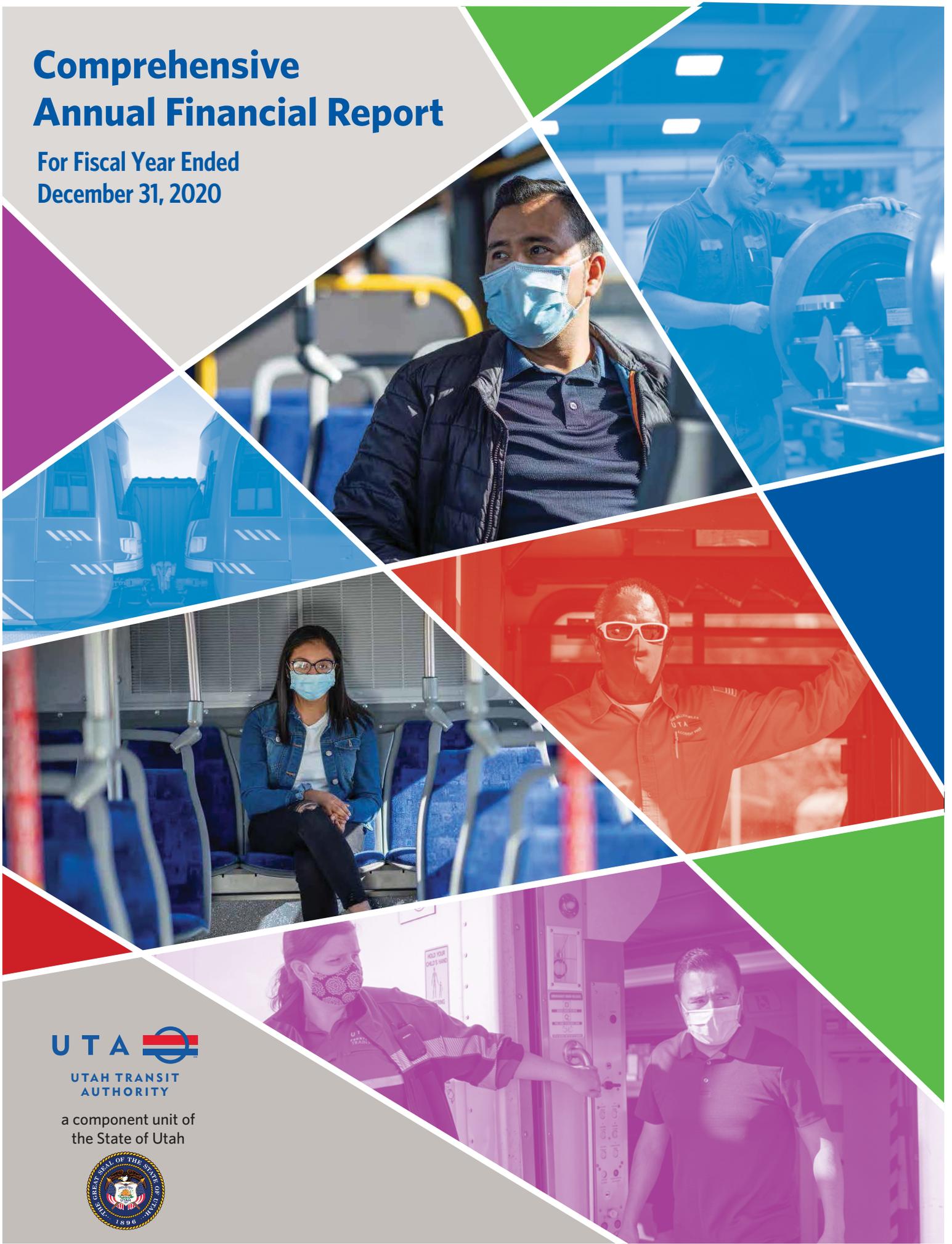


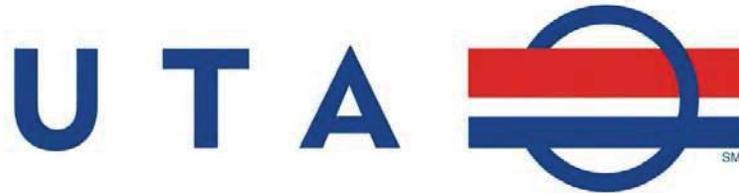
# Comprehensive Annual Financial Report

For Fiscal Year Ended  
December 31, 2020



a component unit of  
the State of Utah





## **Our Mission**

Provide integrated mobility solutions to service life's connections,  
improve public health  
and enhance quality of life.

