

The Transit Authority of the City of Omaha
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
For the year ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Transit Authority of the City of Omaha
Omaha, Nebraska

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Transit Authority of the City of Omaha (the Transit Authority), as of and for the years ended December 31, 2021, and 2020, and the related notes to the financial statements, which collectively comprise the Transit Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Transit Authority as of December 31, 2021, and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Transit Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Transit Authority's ability to continue as a going concern for the period January 1, 2022, through December 31, 2022.

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 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, 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 Transit 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 Transit 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability and related ratios, schedules of employer contributions, and schedules of investment returns on pages 1-7 and 31-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Transit Authority's basic financial statements. The schedule of expenditures of federal awards

and related notes are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2022 on our consideration of the Transit 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 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 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 Transit Authority's internal control over financial reporting and compliance.

Council Bluffs, Iowa
April 27, 2022

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended December 31, 2021 and 2020

Introduction

This management's discussion and analysis of the financial performance of The Transit Authority of the City of Omaha (the "The Transit Authority") provides an overview of the Transit Authority's financial activities for the year ended December 31, 2021, as compared to December 31, 2020. It should be read in conjunction with the accompanying financial statements of the Transit Authority.

Financial Highlights

The Transit Authority's net position decreased in 2021 by \$4,784,319 or 5.17%, this historically has been an increase for the Transit Authority when looking back at the percentage increases of 35.61% in 2020 and 11.7% in 2019. The significant increase in 2020 is due to the purchase of ORBT Revenue Vehicles and construction of ORBT Platforms. The decreased net position amount is a due to the continued increase in depreciation expense as well as seeing overall ridership still below 2019 levels.

The Transit Authority reported operating losses in 2021 of \$40,858,213 as compared to the 2020 of \$36,402,058 this is a 12.24% increase or \$4,456,155 higher amount than the 2020 operating loss. The two main contributors to this increase are the continued lower than historical ridership and continued increase in depreciation due to the prominent level of capital purchases in 2021. The operating revenues increased by 11.15% or \$348,738 from 2020 due to increases in service contract revenue related to ridership. The Transit Authority receives nonoperating revenues in the form of property taxes and governmental grants to support operations. Reporting an operating loss is consistent with the Transit Authority's operating history since the Transit Authority was formed and is operated primarily to provide public transportation to the residents of Omaha and the surrounding area and is subsidized to that end. The Transit Authority levies property taxes to provide sufficient resources to enable it to serve residents in the metropolitan area.

Total nonoperating revenues net effect decreased by \$7,022,662 or 18.76% in 2021 over the 2020 figure, the primary cause of this decrease in nonoperating revenue is due to the large amount of revenue in 2020 from the FTA CARES Grant that was received by the Transit Authority.

Using This Annual Report

The Transit Authority's financial statements consist of three statements - a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flow. These statements provide information about the activities of the Transit Authority, including resources held by the Transit Authority but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Transit Authority is accounted for as a business-type activity and presents its financial statements on the accrual basis of accounting using the economic resources measurement focus.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended December 31, 2021 and 2020

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net position

One of the most important questions asked about any of the Transit Authority's finances is "Is the Transit Authority as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Transit Authority's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities and deferred inflows and outflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the Transit Authority's net position and changes in the amount. The Transit Authority's total net position, the difference between assets, liabilities, and deferred inflows and outflows of resources, is one measure of the Transit Authority's financial health or financial position. Over time, increases or decreases in the Transit Authority's net position is an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in legislation and regulations, measures of the quantity and quality of services provided to its passengers, and local economic factors should also be considered to assess the overall financial health of the Transit Authority.

The Statement of Cash Flows

The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where the cash came from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended December 31, 2021 and 2020

The Transit Authority's Net Position

The Transit Authority's net position is the difference between its assets, liabilities, and deferred inflows of resources reported in the Statement of Net Position. The Transit Authority's net position decreased in 2021 by \$4,784,319 or 5.17% when compared to 2020. The increase in the Transit Authority's Net Position in 2020 was due to the large increase in capital assets or the purchasing of the new ORBT Revenue Vehicles and construction of new ORBT Canopy Platforms. The net decrease for 2021 is due to the continued impact of COVID as well as increase depreciation cost. **Refer to Table 1.**

Table 1: Assets, Liabilities and Net position

Statements of Net Position		
	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 8,103,311	\$ 10,127,745
Other current assets	31,166,228	29,976,262
Capital assets, net	67,680,250	73,963,095
Other noncurrent assets	81,529	85,110
	<hr/>	<hr/>
Total assets	<u>\$ 107,031,318</u>	<u>\$ 114,152,212</u>
Deferred Outflows Of Resources		
Pension related deferred outflows	<u>\$ 4,259,832</u>	<u>\$ 3,167,362</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$ 2,272,365	\$ 2,575,737
Accrued wages and vacation payable	980,278	827,521
Other accrued salaries and related	261,911	661,505
Accrued expenses	354,024	307,898
Claims liability	1,540,736	1,721,510
Total current liabilities	<u>\$ 5,409,314</u>	<u>\$ 6,094,171</u>
Noncurrent liabilities		
Net pension liability	11,056,551	11,775,725
Other post employment benefits	201,833	215,833
Total noncurrent liabilities	<u>11,258,384</u>	<u>\$ 11,991,558</u>
	<hr/>	<hr/>
Total liabilities	<u>\$ 16,667,698</u>	<u>\$ 18,085,729</u>
Deferred Inflows Of Resources		
Pension related deferred inflows	<u>\$ 6,894,834</u>	<u>\$ 6,720,908</u>
Net Assets		
Net investment in capital assets	\$ 67,387,266	\$ 72,438,282
Restricted	168,908	736,045
Unrestricted	20,172,444	19,338,610
	<hr/>	<hr/>
Total net position	<u>\$ 87,728,618</u>	<u>\$ 92,512,937</u>

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended December 31, 2021 and 2020

Transit Authority continues to capture allowable operating costs and capitalizes these expenditures in the annual appropriation of the 5307 FTA Formula funds. These funds are being invested while giving the Transit Authority a greater means of working capital. The 2021 operating expenses had an increase over what was reported in 2020 as the amount increased by \$4,804,893 or 12.16% over 2020, a sizable amount of the increase is the additional depreciation expense calculated on the new capital assets purchased in both 2020 and 2021. The Transit Authority is continuing to be more effective in the managing of grant funds and controlling operating expenses to keep them at a minimum. **Refer to Table 2.**

Table 2: Operating Results and Changes in Net Assets

	<u>2021</u>	<u>2020</u>
Statements of Revenues and Expenses		
Operating Revenues		
Passenger fares	\$ 1,897,116	\$ 1,905,168
Service contracts	1,215,652	841,292
Other	363,235	380,805
Total operating revenues	\$ 3,476,003	\$ 3,127,265
Operating Expenses		
Administration of transportation operations	\$ 888,707	\$ 765,020
Revenue vehicle movement control	1,138,077	1,194,678
Scheduling of transportation operations	208,243	157,934
Revenue vehicle operations	15,775,531	14,731,153
Maintenance administration	758,612	730,262
Servicing revenue vehicles	929,680	1,001,011
Maintenance revenue vehicles	3,813,013	3,604,367
Maintenance of other equipment	1,694,993	1,250,924
Ticketing and fare collection	99,165	70,962
Customer services and promotion	845,939	734,019
Personnel, legal and insurance	1,501,900	1,096,445
Finance, accounting and data processing	981,020	965,388
Purchasing and stores	232,972	188,869
General management	907,547	799,955
M.A.P.A activities	129,173	129,378
General and administrative	844,467	516,665
Depreciation	13,585,177	11,592,293
Total operating expenses	\$ 44,334,216	\$ 39,529,323
Operating (loss) income	(40,858,213)	(36,402,058)
Nonoperating revenues (expenses)		
Property taxes	\$ 20,202,096	\$ 19,318,842
Federal operating grants	6,969,137	14,259,971
State operating grants	2,695,270	3,423,814
Other support and revenue	500,000	410,000
Investment income	13,354	17,411
Gain (loss) on disposal of capital assets	28,785	1,266
Nonoperating revenues, net	\$ 30,408,642	\$ 37,431,304
Income (loss) before capital contributions	\$ (10,449,571)	\$ 1,029,246
Capital contributions	5,665,252	23,262,028
Increase (decrease) in net assets	\$ (4,784,319)	\$ 24,291,274
Net assets, beginning of year	92,512,937	68,221,663
Net assets, end of year	\$ 87,728,618	\$ 92,512,937

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended December 31, 2021 and 2020

Operating Losses

The first component of the overall change in the Transit Authority's net position is its operating income or loss - generally, the difference between net passenger service and other operating revenues and the expenses incurred to perform those services. In each of the past two years, the Transit Authority has reported an operating loss. As previously stated, this is consistent with the Transit Authority's operating history as the Transit Authority was formed and is operated primarily to provide public transportation to the residents of Omaha and the surrounding area and is subsidized to that end. The Transit Authority levies property taxes to provide sufficient resources to enable it to serve residents in the metropolitan area.

