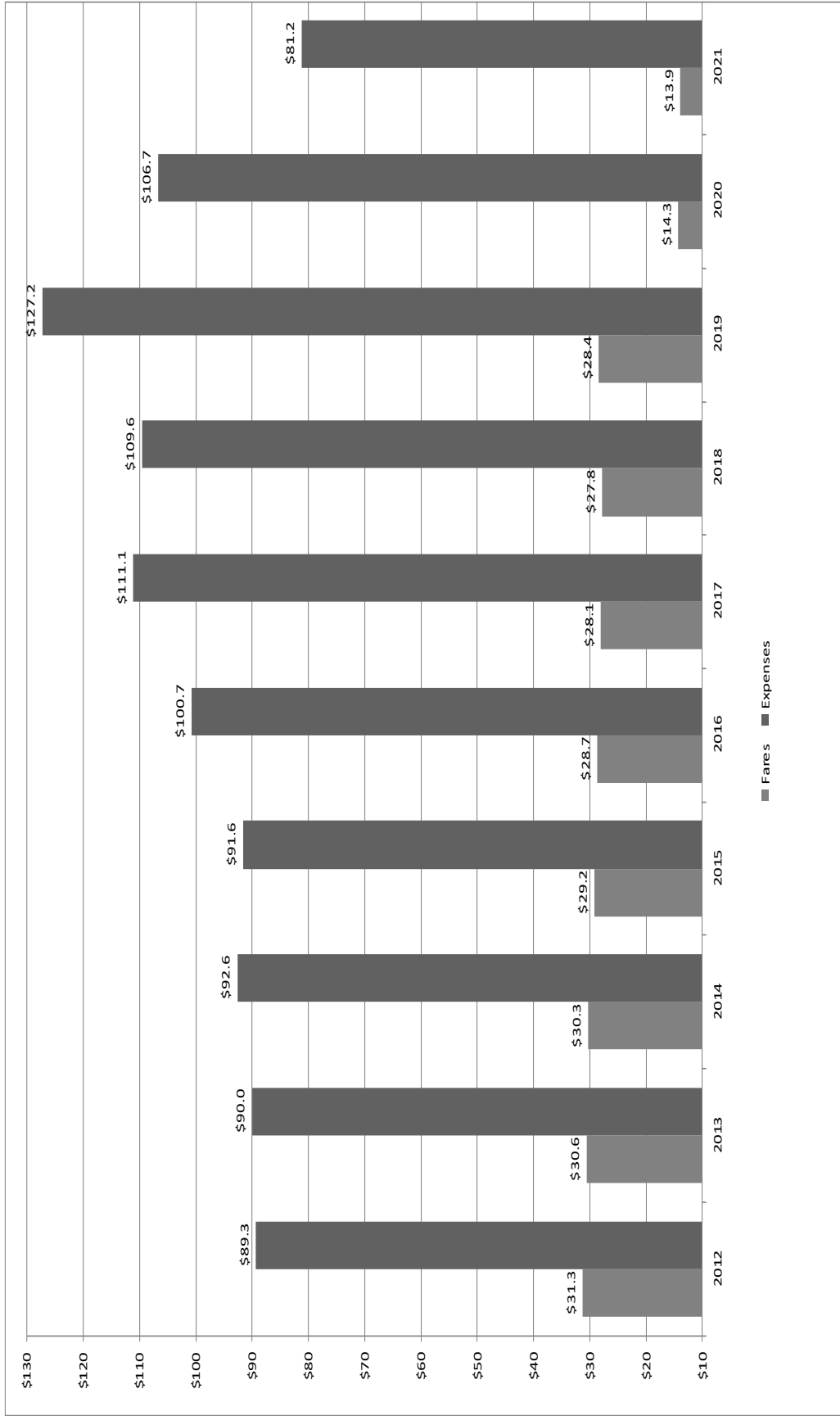


Southwest Ohio Regional Transit Authority  
**Capital Asset Information as of December 31, 2021 (continued)**