# **Comprehensive Annual Financial Report**

For Fiscal Year Ended  
December 31, 2020

Finance Department

**William Greene**  
Chief Financial Officer

**Troy Bingham**  
Comptroller



UTAH TRANSIT AUTHORITY  
A Component Unit of the State of Utah

# Introductory Section

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May 21, 2021

To the Board of Trustees  
Utah Transit Authority and  
Citizens within the UTA Service Area

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the Utah Transit Authority (the Authority) for the fiscal year ended December 31, 2020. This document has been prepared by the Authority's Finance Department using the guidelines recommended by the Government Finance Officers Association of the United States and Canada and conforms to accounting principles generally accepted in the United States of America and promulgated by the Governmental Accounting Standards Board.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. Management bases their assurance upon a comprehensive framework of internal controls that have been established for this purpose. To provide a reasonable basis for making these representations, Authority management has established a comprehensive internal control framework that is designed both to protect the Authority's assets from loss, theft, or misuse and to compile sufficient statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

This report contains financial statements and statistical data which provide full disclosure of all the material financial operations of the Authority. The financial statements have been prepared on the accrual basis of accounting in conformance with generally accepted accounting principles. This ACFR is indicative of the Authority's commitment to provide accurate, concise and high-quality financial information to the residents of its service area and to all other interested parties.

The Authority is also required to conduct an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to the single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditor's reports on internal control structure and compliance with applicable laws and regulations are included with this report.

The accounting firm of Crowe LLP was selected to perform an annual independent audit of the Authority's financial statements. The goal of the independent audit is to provide reasonable assurance that The Authority's financial statements for the fiscal year ended December 31, 2020, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements are fairly presented in conformity with generally GAAP. The audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and related Uniform Guidance. The auditor's report on the basic financial statements and schedules, including reports specifically related to the single audit, are included in this document.

## Management's Representations

This report consists of management representations concerning the Authority's finances. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, the Authority's management has established a comprehensive internal control framework designed to ensure that the assets of the Authority are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefit likely to be derived; and (2) the valuation of the costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A that begins on page 20 and should be read in conjunction with it.

The Authority was incorporated on March 3, 1970 under authority of the Utah Public Transit District Act of 1969 for the purpose of providing a public mass transportation system for Utah communities.

The Authority is governed by a three-member full-time board of trustees. The Governor appoints nominees from the three appointing districts within the UTA service territory to serve as trustees. The names of the nominees are then forwarded to the Senate for confirmation. Once confirmed, an appointee is sworn in as a trustee.

The Authority also has a nine-member local advisory council. The local advisory council representation includes: three members appointed by the Salt Lake County council of governments; one member appointed by the Mayor of Salt Lake City; two members appointed by the Utah County council of governments; one member appointed by the Davis County council of governments; one member appointed by the Weber County council of governments; and one member appointed by the councils of governments of Tooele and Box Elder counties. Terms for local advisory council members are indefinite.

The responsibility for the operation of the Authority is held by the board of trustees that approves budgets, sets fare, hires, sets the salaries, and develops performance targets and evaluations for the Executive Director, Internal Auditor, Chief People Officer, Chief Safety, Security, and Technology Officer, and any chief level officer. The Executive Director is charged with certain responsibilities, some of which require coordination with, or providing advice to, the board of trustees. Legal counsel will be provided by the Utah Attorney General's Office. An organizational chart which illustrates the reporting relationships follows this letter of transmittal.

The executive staff meets weekly to coordinate management of the affairs of the organization. The executive staff and various other department officials meet as needed in a policy forum to review management policies and strategic direction and objectives for the organization.

The Authority serves the largest segment of population in the State of Utah known as the Wasatch Front. Its service area includes Salt Lake, Davis, Utah, and Weber Counties, the cities of Tooele and Grantsville in Tooele County and that part of Tooele County comprising the unincorporated areas of Erda, Lakepoint, Stansbury Park and Lincoln, and the cities of Brigham City, Perry and Willard in Box Elder County.

According to the U.S. Census Bureau population estimates of July 1, 2018, the population of the Authority's service area is approximately 2,618,206 and represents 79 percent of the state's total population.

Utah's decade long economic expansion, the longest on record, ended in 2020 with the emergence of COVID-19. The public health crisis presented the greatest challenge to the Utah economy since the Great Recession. In the early spring, the forecast for 2020 was bleak as the unemployment rate in April climbed to roughly 10 percent. But as the year unfolded, the resiliency of the Utah economy was on full display. By November, Utah's year-over employment was down 0.2 percent, one of the smallest employment declines of any state, and the unemployment rate had dropped to 4.3 percent. Nationwide unemployment rate was 6.7 percent for the same period.