The operating loss for 2021 increased compared to 2020 by \$4,456,155 or 12.24%. Most of the increased operating expense is in full impact of the depreciation expense resulting from the new construction of ORBT assets and ORBT Revenue Vehicles. As you can see from the tables, there is a modest increase in operating revenues of 11.15% or \$348,738 between 2021 and 2020. The 11.15% increase in operating revenues is a result of increasing service contract revenues. Passenger revenues are still below 2019 levels as Metro continues to experience a reduction in ridership due to COVID-19.

The Transit Authority is a labor intensified industry with employee costs in salaries, wages, and fringe benefits amounting to many of the total operating expenses in 2020 as well as previous years.

Nonoperating Revenues

Nonoperating revenues consist primarily of property taxes levied by the Transit Authority, federal and state operating grants, and investment income. Nonoperating revenues decreased in 2021 by \$7,022,662 or 18.76% over 2020. The increase of 4.57% in the Property Taxes is consistent with previous years. The Transit Authority had a large decrease in Federal Operating Grants when compared to 2020. As in 2020 large drawdowns were taken from CARES Grant from FTA, this grant is reimbursable at 100% for all operating expenses as a COVID-19 relief measure. The Transit Authority still has additional funds to drawdown from CARES, but this will not occur until the ARP grant is also exhausted.

The Transit Authority's Cash Flows

The increase in the Transit Authority's cash flows is due primarily to the decrease of capital purchases in 2021 when compared to 2020. Net cash used in operating activities increased by \$2,765,097/ in 2021 or 9.77% as compared to the 2020 amount. The utilization of federal grants continues to provide an increase in cash and investments giving the Transit Authority better working capital. Emphasis has been placed on how the Transit Authority has managed its cash to increase working capital. Working capital is the value of a company's current assets minus its current liabilities and deferred inflows/outflows of resources. It is considered a good measure of both a company's efficiency and its financial health. Working capital has remained consistent for the last several years. **Refer to Table 3**

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended December 31, 2021 and 2020

Table 3: Statement of Cash Flows

Statements of Cash Flows		
	<u>2021</u>	<u>2020</u>
Operating Activities		
Received from customers and users	\$ 3,544,248	\$ 2,948,072
Payments to suppliers	(15,167,959)	(12,705,130)
Payments to employees	(19,453,756)	(18,555,312)
Net cash used in operating activities:	<u>\$ (31,077,467)</u>	<u>\$ (28,312,370)</u>
Noncapital Financial Activities		
State grants	\$ 3,669,001	\$ 3,291,082
Federal grants	4,559,695	14,285,901
Property taxes received	18,900,032	18,588,650
Net cash provided by (used in) noncapital financing activities	<u>\$ 27,128,728</u>	<u>\$ 36,165,633</u>
Capital and Related Financing Activities		
Purchase of capital assets	\$ (8,534,161)	\$ (28,312,695)
Proceeds on sale of capital assets	28,785	1,266
Other support and revenue received	500,000	437,222
State capital grants received	-	1,734,901
Federal capital grants received	9,916,327	21,834,116
Net cash provided by (used in) capital and related financing activities	<u>\$ 1,910,951</u>	<u>\$ (4,305,190)</u>
Investing Activities		
Interest income received	\$ 13,354	\$ 17,411
Net cash provided by investing activities	<u>\$ 13,354</u>	<u>\$ 17,411</u>
Net Increase (Decrease) in Cash	\$ (2,024,434)	\$ 3,565,484
Cash - Beginning of Year	<u>10,127,745</u>	<u>6,562,261</u>
Cash - End of Year	<u>\$ 8,103,311</u>	<u>\$ 10,127,745</u>
Reconciliation of Operating Income to Net Cash		
Operating income (loss)	\$ (40,858,213)	\$ (36,402,058)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	13,585,177	11,592,293
Loss on disposal of assets	-	13,816
Changes in assets and liabilities:		
Change in receivables	15,843	(193,701)
Change in inventory	163,822	(478,165)
Change in prepaid and other assets	(418,390)	(10,700)
Change in deferred outflows of resources	(1,092,470)	(2,718,346)
Change in accounts payable and prepaid expenses	(1,927,988)	(965,546)
Change in net pension liability	(719,174)	(612,254)
Change in deferred inflows of resources	173,926	1,462,291
Net cash provided by (used in) operating activities	<u>\$ (31,077,467)</u>	<u>\$ (28,312,370)</u>

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended December 31, 2021 and 2020

Capital Assets

The Transit Authorities procured a total of \$8,534,161 in 2021 capital assets as compared to the 2020 amount of \$28,312,695. The significantly higher amount in 2020 is because the Transit Authority purchased ten new ORBT articulated revenue vehicles, thirteen vans for the paratransit service. There was continued engineering, construction, and design on the ORBT platforms and canopies, with completion of all but two in 2020.

Other Economic Factors

A large segment of ridership is comprised of individuals subsidized by state and local agencies. Government and Social Service agencies' purchases of bus tickets in 2021 still continue to be lower than pre-2020 levels as a result of the COVID-19 pandemic. The Transit Authority is always looking at new ways to attract new riders and increase ridership.

Contacting the Transit Authority's Financial Management

This financial report is designed to provide a general overview of the Transit Authority's finances and to show the Transit Authority's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Transit Authority's Finance Director or Chief Executive Officer by telephoning (402) 341-7560 or emailing wclingman@ometro.com or lcencic@ometro.com.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

STATEMENTS OF NET POSITION

December 31, 2021 and 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$ 8,103,311	\$ 10,127,745
Accounts and grants receivable	9,670,255	9,842,910
Property taxes receivable	19,321,896	18,217,424
Materials and supplies inventory	1,245,383	1,409,205
Prepaid expenses and other	<u>928,694</u>	<u>506,723</u>
Total current assets	\$ 39,269,539	\$ 40,104,007
CAPITAL ASSETS, NET (Note 3)	67,680,250	73,963,095
OTHER ASSETS		
	<u>81,529</u>	<u>85,110</u>
Total assets	<u>\$ 107,031,318</u>	<u>\$ 114,152,212</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows (Note 5)	<u>\$ 4,259,832</u>	<u>\$ 3,167,362</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 2,272,365	\$ 2,575,737
Accrued wages and vacation payable	980,278	827,521
Other accrued salaries and related	261,911	661,505
Accrued expenses	354,024	307,898
Claim liabilities (Note 7)	<u>1,540,736</u>	<u>1,721,510</u>
Total current liabilities	\$ 5,409,314	\$ 6,094,171
NONCURRENT LIABILITIES		
Net pension liability (Note 5)	\$ 11,056,551	\$ 11,775,725
Other employee benefits payable (Note 6)	<u>201,833</u>	<u>215,833</u>
Total noncurrent liabilities	<u>\$ 11,258,384</u>	<u>\$ 11,991,558</u>
Total liabilities	<u>\$ 16,667,698</u>	<u>\$ 18,085,729</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows (Note 5)	<u>\$ 6,894,834</u>	<u>\$ 6,720,908</u>
NET POSITION		
Net investment in capital assets	\$ 67,387,266	\$ 72,438,282
Restricted (Note 4)	168,908	736,045
Unrestricted	<u>20,172,444</u>	<u>19,338,610</u>
Total net position	<u>\$ 87,728,618</u>	<u>\$ 92,512,937</u>