| <u>PARATRANSIT VEHICLES</u> |                                   |                     | <u>BUSES</u>    |                    |                     |
|-----------------------------|-----------------------------------|---------------------|-----------------|--------------------|---------------------|
| <u>Quantity</u>             | <u>Year</u>                       | <u>Manufacturer</u> | <u>Quantity</u> | <u>Year</u>        | <u>Manufacturer</u> |
| 19                          | 2013                              | Eldorado            | 3               | 2008               | New Flyer           |
| 18                          | 2015                              | Eldorado            | 31              | 2009               | New Flyer           |
| 2                           | 2016                              | Eldorado            | 7               | 2010               | New Flyer           |
| 11                          | 2019                              | Ford                | 1               | 2011               | Gillig              |
| <b>50</b>                   | <b>Total Paratransit Vehicles</b> |                     | 14              | 2011               | New Flyer           |
|                             |                                   |                     | 44              | 2012               | Gillig              |
|                             |                                   |                     | 33              | 2013               | Gillig              |
|                             |                                   |                     | 37              | 2015               | Gillig              |
|                             |                                   |                     | 22              | 2016               | Gillig              |
|                             |                                   |                     | 23              | 2018               | Gillig              |
|                             |                                   |                     | 41              | 2019               | Gillig              |
|                             |                                   |                     | 29              | 2020               | Gillig              |
|                             |                                   |                     | 31              | 2021               | Gillig              |
|                             |                                   |                     | <b>316</b>      | <b>Total Buses</b> |                     |

Southwest Ohio Regional Transit Authority

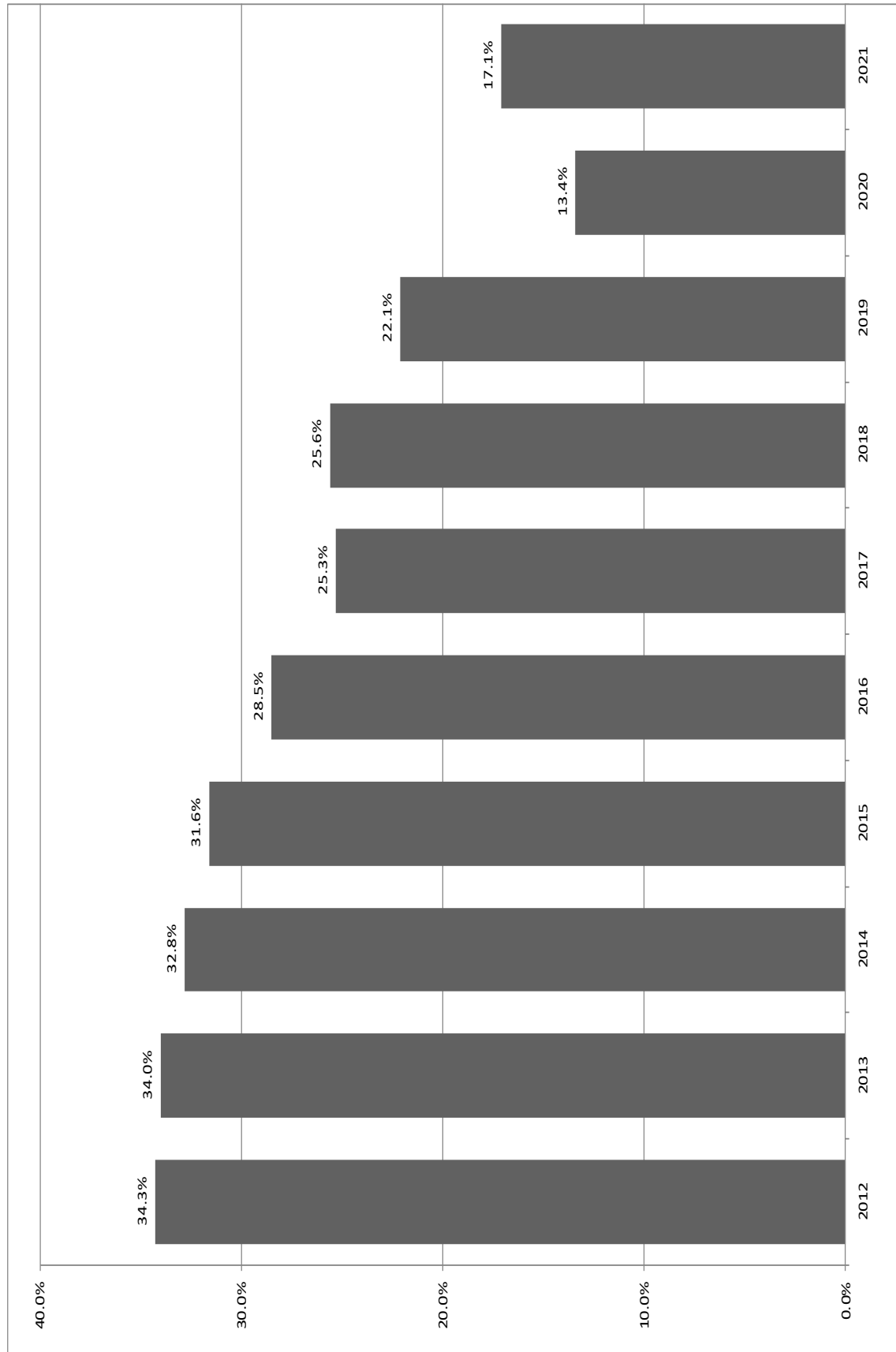
Passenger Fares vs. Operating Expenses – Last Ten Years