Although the job market in Utah has fared better than in any other state, not all industries escaped the impact of COVID-19. Tourism has been hard hit, data for accommodations services (hotels and motels) show a drop of 22 percent in lodging. Restaurants and fast-food establishments have also been hurt, but the impact appears to be less than expected. Take-out and delivery have given some buffer to sit-down restaurants. Retail sales activity overall has been surprisingly strong. The 2021 forecast for taxable retail sales shows an increase of 13.3 percent, with building, nurseries and grocery stores particularly strong.

While the public health crisis has been tragic, the impact of the pandemic on the Utah economy has been much milder than initially expected. A strong recovery is forecast for 2021, with employment increasing by 58,000 jobs, which would be the largest single-year increase in employment in Utah's history.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2019. This was the twenty-seventh consecutive year that the Authority has received this prestigious award. This certificate of award is the highest form of recognition for excellence in state and local government financial reporting. In order to receive this award, the Authority must publish an easily readable and well organized comprehensive financial report whose content conforms to the program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement for Excellence in Financial Reporting is valid for a one-year period only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to determine eligibility for continued recognition.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire finance team at the Authority. We wish to express our sincere appreciation for the hard work and long hours that contributed to the preparation of this report. Appreciation is also extended to the Executive Board and the various team members for their cooperation and dedicated service that made it possible to produce a report of the highest standards.



William Greene  
Chief Financial Officer  
Utah Transit Authority



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Utah Transit Authority**

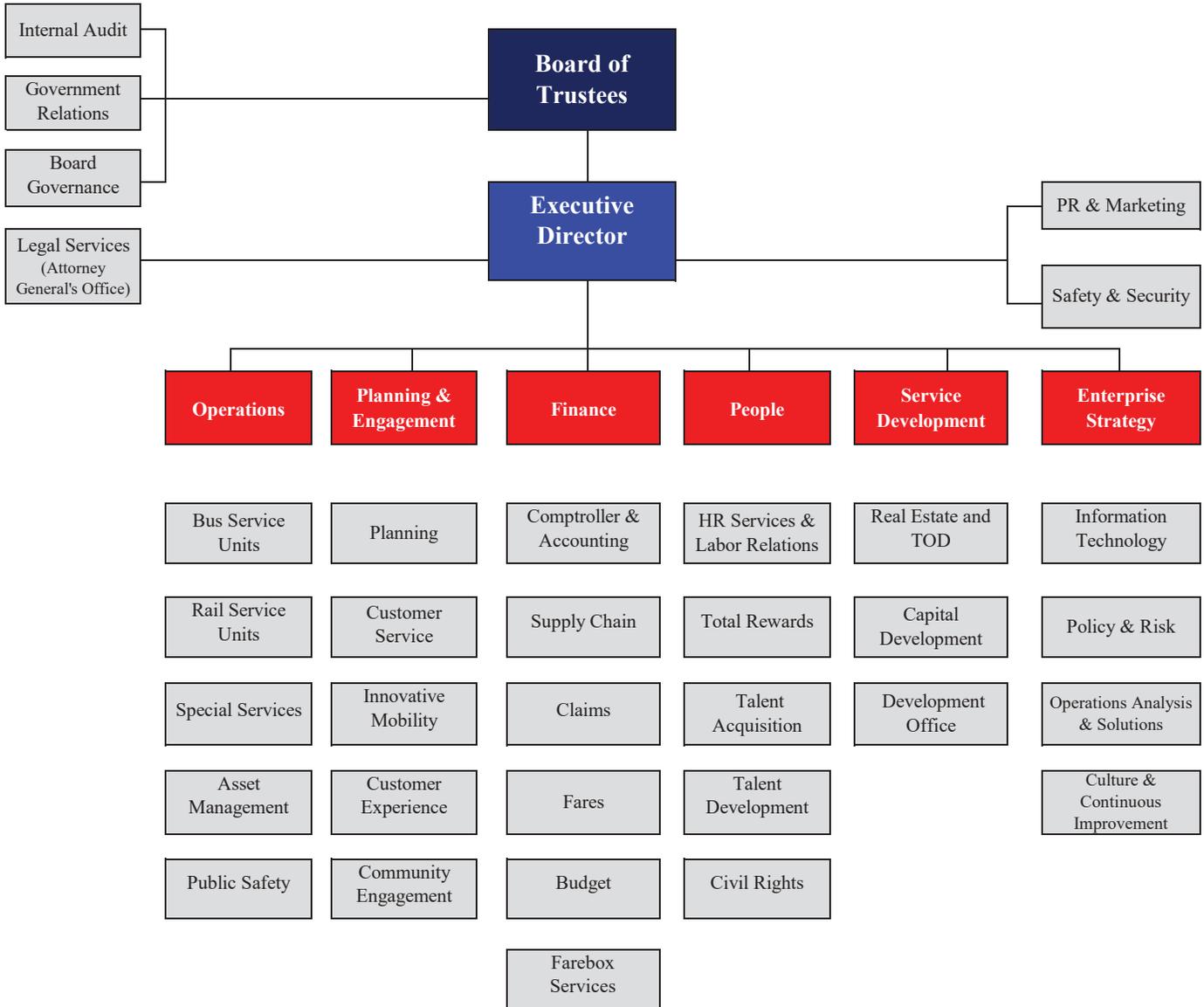
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morrill*