See Notes to Financial Statements

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended December 31, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Passenger fares	\$ 1,897,116	\$ 1,905,168
Service contracts	1,215,652	841,292
Other	363,235	380,805
Total operating revenues	<u>\$ 3,476,003</u>	<u>\$ 3,127,265</u>
OPERATING EXPENSES		
Administration of transportation operations	\$ 888,707	\$ 765,020
Revenue vehicle movement control	1,138,077	1,194,678
Scheduling of transportation operations	208,243	157,934
Revenue vehicle operations	15,775,531	14,731,153
Maintenance administration	758,612	730,262
Servicing revenue vehicles	929,680	1,001,011
Maintenance of revenue vehicles	3,813,013	3,604,367
Maintenance of other equipment	1,694,993	1,250,924
Ticketing and fare collection	99,165	70,962
Customer services and promotion	845,939	734,019
Personnel, legal and insurance	1,501,900	1,096,445
Finance, accounting and data processing	981,020	965,388
Purchasing and stores	232,972	188,869
General management	907,547	799,955
M.A.P.A activities	129,173	129,378
General and administrative	844,467	516,665
Depreciation	13,585,177	11,592,293
Total operating expenses	<u>\$ 44,334,216</u>	<u>\$ 39,529,323</u>
Operating (loss) income	<u>\$ (40,858,213)</u>	<u>\$ (36,402,058)</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	\$ 20,202,096	\$ 19,318,842
Federal operating grants	6,969,137	14,259,971
State operating grants	2,695,270	3,423,814
Other support and revenue	500,000	410,000
Investment income	13,354	17,411
Gain (loss) on disposal of capital assets	28,785	1,266
Nonoperating revenues, net	<u>\$ 30,408,642</u>	<u>\$ 37,431,304</u>
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	\$ (10,449,571)	\$ 1,029,246
CAPITAL CONTRIBUTIONS	<u>\$ 5,665,252</u>	<u>\$ 23,262,028</u>
Change in net position	\$ (4,784,319)	\$ 24,291,274
NET POSITION - BEGINNING	<u>92,512,937</u>	<u>68,221,663</u>
NET POSITION - END OF YEAR	<u>\$ 87,728,618</u>	<u>\$ 92,512,937</u>

See Notes to Financial Statements

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 3,544,248	\$ 2,948,072
Cash paid to suppliers	(15,167,959)	(12,705,130)
Cash paid to employees	(19,453,756)	(18,555,312)
Net cash provided by (used in) operating activities:	<u>\$ (31,077,467)</u>	<u>\$ (28,312,370)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State grants received	\$ 3,669,001	\$ 3,291,082
Federal grants received	4,559,695	14,285,901
Property taxes received	18,900,032	18,588,650
Net cash provided by (used in) noncapital financing activities	<u>\$ 27,128,728</u>	<u>\$ 36,165,633</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	\$ (8,534,161)	\$ (28,312,695)
Proceeds on sale of capital assets	28,785	1,266
Other support and revenue received	500,000	437,222
State capital grants received	-	1,734,901
Federal capital grants received	9,916,327	21,834,116
Net cash provided by (used in) capital and related financing activities	<u>\$ 1,910,951</u>	<u>\$ (4,305,190)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	\$ 13,354	\$ 17,411
Net cash provided by (used in) investing activities	<u>\$ 13,354</u>	<u>\$ 17,411</u>
NET INCREASE (DECREASE) IN CASH	\$ (2,024,434)	\$ 3,565,484
CASH - BEGINNING OF YEAR	10,127,745	6,562,261
CASH - END OF YEAR	<u>\$ 8,103,311</u>	<u>\$ 10,127,745</u>
RECONCILIATION TO BALANCE SHEETS		
Cash	<u>\$ 8,103,311</u>	<u>\$ 10,127,745</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (40,858,213)	\$ (36,402,058)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	13,585,177	11,592,293
Loss on disposal of assets	-	13,816
Changes in assets and liabilities:		
(Increase) Decrease in receivables	15,843	(193,701)
(Increase) Decrease in inventory	163,822	(478,165)
(Increase) Decrease in prepaid and other assets	(418,390)	(10,700)
(Increase) Decrease in deferred outflows of resources	(1,092,470)	(2,718,346)
Increase (Decrease) in accounts payable and accrued expenses	(1,927,988)	(965,546)
Increase (Decrease) in net pension liability	(719,174)	(612,254)
Increase (Decrease) in deferred inflows of resources	173,926	1,462,291
Net cash provided by (used in) operating activities	<u>\$ (31,077,467)</u>	<u>\$ (28,312,370)</u>
SUPPLEMENTAL CASH FLOWS INFORMATION		
Accounts payable incurred for purchase of property and equipment	\$ (292,984)	\$ 1,524,810

See Notes to Financial Statements

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

STATEMENTS OF FIDUCIARY NET POSITION

For the years ended December 31, 2021 and 2020

Statements of Fiduciary Net Position

	<u>Pension Trust Funds</u>	
	2021	2020
ASSETS		
Cash	\$ 1,300,704	\$ 883,870
Contributions receivable	80,256	107,923
Unsettled trades	-	70,381
Accrued income	21,157	21,807
Investments	40,846,759	37,389,688
Total assets	<u>\$ 42,248,876</u>	<u>\$ 38,473,669</u>
FIDUCIARY NET POSITION		
Restricted for pensions	<u>\$ 42,248,876</u>	<u>\$ 38,473,669</u>

See Notes to Financial Statements

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the years ended December 31, 2021 and 2020

	2021	2020
ADDITIONS		
Employee contributions	\$ 1,110,776	\$ 1,054,074
Employer contributions	1,215,846	1,549,286
Total contributions	<u>\$ 2,326,622</u>	<u>\$ 2,603,360</u>
Investment income (loss)		
Net change in fair value of investments	\$ 2,847,446	\$ 2,803,157
Interest, dividends and other income	1,800,761	2,038,241
Investment expenses	(62,489)	(59,567)
Net investment income (loss)	<u>\$ 4,585,718</u>	<u>\$ 4,781,831</u>
Total additions	\$ 6,912,340	\$ 7,385,191
DEDUCTIONS		
Benefits paid	\$ 3,112,408	\$ 2,893,811
Administrative expenses	24,725	20,498
Total deductions	<u>\$ 3,137,133</u>	<u>\$ 2,914,309</u>
Net increase (decrease in fiduciary net position)	\$ 3,775,207	\$ 4,470,882
FIDUCIARY NET POSITION		
Beginning of the year	<u>\$ 38,473,669</u>	<u>\$ 34,002,787</u>
End of the year	<u><u>\$ 42,248,876</u></u>	<u><u>\$ 38,473,669</u></u>

See Notes to Financial Statements

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS Years ended December 31, 2021 and 2020

1. Nature of Operations and Summary of Significant Accounting Policies

The Transit Authority of the City of Omaha (the Transit Authority) operates a timed-transfer system offering fixed, express/commuter and circulator route services. The Transit Authority serves 100 square miles or approximately 85% of the City of Omaha. In addition, the Transit Authority offers MOBY, American with Disabilities Act complementary Para the Transit service. MOBY is an origin-to destination, curb-to-curb service operation within Omaha's city limits.