Source: Derived from SORTA's independently audited annual financial statements. Some balances may have been reclassified to conform with the current year's presentation. Passenger fares include passenger and special transit revenues, subsidies from FTA, ODOT, Cincinnati Public Schools and certain local governments to support farebox discounts offered at certain times during the year; operating expenses exclude depreciation and amortization and grant pass-through.

Southwest Ohio Regional Transit Authority

Passenger Fares Recovery Ratio - Last Ten Years



Southwest Ohio Regional Transit Authority

Revenue Rates – Last Ten Years

|                                                              | 2012     | 2013     | 2014     | 2015     | 2016     | 2017     | 2018     | 2019     | 2020     | 2021     |
|--------------------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Cash or Token Fares</b>                                   |          |          |          |          |          |          |          |          |          |          |
| Zone 1 fare (3)                                              | \$1.75   | \$1.75   | \$1.75   | \$1.75   | \$1.75   | \$1.75   | \$1.75   | \$1.75   | \$1.75   | \$2.00   |
| Zone 2 fare (3)                                              | \$2.65   | \$2.65   | \$2.65   | \$2.65   | \$2.65   | \$2.65   | \$2.65   | \$2.65   | \$2.65   | \$2.65   |
| Zone 3 fare (3)                                              | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | \$3.75   |
| Day Pass Zone 1 fare (3)                                     | N/A      | N/A      | \$4.50   | \$4.50   | \$4.50   | \$4.50   | \$4.50   | \$4.50   | \$4.50   | \$4.00   |
| Day Pass Zone 2 fare (3)                                     | N/A      | N/A      | \$6.30   | \$6.30   | \$6.30   | \$6.30   | \$6.30   | \$6.30   | \$6.30   | \$5.30   |
| Day Pass Zone 3 fare (3)                                     | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | \$7.50   |
| Day Pass Metro/Tank (3)                                      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | \$5.00   | \$5.00   | \$5.00   |
| Express Service (Monday-Friday)(Harrison)                    | \$3.00   | \$3.00   | \$3.00   | \$3.00   | \$3.00   | \$3.00   | \$3.00   | \$3.00   | \$3.00   | N/A      |
| Express Service(Monday-Friday)(Clermont County)              | \$3.75   | \$3.75   | \$3.75   | \$3.75   | \$3.75   | \$3.75   | \$3.75   | \$3.75   | \$3.75   | N/A      |
| Express Service (Monday-Friday) Zone 4 (3)                   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | N/A      |
| Express Service (Monday-Friday) Zone 5 (3)                   | \$4.25   | \$4.25   | \$4.25   | \$4.25   | \$4.25   | \$4.25   | \$4.25   | \$4.25   | \$4.25   | N/A      |
| Parking Meeter shuttle (Monday-Friday)                       | \$0.50   | \$0.50   | \$0.50   | \$0.50   | \$0.50   | \$0.50   | \$0.50   | \$0.50   | \$0.50   | \$0.50   |
| Transfers                                                    | \$0.50   | \$0.50   | \$0.50   | \$0.50   | \$0.50   | \$0.50   | \$0.50   | \$0.50   | \$0.50   | N/A      |
| Access Zone 1 (1)                                            | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$4.00   |
| Access Zone 2 (1)                                            | \$4.50   | \$4.50   | \$4.50   | \$4.50   | \$4.50   | \$4.50   | \$4.50   | \$4.50   | \$4.50   | N/A      |
| <b>Monthly Passes</b>                                        |          |          |          |          |          |          |          |          |          |          |
| MetroCard Zone 1 Pass                                        | \$70.00  | \$70.00  | \$70.00  | \$70.00  | \$70.00  | \$70.00  | \$70.00  | \$70.00  | \$70.00  | \$80.00  |
| MetroCard Zone 2 Pass                                        | \$106.00 | \$106.00 | \$106.00 | \$106.00 | \$106.00 | \$106.00 | \$106.00 | \$106.00 | \$106.00 | \$106.00 |
| MetroCard Zone 3 Pass                                        | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | \$150.00 |
| MetroCard Harrison Zone Pass                                 | \$120.00 | \$120.00 | \$120.00 | \$120.00 | \$120.00 | \$120.00 | \$120.00 | \$120.00 | \$120.00 | N/A      |
| MetroCard Clermont Zone Pass                                 | \$150.00 | \$150.00 | \$150.00 | \$150.00 | \$150.00 | \$150.00 | \$150.00 | \$150.00 | \$150.00 | N/A      |
| MetroCard Zone 4 Pass (Butler County)                        | \$140.00 | \$140.00 | \$140.00 | \$140.00 | \$140.00 | \$140.00 | \$140.00 | \$140.00 | \$140.00 | N/A      |
| MetroCard All Pass Zone 5 (Warren County and all zones)      | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | N/A      |
| Metro/Tank Pass (Zone 1) (3)                                 | \$105.00 | \$105.00 | \$105.00 | \$105.00 | \$105.00 | \$105.00 | \$105.00 | \$105.00 | \$105.00 | \$105.00 |
| Fare Deal (2)                                                | \$38.50  | \$38.50  | \$38.50  | \$38.50  | \$38.50  | \$38.50  | \$38.50  | \$38.50  | \$38.50  | \$40.00  |
| <b>Discount Fares (Fare Deal (2) and Children under 45")</b> |          |          |          |          |          |          |          |          |          |          |
| Zone 1 fare                                                  | \$0.85   | \$0.85   | \$0.85   | \$0.85   | \$0.85   | \$0.85   | \$0.85   | \$0.85   | \$0.85   | \$1.00   |
| Zone 2 fare                                                  | \$1.30   | \$1.30   | \$1.30   | \$1.30   | \$1.30   | \$1.30   | \$1.30   | \$1.30   | \$1.30   | \$1.30   |
| Zone 3 fare                                                  | \$1.50   | \$1.50   | \$1.50   | \$1.50   | \$1.50   | \$1.50   | \$1.50   | \$1.50   | \$1.50   | \$1.85   |