Executive Director/CEO

## Organizational Chart



Revised 4/14/2021

## UTA Board of Trustees



**Beth Holbrook**  
Davis, Weber and Box Elder Counties



**Carlton Christensen**  
Board Chair  
Salt Lake County



**Jeff Acerson**  
Tooele and Utah Counties

## Administration

### Board of Trustees

BOARD CHAIR .....Carlton Christensen  
BOARD TRUSTEE .....Beth Holbrook  
BOARD TRUSTEE .....Jeff Acerson

### Officers of the Authority

BOARD CHAIR .....Carlton Christensen  
EXECUTIVE DIRECTOR .....Carolyn Gonot  
TREASURER .....William Greene  
COMPTROLLER.....Troy Bingham  
SECRETARY .....Annette Royle

### Administration of the Authority

EXECUTIVE DIRECTOR .....Carolyn Gonot  
CHIEF OF INTERNAL AUDIT .....Ronald Ellis  
CHIEF COMMUNICATIONS AND MARKETING OFFICER .....Nichol Bourdeaux  
CHIEF FINANCIAL OFFICER ..... William Greene  
CHIEF OPERATING OFFICER .....Eddy Cumins  
CHIEF PEOPLE OFFICER ..... Kim Ulibarri  
CHIEF SERVICE DEVELOPMENT OFFICER .....Mary DeLoretto  
CHIEF ENTERPRISE STRATEGY OFFICER .....Alisha Garrett