Reporting Entity:

The Transit Authority, a public benefit corporation, was created by the City of Omaha, Nebraska, by Ordinance No. 26335 on May 10, 1972, under statutes of Nebraska known as the Transit Authority Law. The Transit Authority is an independent political subdivision of the State of Nebraska. As a political subdivision, it is distinct from, and is not an agency of, the State of Nebraska or any other local governmental unit. The Transit Authority has the right to eminent domain and the power to enter into contracts and to purchase equipment. The Transit Authority consists of a five-member board appointed by the mayor and confirmed by Omaha's City Council and the County Board of Douglas County, Nebraska. The Transit Authority is solely responsible for financing deficits or the disposition of surplus funds. The Transit Authority collects revenues, controls disbursements and has title to all assets. The Transit Authority has and retains full and exclusive jurisdiction and control over all public passenger transportation systems in the City of Omaha, excluding taxicabs and railroad systems.

The transit service outside of the Omaha city limits is provided by contractual agreement between the Transit Authority and the respective political jurisdictions and agencies.

Basis of Accounting:

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

The basic financial statements provide information about the Transit Authority's business-type and fiduciary (Pension Trust Funds) activities. Separate statements for business-type and fiduciary, are presented. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. On an accrual basis, revenues from operating activities are recognized in the fiscal year that the operations are provided; revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied; and revenue from investments is recognized when earned. The Transit Authority is not subject to federal or state income taxes.

Use of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Significant estimates include the assumptions used in computing the Transit Authority's pension benefit obligation. Actual results could differ from those estimates.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

1. Nature of Operations and Summary of Significant Accounting Policies – Continued

Fair Value Measurements:

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Transit Authority groups assets measured at fair value into three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for an asset or liability that are used to measure fair value when observable inputs are not available. These inputs are developed based upon the best information available in such circumstances.

The categorization of fair value measurements by level of the hierarchy is based upon the lowest level input that is significant to the overall fair value measurement for a given asset or liability. The assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

In the event that changes in the inputs used in the fair value measurement of an asset or liability result in a transfer into a different level, such transfers are recognized at the end of the reporting period.

The following methods and assumptions were used to estimate fair value for each class of financial instrument measured at fair value:

Fixed income mutual funds – These include investments in mutual funds holding assets that provide stability, generate income and diversify market risk.

Common stock mutual funds – This category includes investments in equities in U.S. and developed markets outside the U.S.

Convertible securities mutual funds – This category includes investments in an index fund which invests in stocks of companies located in emerging markets around the world.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

1. Nature of Operations and Summary of Significant Accounting Policies – Continued

Fair Value Measurements – Continued:

All of the financial instruments described above and held by The Transit Authority are traded on a national securities exchange and are valued at the net asset value of the underlying investments. The underlying investments are valued at the latest quoted market prices.

Cash Equivalents:

The Transit Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2020 and 2019, cash equivalents consisted primarily of money market accounts with a bank.

Certificates of Deposit and Investment Income:

Investments in nonnegotiable certificates of deposit are carried at cost. Investment income consists of interest income.

Accounts, Grants and Property Taxes Receivable:

Accounts receivable consist of amounts due from customers for the Transit services, accrued interest and various other items. Grants receivable consist of amounts due from the federal and state government under grant contracts as reimbursement for funds expended in accordance with those grant agreements. Tax collections receivable consist of uncollected property taxes. The Transit Authority has evaluated outstanding receivables and determined that no allowance is necessary at December 31, 2021 and 2020.

Materials and Supplies Inventory:

Materials and supplies are stated at the lower of cost (first-in, first-out method) or market. Inventory generally consists of maintenance parts and supplies for rolling stock and other miscellaneous items.

Capital Assets:

Assets which cost \$5,000 or more, and with a useful life of more than one year, are capitalized in the year they are placed in service. Capital assets are recorded at cost, or if contributed property, at their fair value at the time of contribution. Costs of maintenance and repairs are charged to operations as incurred; costs of improvements are capitalized and depreciated over the remaining useful lives of the related assets.

The Transit Authority computes depreciation using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	3 - 40 years
Motor coaches	2 - 12 years
Service cars and other equipment	3 - 7 years

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

1. Nature of Operations and Summary of Significant Accounting Policies – Continued

Accrued Vacation Pay:

The Transit Authority policies permit union employees to accumulate vacation benefits that may be realized as paid time off. Under the terms of the Operating Policy, employees of the Transit Authority are granted vacation varying from one to five weeks based upon length of service. Expense and related liability for accrued vacation pay is earned in the current year to be used in the following year. There is no carryover of unused vacation, and any remaining amounts are paid out by the end of the year. Accrued vacation pay is computed using the regular pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as pension, social security and Medicare taxes computed using rates in effect at that date.

Administrative employees accrue vacation each pay period. These amounts are prorated ranging from two to five weeks-based on anniversary date and length of service. Vacation time is paid when used or paid as a lump sum following termination.

Net Position:

Net position is required to be classified into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and costs to be recovered from future revenues, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, or law or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets." When both restricted and unrestricted resources are available for use, it is the Transit Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenue Recognition:

Operating revenues occur from passenger fares, service contracts, rental of property, and sale of advertising space. Operating expenses include the cost of sales and service, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses. Resources received or recognized as receivable before time requirements are met, are reported as deferred revenues.

Passenger fares are recorded as revenue at the time the service is provided.

Property taxes are recognized as revenues in the year for which they are levied.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

The Transit Authority recognizes federal and state grant income when eligibility requirements are met. The Federal Transit Administration ("FTA") and the State of Nebraska provide financial assistance and distribute grants directly to the Transit Authority for operations and acquisition of property and equipment. Operating grants made on the basis of entitlement periods are recorded as grant receivables and revenues over the entitlement periods, based on qualifying expenditures. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables when the related grant expenditures are incurred.

1. Nature of Operations and Summary of Significant Accounting Policies – Continued

Property Taxes:

The tax levies for all political subdivisions in Douglas County are certified by the county board on or before October 15. Real estate taxes are due and become an enforceable lien on property on December 31. The first half of the real estate taxes becomes delinquent on April 1 and the second half become delinquent on August 1 following the levy date. Personal property taxes are due on December 31 and become delinquent on April 1 and August 1 following the levy date. Delinquent taxes bear 14% interest.

2. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents of the Business-type Activities:

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Transit Authority's deposit policy for custodial credit risk requires compliance with the provisions of state law. As of December 31, 2021, and 2020, the Transit Authority's banks of deposit and money market balances were \$8,475,515 and \$9,651,178, respectively. As of December 31, 2021, and 2020, the amounts were fully insured or collateralized with collateral in the Transit Authority's name.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the state of Nebraska; bonds of any city, county, school district or special road district of the state of Nebraska; bonds or obligations of another state, or political subdivision of another state, which are rated within the two highest classifications of prime by at least one of the standard rating services; or a surety bond having an aggregate value at least equal to the amount of deposits.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

2. Cash, Cash Equivalents, and Investments – Continued

The carrying values of cash and deposits are included in the balance sheets as follows:

	2021	2020
Carrying value:		
Deposits	\$ 7,508,395	\$ 9,095,411
Cash at County Treasurer	594,916	1,032,334
	\$ 8,103,311	\$ 10,127,745

Investment income for the year ended December 31, 2021 and 2020, consisted of interest income of \$13,354 and \$17,411, respectively.

Cash, Cash Equivalents and Investments of the Fiduciary Activities:

Cash, cash equivalents, and investments are reported in the Fiduciary Funds (Pension Trust Funds) as follows as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 1,300,704	\$ 883,870
Investments, at fair value:		
Fixed income securities mutual funds	\$ 13,455,483	\$ 14,333,304
Common stock mutual funds	25,367,175	21,128,452
Convertible securities mutual funds	2,024,101	1,927,932
	\$ 40,846,759	\$ 37,389,688

All investments at fair value held by The Transit Authority are classified as level one on the fair value hierarchy as described in Note 1.

Investment Policy: The overall objective of the pension plans (see Note 5 for a description of the plans) are to provide benefits to beneficiaries through a carefully planned and executed investment program. The assets are diversified among index funds to minimize relative volatility and the risk of large losses within any one asset class, investment type, geographic location, industry or sector distributions, or maturity date, any or all of which could seriously impair the Plan's ability to achieve funding and long-term investment objectives. Investment objectives are reviewed at least annually in light of long-term capital market expectations, any significant changes in the characteristics of the Plan or its Participants, and actuarial funding considerations with regard to the liabilities of the Plan.