(1) Demand-responsive, wheelchair lift-equipped paratransit vehicles.

(2) Photo identification card, good in all zones, for riders 65 and over, Medicare enrolled and people with disabilities.

(3) Three zones - 1) Hamilton County local, 2) Hamilton County Express, 3) Suburban County Express

Southwest Ohio Regional Transit Authority

**Full-time Equivalent Employees as of Year-End—Last Ten Years**

|                         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Vehicle Operations      | 514.0        | 511.0        | 496.5        | 528.0        | 503.5        | 541.0        | 521.0        | 546.0        | 537.0        | 529.0        |
| Vehicle Maintenance     | 182.0        | 185.0        | 182.0        | 173.0        | 169.0        | 196.0        | 182.0        | 189.0        | 187.0        | 189.0        |
| Non-Vehicle Maintenance | 25.0         | 26.0         | 28.0         | 35.0         | 26.0         | 28.0         | 30.0         | 28.0         | 28.0         | 36.0         |
| General Administration  | 88.0         | 91.0         | 86.5         | 100.0        | 81.0         | 88.0         | 82.0         | 75.0         | 72.0         | 84.0         |
| Paratransit Service     | 5.5          | 5.0          | 6.0          | 4.5          | 4.5          | 6.0          | 6.0          | 10.0         | 100.0        | 100.0        |
| <b>Total Employees</b>  | <b>814.5</b> | <b>818.0</b> | <b>799.0</b> | <b>840.5</b> | <b>784.0</b> | <b>859.0</b> | <b>821.0</b> | <b>848.0</b> | <b>924.0</b> | <b>938.0</b> |

Notes: Full-time-equivalent employees totals for Vehicle Operations, General Administration and Paratransit Service include one full-time-equivalent employee to two part-time employees

**SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY  
CINCINNATI, OHIO**

**SINGLE AUDIT**  
Year Ended December 31, 2021

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY  
CINCINNATI, OHIO

SINGLE AUDIT  
YEAR ENDED DECEMBER 31, 2021

CONTENTS

|                                                                                                                                                                                                                                 |    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> ..... | 1  |
| Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; And Report On The Schedule of Expenditures Of Federal Awards Required By the Uniform Guidance .....      | 3  |
| Schedule of Expenditures of Federal Awards.....                                                                                                                                                                                 | 6  |
| Notes to Schedule of Expenditures of Federal Awards.....                                                                                                                                                                        | 7  |
| Schedule of Findings and Questioned Costs.....                                                                                                                                                                                  | 8  |
| Schedule of Prior Year Findings and Questioned Costs.....                                                                                                                                                                       | 11 |

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

Finance Committee  
Southwest Ohio Regional Transit Authority  
Cincinnati, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Southwest Ohio Regional Transit Authority ("Authority") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 25, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