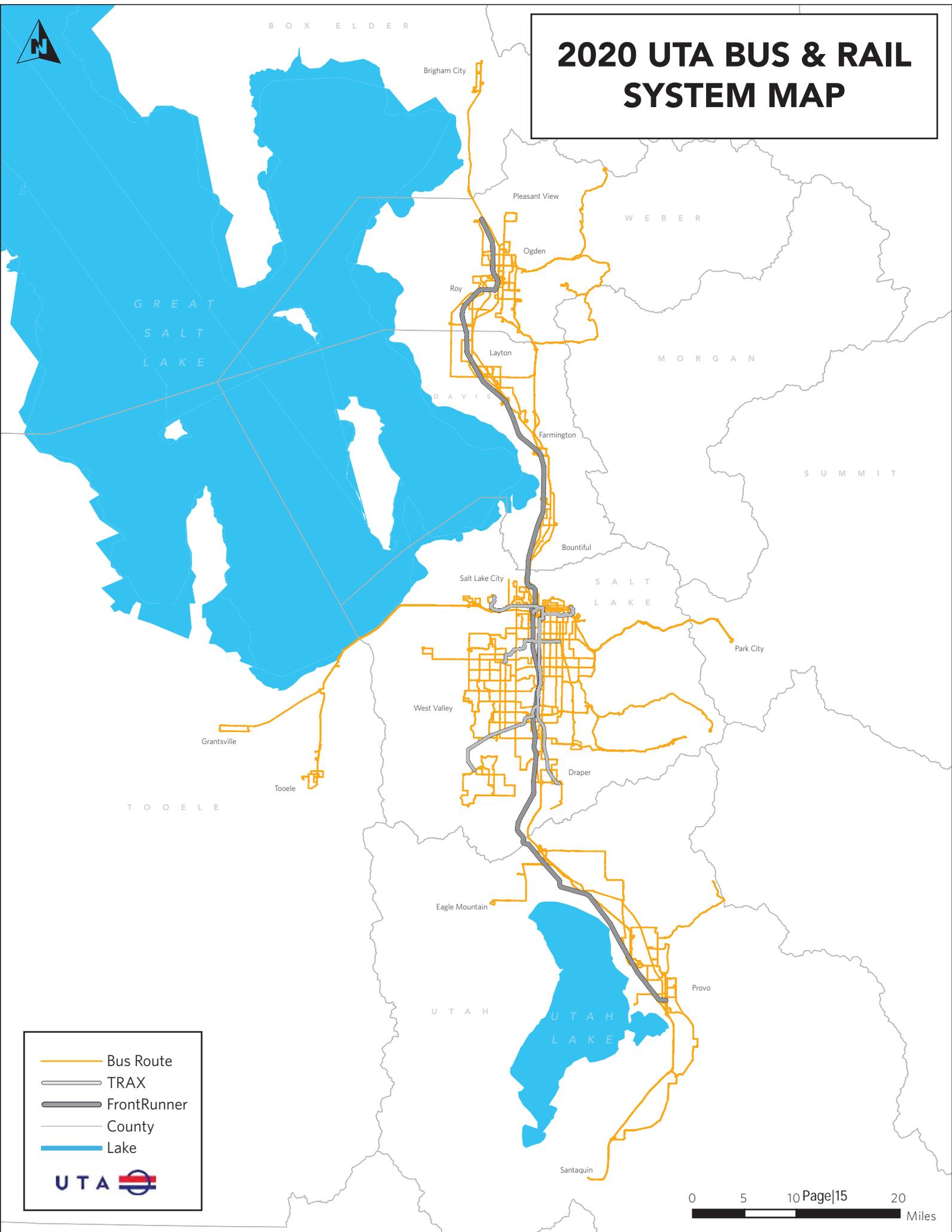


## Local Advisory Council Members

Name.....	Appointing Authority
Mark Johnson.....	Utah County COG
Erin Mendenhall.....	Salt Lake City
Leonard Call .....	Weber Area COG
Erik Craythorne .....	Davis Area COG
Karen Cronin .....	Box Elder COG/Tooele COG
Julie Fullmer .....	Utah County COG
Robert Hale.....	Salt Lake County COG
Clint Smith.....	Salt Lake County COG
Troy Walker .....	Salt Lake County COG



# 2020 UTA BUS & RAIL SYSTEM MAP



- Bus Route
- TRAX
- FrontRunner
- County
- Lake

# Financial

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Utah Transit Authority  
Salt Lake City, Utah

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the Utah Transit Authority (the Authority), a component unit of the State of Utah, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the Authority, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 2 to the financial statements, during the year ended December 31, 2020, the Authority adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*, which resulted in reporting an additional employee benefit trust fund for the Joint Insurance Trust. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, statistical section, schedule of revenues, expenses and changes in net position budget and actual, combining statement of fiduciary net position, combining statement of changes in fiduciary net position, and the schedule of expenditures of federal awards 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues, expenses and changes in net position budget and actual, combining statement of fiduciary net position, combining statement of changes in fiduciary net position, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 revenues, expenses and changes in net position budget and actual, combining statement of fiduciary net position, combining statement of changes in fiduciary net position, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

  
Crowe LLP

Indianapolis, Indiana  
June 30, 2021

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of The Utah Transit Authority's annual financial report presents our discussion and analysis of financial performance during the fiscal year ending on December 31, 2020.

Following this Management's Discussion and Analysis are the basic financial statements of the Authority, together with the notes thereto, which are essential to a full understanding of the information contained in the financial statements.

## FINANCIAL STATEMENTS

The Authority's financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), promulgated by the Governmental Accounting Standards Board (GASB). The Authority reports as a single enterprise fund with two fiduciary funds. Revenues are recognized when earned and expenses are recognized in the period in which they are incurred. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

## CONDENSED STATEMENTS OF NET POSITION

	<u>2020</u>	<u>2019</u>	<i>Difference</i>	<i>Percent difference</i>
<b>Assets</b>				
Current and other assets	\$ 529,958,949	\$ 454,691,660	\$ 75,267,289	17%
Capital assets, net	2,883,366,259	2,949,391,911	(66,025,652)	-2%
Total assets	<u>3,413,325,208</u>	<u>3,404,083,571</u>	<u>9,241,637</u>	0%
<b>Deferred outflows of resources</b>	<u>140,645,019</u>	<u>101,605,576</u>	<u>39,039,443</u>	38%
<b>Liabilities</b>				
Current liabilities	100,846,311	83,812,739	17,033,572	20%
Long-term liabilities	2,513,952,882	2,537,454,662	(23,501,780)	-1%
Total liabilities	<u>2,614,799,193</u>	<u>2,621,267,401</u>	<u>(6,468,208)</u>	0%
<b>Deferred inflows of resources</b>	<u>21,967,293</u>	<u>11,653,452</u>	<u>10,313,841</u>	89%
<b>Net position</b>				
Net investment in capital assets	648,605,411	692,675,681	(44,070,270)	-6%
Restricted	40,516,406	66,948,773	(26,432,367)	-39%
Unrestricted	228,081,924	113,143,840	114,938,084	102%
Total net position	<u>\$ 917,203,741</u>	<u>\$ 872,768,294</u>	<u>\$ 44,435,447</u>	5%

Current and other assets increased from 2019 due to the Authority receipt of federal stimulus associated with CARES Act. These funds reimbursed the Authority for operating expenses previously paid with local sales taxes. This allowed the Authority to accumulate cash to offset losses in passenger fare and investment income effected by the downturn in the market due to the COVID-19 pandemic. The Authority was able to drawdown \$95,617,240 in CARES Act funding. This offset what would have been local funding in the 2020 Budget.