The assets of the Plans are invested to maximize returns for the level of risk taken. The Pension Plan Committee adheres to the theory of capital market pricing, which maintains that varying degrees of investment risk should be rewarded with compensating returns. Consequently, the Pension Plan Committee makes allocations and investment decisions based on the premise that prudent risk-taking is justifiable. Through the use of index funds, the Pension Plan Committee is expressing its desire to maintain risk exposure equal to that of the market segments included in the asset allocation of the Plan's portfolio.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

2. Cash, Cash Equivalents, and Investments – Continued

Asset allocation targets as outlined by the Pension Plan’s investment policies are as follows:

Asset Class	Target
Equity Investments	60.0%
S&P 500 Index	27.0
Mid Cap Index	9.0
Small Cap Index	9.0
Developed Markets Index	10.0
Emerging Markets Index	5.0
Fixed Income Investments (including Cash)	40.0%
Cash	2.5
Short Term Investment Grade	2.0
Total Bond Market Index (Investment Grade)	35.5

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affected the fair value of the investment. The Pension Plan Committee mitigates exposure to changes in interest rates by requiring that the assets be invested in accordance with allocation targets as noted above.

Credit Risk and Concentration of Credit Risk: Credit risk is the risk that the issuer or other counterparty to the investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of the investments in a single issuer. The Pension Plan Committee mitigates exposure to credit risk by requiring that the assets be invested in accordance with allocation targets as noted above, and by investing in mainly mutual funds.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. There was no foreign currency risk as of December 31, 2021 or 2020.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

3. Capital Assets

Capital assets activity for the year ended December 31, 2021 and 2020, was:

	Balance <u>1/1/2021</u>	<u>Additions</u>	Adjustments and <u>Retirements</u>	<u>Transfers</u>	Balance <u>12/31/2021</u>
Land	2,828,335	\$ -	\$ -	\$ -	\$ 2,828,335
Construction in progress	5,433,838	7,443,963	(141,631)	(8,511,048)	4,225,122
Total nondepreciable capital assets	<u>\$ 8,262,173</u>	<u>\$ 7,443,963</u>	<u>\$ (141,631)</u>	<u>\$ (8,511,048)</u>	<u>\$ 7,053,457</u>
Buildings and improvements	\$ 48,853,358	\$ -	\$ -	\$ 12,900	\$ 48,866,258
Motor coaches	50,603,755	-	(1,575,458)	6,424,705	55,453,002
Service cars and other equipment	17,202,130	-	(39,745)	1,568,675	18,731,060
Office furniture and equipment	6,035,053	-	-	300,629	6,335,682
Fees and studies	12,808,337	-	-	204,139	13,012,476
Total depreciable assets	<u>\$ 135,502,633</u>	<u>\$ -</u>	<u>\$ (1,615,203)</u>	<u>\$ 8,511,048</u>	<u>\$ 142,398,478</u>
Less: accumulated depreciation	(69,801,711)	(13,585,177)	1,615,203	-	(81,771,685)
Total depreciable capital assets, net	<u>\$ 65,700,922</u>	<u>\$ (13,585,177)</u>	<u>\$ -</u>	<u>\$ 8,511,048</u>	<u>\$ 60,626,793</u>
Net capital assets	<u>\$ 73,963,095</u>	<u>\$ (6,141,214)</u>	<u>\$ (141,631)</u>	<u>\$ -</u>	<u>\$ 67,680,250</u>

	Balance <u>1/1/2020</u>	<u>Additions</u>	Adjustments and <u>Retirements</u>	<u>Transfers</u>	Balance <u>12/31/2020</u>
Land	\$ 2,828,335	\$ -	\$ -	\$ -	\$ 2,828,335
Construction in progress	6,530,040	26,871,274	(76,006)	(27,891,470)	5,433,838
Total nondepreciable capital assets	<u>\$ 9,358,375</u>	<u>\$ 26,871,274</u>	<u>\$ (76,006)</u>	<u>\$ (27,891,470)</u>	<u>\$ 8,262,173</u>
Buildings and improvements	\$ 40,936,678	\$ -	\$ (259,236)	\$ 8,175,916	\$ 48,853,358
Motor coaches	42,859,974	-	(558,920)	8,302,701	50,603,755
Service cars and other equipment	9,872,495	-	(1,025,688)	8,355,323	17,202,130
Office furniture and equipment	5,706,223	-	(262,957)	591,787	6,035,053
Fees and studies	10,342,594	-	-	2,465,743	12,808,337
Total depreciable assets	<u>\$ 109,717,964</u>	<u>\$ -</u>	<u>\$ (2,106,801)</u>	<u>\$ 27,891,470</u>	<u>\$ 135,502,633</u>
Less: accumulated depreciation	(60,302,403)	(11,592,293)	2,092,985	-	(69,801,711)
Total depreciable capital assets, net	<u>\$ 49,415,561</u>	<u>\$ (11,592,293)</u>	<u>\$ (13,816)</u>	<u>\$ 27,891,470</u>	<u>\$ 65,700,922</u>
Net capital assets	<u>\$ 58,773,936</u>	<u>\$ 15,278,981</u>	<u>\$ (89,822)</u>	<u>\$ -</u>	<u>\$ 73,963,095</u>

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

4. Restricted Net Position

The Transit Authority had \$168,908 and \$736,045 restricted net position at December 31, 2021 and 20, respectively. Restricted funds were purpose restricted for the Bus Rapid Transit (BRT) project.

5. Pension Plans

Defined Benefit Plans:

Plan Description:

The Transit Authority contributes, as a single employer, to a separate pension plan for both its hourly and salaried employees ("the Plans") administered by a third-party administrator. Participation is mandatory for all employees. Both plans are defined benefit plans, which provide retirement, death, termination, and disability benefits. The Transit Authority does not issue a separate report that includes financial statements and supplementary information for the Plans.

Hourly employees who are covered by a collective bargaining agreement between the Transit Authority and the Transportation Workers of America become eligible under the Hourly Employees' Pension Plan ("Hourly Plan") and salaried employees become eligible under the Salaried Employees' Pension Plan ("Salaried Plan") the first day of the month following completion of 120 days of service. Vesting for employer contributions under both Plans is achieved upon completion of ten years of service. Employee contributions are fully vested. The Plans were established by the Board of Directors and the employer reserves the right to amend, suspend or terminate the plans at any time by action of the Board of Directors.

Current membership is comprised of the following:

Salaried Plan	
Active plan members:	
Non-vested	15
Partially vested	6
Fully vested	21
Inactive plan members or beneficiaries currently receiving benefits	47
Inactive plan members entitled to but not yet receiving benefits	7
Total active and inactive participants	<u>96</u>

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

5. Pension Plans – Continued

Hourly Plan	
Active plan members:	
Non-vested	70
Partially vested	47
Fully vested	77
Inactive plan members or beneficiaries currently receiving benefits	196
Inactive plan members entitled to but not yet receiving benefits	51
Total active and inactive participants	<u>441</u>

Funding Policy:

Salaried Employees' Plan

The Plan requires all salaried participants to contribute 6.50% of their annual salary to the Plan. The Transit Authority is required to contribute the balance of funds needed as determined from an actuarial valuation for the Salaried Employees' Plan. The percentage was 9.28% for 2021 and 2020.