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(Continued)



## Report on Compliance and Other Matters

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

### Authority's Response to Finding

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### Purpose of this Report

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

  
Crowe LLP

Columbus, Ohio  
July 25, 2022



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

Finance Committee  
Southwest Ohio Regional Transit Authority  
Cincinnati, Ohio

**Report on Compliance for Major Federal Program**

We have audited the Southwest Ohio Regional Transit Authority's (Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2021. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

***Basis for Opinion on Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

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(Continued)

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

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

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(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the Authority as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated July 25, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

  
Crowe LLP

Columbus, Ohio  
July 25, 2022

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2021

| Federal Grantor Agency/<br>Pass-Through Grantor/<br>Program or Cluster Title | Federal<br>AL<br>Number | Pass-through<br>Identifying<br>Number | Amount<br>Passed Through<br>to<br>Subrecipients | Total<br>Federal<br>Expenditures |
|------------------------------------------------------------------------------|-------------------------|---------------------------------------|-------------------------------------------------|----------------------------------|
| U.S. Department of Transportation:                                           |                         |                                       |                                                 |                                  |
| Federal Transit Administration (FTA):                                        |                         |                                       |                                                 |                                  |
| Federal Transit Cluster:                                                     |                         |                                       |                                                 |                                  |
| Received directly from FTA:                                                  |                         |                                       |                                                 |                                  |
| COVID-19 Formula Grants                                                      | 20.507                  | N/A                                   | \$ -                                            | \$ 24,045,309                    |
| Formula Grants                                                               | 20.507                  | N/A                                   | -                                               | 11,391,134                       |
| Subtotal CFDA 20.507                                                         |                         |                                       | -                                               | 35,436,443                       |
| State of Good Repair Grants Program                                          | 20.525                  | N/A                                   | -                                               | 10,610                           |
| Bus Program                                                                  | 20.526                  | N/A                                   | -                                               | 1,845,242                        |
| Total Federal Transit Cluster                                                |                         |                                       | -                                               | 37,292,295                       |
| Passed-through the Stark Area Regional Transit Authority:                    |                         |                                       |                                                 |                                  |
| Public Transportation Innovation                                             | 20.530                  | N/A                                   | -                                               | 150,000                          |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                                  |                         |                                       | <b>\$ -</b>                                     | <b>\$ 37,442,295</b>             |

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General:

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

Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented 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 Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Basis of Accounting:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State and Local Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

De Minimis Cost Rate:

The Authority has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 2 – NON-CASH AND FEDERAL INSURANCE**

There were no non-cash awards or Federal Insurance maintained in the current year.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2021

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**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

*Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None Reported

Noncompliance material to financial statements noted?

Yes  No

***Federal Awards***

Internal Control over major federal programs:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None Reported

Type of auditor's report issued on compliance for major federal programs:

*Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

Yes  No

Identification of major federal programs:

Assistance Listing Number(s)  
20.507, 20.525, & 20.526

Name of Federal Program or Cluster  
Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$1,123,269

Auditee qualified as low-risk auditee?

Yes  No

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(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2021

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**Section II - Financial Statement Findings**

**Finding 2021-001 – Controls over Financial Reporting**

**Criteria**

Entities are required to submit to the State of Ohio through the Hinkle System the draft financial statements. The auditor is required to use the financial statements that are submitted in the Hinkle system as the basis for the audited amounts.

**Condition**

During the audit, several adjustments were made to the draft financial statements that were submitted through the Hinkle System.

**Context**

These adjustments included entries to the following accounts: accounts receivable, deferred inflows, deferred outflows, net pension liability, net OPEB asset/liability, accrued payroll liabilities, net position, federal grant revenues, income tax revenues, City Transit Fund income, claims expense, pension/OPEB expense and miscellaneous employee benefit expenses.

**Cause**

The Authority had turnover of personnel during the current year.

**Effect**

Material adjustments were made to the financial statements that were filed in the Hinkle System.

**Recommendation**

We recommend that all entries be finalized before filing in the Hinkle System.

**Management Response**

Management concurs with the recommendation from Crowe LLP and will attempt to have our audit concluded earlier so that all entries are included in the financial statements that are filed in the Hinkle System.

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(Continued)



SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2021

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**Section III - Federal Award Findings**

There were no findings for the year ended December 31, 2021.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2021

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**Prior Year Findings and Questioned Costs**

2020-001

In the prior year, one employee was paid the incorrect amount. There were no errors found during the testing of payroll in the current year.

# OHIO AUDITOR OF STATE KEITH FABER



**SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY**

**HAMILTON 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 9/13/2022**

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

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