Capital assets, net of related debt decreased from 2019 due to an additional year of depreciation and amortization expense of \$139,089,219 less the addition of new assets of \$73,559,238 in 2020 that replaced or added to the Authority's existing assets.

THE UTAH TRANSIT AUTHORITY  
 FINANCIAL SECTION  
 Year Ended December 31, 2020

CONDENSED STATEMENTS OF NET POSITION (continued)

Deferred outflows of resources increased from 2019 due to two significant taxable debt refundings that refinanced the 2012 tax exempt bonds entirely and a large portion of the 2015 tax exempt bonds. These advance refundings resulted in additional bond amounts being issued to satisfy the unearned interest on previous debt of \$44,002,809 and \$4,762,116 in March and November 2020. These amounts are amortized as interest expenses on the new bonds over the remaining life of the new bonds.

Current liabilities increased from 2019 due to \$17,033,572 in additional principal payment being required in 2020 on long-term debt.

Deferred inflows of resources increased from 2019 due to investment returns significantly exceeding the pension earnings assumption by \$10,313,841.

Restricted net position decreased from 2019 due to actions taken by the Authority in April 2020, to remove cash debt service reserves for bonds issued in 2010 and 2015, but instead used pledged securities to insure the bond holders. The required debt service reserve was reduced from \$33,026,104 at the beginning of 2020 to \$13,090,406 by the end of 2020. These remaining amount will be used to make the June 2021 interest payments on the 2010 and 2015 bonds.

A change in unrestricted net position over time may serve as a useful indicator of a government entity's financial position. As of December 31, 2020, the Authority's unrestricted net position increased \$114,938,084 from December 31, 2019. This change can be attributed to change in current and other assets explained earlier in this section along with reductions in spending during the COVID-19 pandemic.

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2020	2019	<i>Difference</i>	<i>Percent difference</i>
Operating revenues	\$ 34,880,272	\$ 55,111,554	\$ (20,231,282)	-37%
Operating expenses	459,473,189	457,897,920	1,575,269	0%
Excess of operating expenses over operating revenues	(424,592,917)	(402,786,366)	(21,806,551)	-5%
Non-operating revenues	544,637,971	409,257,534	135,380,437	33%
Non-operating expenses	99,898,505	147,806,337	(47,907,832)	-32%
Income (loss) before contributions	20,146,549	(141,335,169)	161,481,718	114%
Capital contributions	24,288,898	34,808,843	(10,519,945)	-30%
Change in net position	<u>\$ 44,435,447</u>	<u>\$ (106,526,326)</u>	<u>\$ 150,961,773</u>	142%
Total net position, January 1	\$ 872,768,294	\$ 979,294,620		
Total net position, December 31	\$ 917,203,741	\$ 872,768,294		



THE UTAH TRANSIT AUTHORITY  
 FINANCIAL SECTION  
 Year Ended December 31, 2020

SUMMARY OF REVENUES FOR THE YEAR ENDED DECEMBER 31

	<u>2020</u>	<u>2019</u>	<i>Difference</i>	<i>Percent difference</i>
Operating				
Passenger revenue	\$ 32,845,272	\$ 52,649,054	\$ (19,803,782)	-38%
Advertising	2,035,000	2,462,500	(427,500)	-17%
Total operating revenue	<u>34,880,272</u>	<u>55,111,554</u>	<u>(20,231,282)</u>	-37%
Non-operating				
Contributions from other gov'ts (sales tax)	361,590,707	317,797,604	43,793,103	14%
Federal noncapital assistance	160,258,318	69,746,231	90,512,087	130%
Interest income	3,525,448	6,821,490	(3,296,042)	-48%
Sale of assets	927,566	1,653,736	(726,170)	-44%
Build America Bond subsidy	8,893,288	8,891,430	1,858	0%
Other	9,442,644	4,347,043	5,095,601	117%
Total non-operating revenue	<u>544,637,971</u>	<u>409,257,534</u>	<u>135,380,437</u>	33%
Capital contributions	24,288,898	34,808,843	(10,519,945)	-30%
Total revenues	<u>\$ 603,807,141</u>	<u>\$ 499,177,931</u>	<u>\$ 104,629,210</u>	21%