Hourly Employees' Plan

The Plan requires all salaried participants to contribute 7.50% of their annual salary to the Plan. The Transit Authority is required to contribute 7.75% of the hourly participant's annual salary to the Plan.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

5. Pension Plans – Continued

Funded Status and Funding Progress:

Salaried Employees' Plan

At December 31, 2021, the measurement date, based on a valuation date of January 1, 2021, the Plan was 86.48% funded. The actuarial accrued liability for benefits was \$11,500,514 and the actuarial value of assets was \$9,945,296 resulting in a net pension liability (NPL) of \$1,555,218. The covered payroll (payroll on which contributions to a pension plan are based) was \$3,137,262 and the ratio of the NPL to covered payroll was 49.57%. Expected real rates of return are determined by subtracting expected inflation from expected rates of return. Expected real rates of return for each major asset class and asset allocation as of December 31, 2021, are as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	3%	-0.26%
US Core Fixed Income	24%	1.01%
US Short Bonds	5%	1.24%
US Large Caps	36%	4.94%
US Small Caps	10%	6.73%
US Mid Caps	10%	5.56%
Foreign Developed Equity	6%	6.27%
Emerging Markets Equity	6%	8.82%

Hourly Employees' Plan

At December 31, 2021, the measurement date, based on a valuation date of January 1, 2021, the Plan was 77.27% funded. The actuarial accrued liability was \$41,804,915 and the actuarial value of assets was \$32,303,581 resulting in a net pension liability of \$9,501,334. The covered payroll was \$12,376,694 and the ratio of the NPL to covered payroll was 76.77%. Expected real rates of return are determined by subtracting expected inflation from expected rates of return. Expected real rates of return for each major asset class and asset allocation as of December 31, 2021, are as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	3%	-0.26%
US Core Fixed Income	24%	1.01%
US Short Bonds	5%	1.24%
US Large Caps	36%	4.94%
US Small Caps	10%	6.73%
US Mid Caps	10%	5.56%
Foreign Developed Equity	6%	6.27%
Emerging Markets Equity	6%	8.82%

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

5. Pension Plans – Continued

Annual Pension Cost and Net Pension Obligation:

The Transit Authority's changes in net pension liability are as follows:

Salary	Salary Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 12/31/19	\$ 9,635,341	\$ 8,051,883	\$ 1,583,458
Charges for the year:			
Service cost	194,007	-	194,007
Interest on total pension liability	644,595	-	644,595
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(53,540)	-	(53,540)
Effect of assumptions changes or in	611,397	-	611,397
Benefit payments	(568,882)	(568,882)	-
Employer contributions	-	262,748	(262,748)
Member contributions	-	177,937	(177,937)
Net investment income	-	1,145,976	(1,145,976)
Administrative expenses	-	(19,905)	19,905
Net changes	<u>827,577</u>	<u>997,874</u>	<u>(170,297)</u>
Balances at 12/31/20	\$ 10,462,918	\$ 9,049,757	\$ 1,413,161
Charges for the year:			
Service cost	238,645	-	238,645
Interest on total pension liability	674,743	-	674,743
Effect of plan changes	2,507		2,507
Effect of economic/demographic gains or losses	490,898		490,898
Effect of assumptions changes or inputs	282,882		282,882
Benefit payments	(652,079)	(652,079)	-
Employer contributions	-	275,918	(275,918)
Member contributions	-	202,495	(202,495)
Net investment income	-	1,097,373	(1,097,373)
Administrative expenses	-	(28,168)	28,168
Net changes	<u>1,037,596</u>	<u>895,539</u>	<u>142,057</u>
Balances at 12/31/21	\$ 11,500,514	\$ 9,945,296	\$ 1,555,218

Plan fiduciary net position as a percentage of the total pension liability:

2020	86.49%
2021	86.48%

The following represents the net pension liability for the Transit Authority for 2021, calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	<u>1% Decrease (5.5%)</u>	<u>Current Discount Rate (6.5%)</u>	<u>1% Increase (7.5%)</u>
Authority's net pension liability (asset) - 2021	\$ 2,832,312	\$ 1,555,218	\$ 510,175

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

5. Pension Plans – Continued

Annual Pension Cost and Net Pension Obligation-Continued:

The following represents the net pension liability for the Transit Authority for 2020, calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Authority's net pension liability (asset) - 2020	\$ 2,700,907	\$ 1,413,161	\$ 669,438

Hourly Plan

Hourly	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 12/31/19	\$ 36,755,425	\$ 25,950,904	\$ 10,804,521
Charges for the year:			
Service cost	917,732	-	917,732
Interest on total pension liability	2,465,753	-	2,465,753
Effect of plan changes	-	-	
Effect of economic/demographic gains or losses	(599,260)	-	(599,260)
Effect of assumptions changes or inputs	2,571,754	-	2,571,754
Benefit payments	(2,324,928)	(2,324,928)	-
Employer contributions	-	1,286,538	(1,286,538)
Member contributions	-	876,137	(876,137)
Net investment income	-	3,680,422	(3,680,422)
Administrative expenses	-	(45,161)	45,161
Net changes	<u>3,031,051</u>	<u>3,473,008</u>	<u>(441,957)</u>
Balances at 12/31/20	\$ 39,786,476	\$ 29,423,912	\$ 10,362,564
Charges for the year:			
Service cost	1,035,492	-	1,035,492
Interest on total pension liability	2,574,726	-	2,574,726
Effect of plan changes	9,108	-	9,108
Effect of economic/demographic gains or losses	(141,309)	-	(141,309)
Effect of assumptions changes or inputs	1,000,751	-	1,000,751
Benefit payments	(2,460,329)	(2,460,329)	-
Employer contributions	-	939,928	(939,928)
Member contributions	-	908,281	(908,281)
Net investment income	-	3,550,835	(3,550,835)
Administrative expenses	-	(59,046)	59,046
Net changes	<u>2,018,439</u>	<u>2,879,669</u>	<u>(861,230)</u>
Balances at 12/31/21	\$ 41,804,915	\$ 32,303,581	\$ 9,501,334

Plan fiduciary net position as a percentage of the total pension liability:

2020	73.95%
2021	77.27%

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

5. Pension Plans – Continued

Annual Pension Cost and Net Pension Obligation-Continued:

The following represents the net pension liability for the Transit Authority for 2020, calculated using the discount rate of 6.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Authority's net pension liability (asset) - 2021	\$ 13,963,478	\$ 9,501,334	\$ 5,755,390

The following represents the net pension liability for the Transit Authority for 2020, calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Authority's net pension liability (asset) - 2020	\$ 14,820,690	\$ 10,362,564	\$ 7,183,717

For the years ending December 31, 2021 and 2020, the Transit Authority recognized pension expense of (\$421,871) and (\$319,023), respectively.

The Transit Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Salary Plan

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 564,940	\$ (97,003)	\$ 167,082	\$ (116,866)
Changes of assumptions	717,591	-	540,304	-
Net difference between projected and actual earnings on pension plan investments	-	(972,681)	-	(798,463)
Total	<u>\$ 1,282,531</u>	<u>\$ (1,069,684)</u>	<u>\$ 707,386</u>	<u>\$ (915,329)</u>

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

5. Pension Plans – Continued

Annual Pension Cost and Net Pension Obligation-Continued:

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

Year ended December 31:

2022	\$ (59,409)
2023	(228,011)
2024	(45,826)
2025	66,532
2026	168,243
Thereafter	311,318

Hourly Plan

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 147,377	\$ (751,711)	\$ 198,072	\$ (740,160)
Changes of assumptions	2,829,924	(1,957,555)	2,261,904	(2,550,754)
Net difference between projected and actual earnings on pension plan investments	-	(3,115,884)	-	(2,514,665)
Total	<u>\$ 2,977,301</u>	<u>\$ (5,825,150)</u>	<u>\$ 2,459,976</u>	<u>\$ (5,805,579)</u>

Annual Pension Cost and Net Pension Obligation-Continued:

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

Year ended December 31:

2022	\$ (1,000,593)
2023	(1,543,327)
2024	(966,574)
2025	(203,676)
2026	331,115
Thereafter	535,206

The annual required contribution for the current year was determined as part of the January 1, 2021 actuarial valuation using the entry age cost method. The actuarial assumptions included a rate of return on the investment of present and future assets of 6.25% for the Hourly Plan and Salaried Plan per year and projected salary increases of 4.00% for each plan. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments by setting such value equal to the expected value, based on the assumed rate of return, plus 25% of the difference between market and expected values for the Salaried Plan and Hourly Plan. Increases in the net pension liability are amortized over 22 years with a closed period for the Salaried and Hourly Plan.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

5. Pension Plans – Continued

Additional Information:

The Schedule of Pension Funding Progress, presented as RSI following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for the Salary and Hourly Employee Plans for financial reporting purposes does not explicitly incorporate the potential effects of the limitation of funding percentage on the employer's portion.