The COVID-19 pandemic started in March 2020, and had a major effect on ridership. Passenger revenue typically accounts for 10 to 12 percent of the Authority's overall revenues. The pandemic has reduced the ratio of passenger revenue to overall revenue to five percent in 2020. CARES Act funding from the federal government was meant to offset those immediate revenue losses, but a substantial portion of passenger revenue is generated from non-exchange like contracts with local partners. In late 2020, these local partners started to renegotiate contracts amounts and timing of payments due to lack of ridership during the pandemic. The impact of these corporate passenger revenue reductions will be felt more in 2021.

Since the Authority does not have the ability to levy taxes, it relies on contributions dedicated by member governments in the form of sales tax increments. In 2020, the Authority recognized \$43,793,103 increase in sales tax receipts as compared to 2019. This trend was not expected due to the economic downturn from the pandemic, but consumers increased buying during the pandemic, with strongest growth in online buying from typically commuter based counties in the Authority's service area.

In 2020, the federal government increased the amount contributed to the Authority for operating assistance by \$95,617,240 in the form of CARES Act funding. These allocations are based on a formula that factored in 2018 operating expenses of the Authority to determine the award amount.

Other revenues reflect the sales of assets, local supported routes, and miscellaneous revenues that collectively performed better than expected in 2020. The largest source of "other" revenue is from Salt Lake City for expanded and increased bus service levels in their city limits. The city paid \$4,106,847 for operations, administration, and capital leasing associated with these routes.

Capital contributions decreased by \$10,519,945 due to less State or local partners contributing less on capital projects in 2020. This can be expected, as local participation in new construction projects can vary from year to year and whether or not the project is grant funded.

THE UTAH TRANSIT AUTHORITY  
 FINANCIAL SECTION  
 Year Ended December 31, 2020

SUMMARY OF EXPENSES FOR THE YEAR ENDED DECEMBER 31

	<u>2020</u>	<u>2019</u>	<i>Difference</i>	<i>Percent difference</i>
Operating expenses				
Bus service	\$ 107,390,047	\$ 104,570,413	\$ 2,819,634	3%
Rail service	96,041,283	77,972,467	18,068,816	23%
Paratransit service	22,646,903	23,121,527	(474,624)	-2%
Other services	3,296,275	3,247,699	48,576	1%
Operations support	46,463,776	47,056,444	(592,668)	-1%
Administration	44,545,686	36,738,745	7,806,941	21%
Capital Maintenance Projects	-	19,078,502	(19,078,502)	-100%
Depreciation	139,089,219	146,112,123	(7,022,904)	-5%
Total operating expenses	<u>459,473,189</u>	<u>457,897,920</u>	<u>1,575,269</u>	<u>0%</u>
Non-operating expenses				
Interest expense	99,898,505	96,433,336	3,465,169	4%
Net book value loss on disposal	-	51,373,001	(51,373,001)	-100%
Total non-operating expenses	<u>99,898,505</u>	<u>147,806,337</u>	<u>(47,907,832)</u>	<u>-32%</u>
Total expenses	<u>\$ 559,371,694</u>	<u>\$ 554,331,256</u>	<u>\$ 5,040,438</u>	<u>1%</u>

Operating expenses for 2020 increased \$8,598,173 from 2019 if depreciation is not included. In April 2020, service was cut to 50 percent of 2019 service levels as ridership dropped in reaction to the COVID-19 pandemic. By late August 2020, the Authority increased service levels to 91 percent of 2019 service levels in response to higher education restarting in the fall. The temporary reductions in service allowed the Authority to save money, but new COVID-19 cleaning protocols, and retention of staff cost being incurred as a response to the COVID-19 pandemic were greater than the temporary savings.

Capital maintenance expenses are significant but infrequent non-capital expenses that are not directly attributed to each mode of transit. Capital maintenance projects in 2020 are no longer reported as a separate mode, but are now incorporated in the modal expense they benefit. The following chart shows the amount allocated to each mode:

	<u>2020</u>	<u>2019</u>	<i>Difference</i>	<i>Percent difference</i>
Capital Maintenance Projects				
Bus service	\$ 2,935,739	\$ 6,064,120	\$ (3,128,381)	-52%
Rail service	22,009,771	9,534,221	12,475,550	131%
Paratransit service	4,802	48,291	(43,489)	-90%
Administration	5,025,154	3,431,870	1,593,284	46%
Total capital maintenance expenses	<u>\$ 29,975,466</u>	<u>\$ 19,078,502</u>	<u>\$ 10,896,964</u>	<u>57%</u>