6. Other Employee Benefits

The Transit Authority provides a death benefit to all employees ranging from \$4,000 to \$5,000 based on the year of retirement. After July 1, 2005 (for bargaining unit employees) and May 2009 for administrative employees, a retiree may opt to take \$4,000 cash at retirement in lieu of the \$5,000 death benefit. The liability is the amount owed to employees who are eligible at their retirement date to receive the benefit. At December 31, 2021 and 2020, the Transit Authority recorded a liability of \$201,833 and \$215,833, respectively. No portion of this liability is considered current as of December 31, 2021 or 2020.

The Transit Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan permits employees to defer a portion of their salary until termination, retirement, death or unforeseeable emergency. Participation in the plan is optional.

7. Risk Management

The Transit Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption, errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. The Transit Authority is self-insured for workers' compensation risks in Nebraska up to \$600,000 per individual, \$1,000,000 per occurrence; property risks up to \$100,000 per occurrence; public transportation liability risks up to \$500,000 per occurrence; and employee health claims up to \$125,000 per person with an aggregate maximum of \$4,902,235. The self-insurance programs, except for health insurance, are administered through the Human Relations Department.

Commercial insurance is purchased for coverage above self-insurance limits. Workers' compensation above self-insured limits is covered by a policy which provides \$5,000,000 limits above the Transit Authority's retention of \$600,000 per individual and \$1,000,000 per occurrence. Public transportation above self-insured limits is covered by a policy which provides \$5,000,000 limits above the Transit Authority's retention of \$500,000 per occurrence. The Nebraska Political Tort Claims Act limits the Transit Authority's liability for tort claims to \$1,000,000 per individual and \$5,000,000 for all individuals per occurrence. Public official risks continue to be insured through a commercial policy. Settled claims have not exceeded coverage in any of the past three fiscal years.

The Transit Authority funds its self-insurance program on an "incurred loss" basis. Provisions for these liabilities have been made based upon historical experience. The Transit Authority has internally designated approximately \$2,000,000 of its cash equivalents as a reserve for the Transit liability and casualty losses.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

7. Risk Management

The following is a summary of the changes in the estimated claims liability for the year ended December 31:

	2021	2020
Balance, January 1	\$ 1,721,510	\$ 1,642,824
Current year claims and change in estimates	4,705,627	4,308,426
Claim payments	<u>(4,886,401)</u>	<u>(4,229,740)</u>
Balance, December 31	<u>\$ 1,540,736</u>	<u>\$ 1,721,510</u>

8. Commitments and Contingencies

Government Grants:

The Transit Authority is currently participating in numerous grants from various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. At December 31, 2021 and 2020, in the opinion of management of the Transit Authority, any disallowance resulting from a federal audit would not be material.

Claims and Litigation:

The Transit Authority is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. Management believes all outstanding claims are substantially covered by insurance policies and the ultimate disposition of the actions will not have a material effect on the financial statements of the Transit Authority.

Construction and Purchase Commitments

As of December 31, 2021, the Transit Authority had construction contracts in progress with remaining future commitments totaling \$933,344. FTA grant funds have been obtained to cover the bulk of these commitments.

Current Economic Conditions:

The current economic environment presents governmental agencies with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, declines in governmental support, grant revenue, tax revenue, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Transit Authority.

A significant decline in governmental support, grant revenue, tax revenue, etc. could have an adverse impact on the Transit Authority's future operating results.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2021 and 2020

8. Commitments and Contingencies – Continued

Current Economic Conditions – Continued:

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in allowances for accounts receivable and pension obligations that could negatively impact the Transit Authority's ability to maintain sufficient liquidity.

On March 11, 2020 the World Health Organization declared the coronavirus outbreak to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Transit Authority operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Transit Authority, to date, the Transit Authority is experiencing disruption in daily activities.

9. Subsequent Events

Subsequent events have been evaluated through April 27, 2022 which is the date the financial statements were available to be issued.

Required Supplementary Information

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Salary Plan

Last 10 Calendar Years, ending December 31
(In Thousands)

	<u>2021</u>	<u>2020</u>
Total pension liability		
Service cost	\$ 239	\$ 194
Interest on total pension liability	675	645
Effect of plan changes	2	-
Effect of economic/demographic gains of member contributions	491	(53)
Effect of assumption changes or inputs	283	611
Benefit payments, including refunds of member contributions	<u>(652)</u>	<u>(569)</u>
Net change in total pension liability	1,038	828
Total pension liability-beginning	<u>10,463</u>	<u>9,635</u>
Total pension liability-ending (a)	<u><u>\$ 11,501</u></u>	<u><u>\$ 10,463</u></u>
Fiduciary net position		
Contributions-employer	\$ 276	\$ 263
Contributions-member	203	178
Net investment income	1,097	1,146
Benefit payments	(652)	(569)
Administrative expense	(28)	(20)
Transfer from hourly plan	-	-
Net change in plan fiduciary net position	<u>896</u>	<u>998</u>
Plan fiduciary net position-beginning	<u>9,050</u>	<u>8,052</u>
Plan fiduciary net position-ending (b)	<u><u>\$ 9,946</u></u>	<u><u>\$ 9,050</u></u>
Net pension liability (asset)-ending (a) - (b)	\$ 1,555	\$ 1,413
Fiduciary net position as a percentage of the total pension liability	86.48%	86.50%
Covered-employee payroll	\$ 3,137	\$ 2,639
Net pension liability (asset) as a percentage of covered-employee payroll	49.57%	53.54%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2012 to 2014 are unavailable

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Salary Plan

Last 10 Calendar Years, ending December 31
(In Thousands)

2019	2018	2017	2016	2015
\$ 184	\$ 180	\$ 175	\$ 154	\$ 158
630	609	599	566	550
-	-	-	-	-
-	93	(124)	219	(25)
-	-	-	-	-
<u>(630)</u>	<u>(547)</u>	<u>(464)</u>	<u>(474)</u>	<u>(418)</u>
184	335	186	465	265
9,451	9,116	8,930	8,465	8,200
<u>\$ 9,635</u>	<u>\$ 9,451</u>	<u>\$ 9,116</u>	<u>\$ 8,930</u>	<u>\$ 8,465</u>
\$ 211	\$ 242	\$ 211	\$ 211	\$ 235
154	148	136	137	127
1,372	(344)	915	489	(94)
(630)	(547)	(464)	(474)	(418)
(22)	(18)	(62)	(61)	-
-	-	47	97	-
<u>1,085</u>	<u>(519)</u>	<u>783</u>	<u>399</u>	<u>(150)</u>
6,967	7,486	6,703	6,304	6,454
<u>\$ 8,052</u>	<u>\$ 6,967</u>	<u>\$ 7,486</u>	<u>\$ 6,703</u>	<u>\$ 6,304</u>
\$ 1,583	\$ 2,484	\$ 1,630	\$ 2,227	\$ 2,161
83.57%	73.72%	82.12%	75.06%	74.47%
\$ 2,645	\$ 2,645	\$ 2,401	\$ 2,312	\$ 2,070
59.85%	93.92%	67.88%	96.32%	104.40%

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Salary Plan

Last 10 Calendar Years, ending December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 271,466	\$ 233,703	\$ 216,026	\$ 195,553	\$ 214,483	\$ 191,504	\$ 193,768	\$ 219,791	\$ 224,671	\$ 240,394
Contributions in relation to the actuarially determined contribution	275,918	262,748	210,798	241,858	211,386	211,056	234,812	218,892	251,577	246,999
Contribution deficiency (excess)	\$ (4,452)	\$ (29,045)	\$ 5,228	\$ (46,305)	\$ 3,097	\$ (19,552)	\$ (41,044)	\$ 899	\$ (26,906)	\$ (6,605)
Covered-employee payroll	\$ 3,137,262	\$ 2,638,799	\$ 2,645,012	\$ 2,645,012	\$ 2,401,367	\$ 2,311,907	\$ 2,069,548	\$ 2,185,380	\$ 2,071,861	\$ 1,905,917
Contributions as a percentage of covered-employee payroll	8.79%	9.96%	7.97%	9.14%	8.80%	9.13%	11.35%	10.02%	12.14%	12.96%

Notes to Schedule

Valuation date:

Actuarial determined contribution rates are calculated as of December 31 in the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent, closed period, 21 years
Asset valuation method	Five year non-asymptotic smoothing
Inflation	2.50%
Salary increases	4.00%
Investment rate of return	6.25%
Withdrawal rates	Rates that vary by age and services
Retirement rates	Rates that vary by age and services
Mortality	PubG-2010 Mortality with generational projection per the MP-2019 Ultimate Scale

Hourly

	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	12.27%	14.35%	20.09%	-4.63%	13.68%

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

SCHEDULE OF INVESTMENT RETURNS

Salary Plan

Last 10 Calendar Years, ending December 31

	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	12.27%	14.35%	20.09%	-4.63%	13.68%	7.50%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2012 to 2015 are unavailable.

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Hourly Plan

Last 10 Calendar Years, ending December 31
(In Thousands)

	<u>2021</u>	<u>2020</u>
Total pension liability		
Service cost	\$ 1,035	\$ 917
Interest on total pension liability	2,575	2,466
Effect of plan changes	9	-
Effect of economic/demographic gains or losses	(141)	(599)
Effect of assumption changes or inputs	1,001	2,572
Benefit payments, including refunds of member contributions	<u>(2,460)</u>	<u>(2,325)</u>
Net change in total pension liability	2,019	3,031
Total pension liability-beginning	39,786	36,755
Total pension liability-ending (a)	<u>\$ 41,805</u>	<u>\$ 39,786</u>
Fiduciary net position		
Contributions-employer	\$ 940	\$ 1,287
Contributions-member	908	876
Net investment income	3,551	3,680
Benefit payments	(2,460)	(2,325)
Administrative expense	(59)	(45)
Transfer to salary plan	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	2,880	3,473
Plan fiduciary net position-beginning	29,423	25,950
Plan fiduciary net position-ending (b)	<u>\$ 32,303</u>	<u>\$ 29,423</u>
Net pension liability (asset)-ending (a) - (b)	9,502	10,363
Fiduciary net position as a percentage of the total pension liability	77.27%	73.95%
Covered-employee payroll	12,377	11,605
Net pension liability (asset) as a percentage of covered-employee payroll	76.77%	89.30%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2012 to 2014 are unavailable

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Hourly Plan

Last 10 Calendar Years, ending December 31
(In Thousands)

2019	2018	2017	2016	2015
\$ 846	\$ 930	\$ 1,152	\$ 1,137	\$ 1,158
2,400	2,366	2,120	2,032	2,469
-	-	-	-	-
-	(334)	90	351	(975)
-	-	(4,924)	-	-
<u>(2,397)</u>	<u>(2,305)</u>	<u>(1,857)</u>	<u>(1,982)</u>	<u>(1,857)</u>
849	657	(3,419)	1,538	795
35,906	35,249	38,668	37,130	36,335
<u>\$ 36,755</u>	<u>\$ 35,906</u>	<u>\$ 35,249</u>	<u>\$ 38,668</u>	<u>\$ 37,130</u>
\$ 836	\$ 855	\$ 905	\$ 706	\$ 748
781	798	703	651	663
4,406	(1,104)	2,934	1,529	(71)
(2,397)	(2,305)	(1,857)	(1,982)	(1,857)
(67)	(51)	(56)	(47)	(246)
-	-	(12)	(96)	-
<u>3,559</u>	<u>(1,807)</u>	<u>2,617</u>	<u>761</u>	<u>(763)</u>
22,391	24,198	21,581	20,822	21,585
<u>\$ 25,950</u>	<u>\$ 22,391</u>	<u>\$ 24,198</u>	<u>\$ 21,583</u>	<u>\$ 20,822</u>
10,805	13,515	\$ 11,051	\$ 17,085	\$ 16,308
70.60%	62.36%	68.65%	55.82%	56.08%
11,485	11,485	\$ 12,170	\$ 11,497	\$ 11,391
94.08%	117.67%	90.81%	148.62%	143.17%

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Hourly Plan

Last 10 Calendar Years, ending December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,161,981	\$ 1,165,834	\$ 891,105	\$ 835,474	\$ 958,333	\$ 901,256	\$ 847,243	\$ 833,212	\$ 847,072	\$ 895,706
Contributions in relation to the actuarially determined contribution	939,928	1,286,538	836,227	855,109	904,824	705,467	748,129	702,245	726,238	719,065
Contribution deficiency (excess)	\$ 222,053	\$ (120,704)	\$ 54,878	\$ (19,635)	\$ 53,509	\$ 195,789	\$ 99,114	\$ 130,967	\$ 120,834	\$ 176,641
Covered-employee payroll	\$ 12,376,694	\$ 11,605,482	\$ 11,485,056	\$ 11,485,056	\$ 12,169,930	\$ 11,497,480	\$ 11,390,621	\$ 11,514,912	\$ 11,362,603	\$ 11,350,348
Contributions as a percentage of covered-employee payroll	7.59%	11.09%	7.28%	7.45%	7.43%	6.14%	6.57%	6.10%	6.39%	6.34%

Notes to Schedule

Valuation date:

Actuarial determined contribution rates are calculated as of December 31 in the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent, closed period, 21 years
Asset valuation method	Five year non-asymptotic smoothing
Inflation	2.50%
Salary increases	4.00%
Investment rate of return	6.25%
Withdrawal rates	Rates that vary by age and services
Retirement rates	Rates that vary by age and services
Mortality	PubG-2010 Mortality with generational projection per the MP-2019 Ultimate Scale

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA

SCHEDULE OF INVESTMENT RETURNS

Hourly Plan

Last 10 Calendar Years, ending December 31

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	12.27%	14.35%	20.09%	-4.63%	13.68%	7.50%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2012 to 2015 are unavailable.

Supplementary Information

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Department of Transportation			
Direct Program			
Federal Transit Cluster			
Federal Transit Capital Investment Grants	20.500		\$ 349,325
Federal Transit Formula Grants	20.507		7,541,014
Bus and Bus Facilities Formula Program	20.526		5,183,648
Total Federal Transit Cluster			\$ 13,073,987
Passed-Through			
Metropolitan Area Planning Agency			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	MAPA-METRO 546-600	\$ 64,308
Total Expenditures of Federal Awards			\$ 13,138,295

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of The Transit Authority of the City of Omaha 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 Transit Authority of the City of Omaha, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Transit Authority of the City of Omaha.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

The Authority has elected not to charge the 10 percent de minimis indirect cost rate to its federal award programs.

**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**

To The Board of Directors
The Transit Authority of the City of Omaha
Omaha, Nebraska

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 Transit Authority of the City of Omaha, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 27, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Council Bluffs, Iowa
April 27, 2022

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
The Transit Authority of the City of Omaha
Omaha, Nebraska

Report on Compliance for Each Major Federal Program

We have audited The Transit Authority of the City of Omaha's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Transit Authority of the City of Omaha's major federal programs for the year ended December 31, 2021. The Transit Authority of the City of Omaha's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, The Transit Authority of the City of Omaha complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Council Bluffs, Iowa
April 27, 2022

THE TRANSIT AUTHORITY OF THE CITY OF OMAHA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2021

I. Summary of Auditor's Results:

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted:	No

Federal Awards:

Internal control over major programs:	
Material weaknesses identified:	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Federal Transit Cluster	20.500, 20.507, 20.526	\$ 13,073,987
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000	
Auditee qualified as low-risk auditee?	Yes	

II. Financial Statement Findings

None reported

III. Findings and Questioned Costs for Federal Awards

None reported