THE UTAH TRANSIT AUTHORITY  
FINANCIAL SECTION  
Year Ended December 31, 2020

SUMMARY OF EXPENSES FOR THE YEAR ENDED DECEMBER 31 (continued)

	<u>2020</u>	<u>2019</u>	<i>Difference</i>	<i>Percent difference</i>
Operating expense less depreciation	\$ 320,383,970	\$ 311,785,797	\$ 8,598,173	2.8%
Wages	153,887,948	150,740,728	3,147,220	2.1%
Benefits	72,156,293	70,530,094	1,626,199	2.3%
Operations less wages/benefits	94,339,729	90,514,975	3,824,754	4.2%
Personnel cost	<u>\$ 226,044,241</u>	<u>\$ 221,270,822</u>	\$ 4,773,419	2.2%
% of operating expense	70.6%	71.0%	-0.4%	-0.6%

Like most transit service agencies, personnel is the Authority's largest expense. Personnel cost for the Authority in 2020 was 70.6 percent of total operating expense less depreciation expense. Overall, personnel cost increased \$4,773,419 in 2020 due to the Authority increasing salaries and holding staffing levels constant even when service level were reduced due to the COVID-19 pandemic. Federal operating assistance grants encouraged transit agencies to not reduce the workforce during the COVID-19 pandemic to provide service for transit dependent workers and help stimulate the economy.

Operating expense less personnel cost increased \$3,824,754 mainly due to cost for goods and services to respond to the COVID-19 pandemic.

CAPITAL ASSET ACTIVITY

	<u>2020</u>	<u>2019</u>	<i>Difference</i>	<i>Percent difference</i>
Land	\$ 410,537,405	\$ 408,225,179	\$ 2,312,226	1%
Construction in process	137,936,777	139,699,345	(1,762,568)	-1%
Infrastructure	2,500,620,104	2,608,295,878	(107,675,774)	-4%
Building and building improvements	213,225,412	136,570,313	76,655,099	56%
Revenue vehicles	752,974,669	752,446,315	528,354	0%
Leased revenue vehicles	71,632,600	66,592,155	5,040,445	8%
Equipment	66,536,885	64,604,128	1,932,757	3%
Land improvements	148,507,252	105,928,156	42,579,096	40%
Leased land improvements	84,485,965	84,485,965	-	0%
Intangibles	54,745,003	14,392,209	40,352,794	280%
Accumulated depreciation and amortization	<u>(1,557,835,813)</u>	<u>(1,431,847,732)</u>	<u>(125,988,081)</u>	9%
Total capital assets, net	<u>\$ 2,883,366,259</u>	<u>\$ 2,949,391,911</u>	<u>\$ (66,025,652)</u>	-2%

\*\*Readers wanting additional information should refer to Note 4 in the notes to the financial statements\*\*

The Authority continued to better define categories of capital asset. This resulted in transfers of assets from infrastructure category to building and land improvement categories (see Footnote 4 for more details).

The increase of \$125,988,081 in accumulated depreciation and amortization represents an additional year of depreciation and amortization expenses less the non-cash losses from the disposal of assets that were not fully depreciated at time of disposal.

The increase in intangible assets reflects the capitalization of the Positive Train Control (PTC) software specific to FrontRunner for \$32,761,019 that took the Authority five years to develop. These train control systems were required for all heavy rail systems by the Federal Railroad Administration to insure safer operation with multiple trains operating on the same track network.

THE UTAH TRANSIT AUTHORITY  
 FINANCIAL SECTION  
 Year Ended December 31, 2020

DEBT ADMINISTRATION

Bond rating agencies have rated the Authority based on the types of bonds issued and an analysis of several financial conditions and influencing factors. The following chart summarizes those ratings by bond and agency:

Ratings Summary

Source: Zions Bank Financial Advisors  
 Effective date: November 2020

	Standard & Poor's	Fitch	Moody's
Senior Lien Bonds			
Current rating	AA	AA	Aa2
Outlook	Negative	Negative	Stable
Subordinate Lien Fixed Rate Bonds			
Current rating	A+	AA	A1
Outlook	Stable	Negative	Stable

These 2020 rating reflected negative outlooks for both lien types for Fitch. Fitch's outlooks are transit industry wide responses due to the COVID-19 pandemic. Standard and Poor's also changed their outlook on senior lien bonds due to the Authority's proximity to debt limits described below.

\*\*Readers wanting additional information should refer to Note 9 in the notes to financial statements\*\*

New Issues

During 2020, the Authority issued the following bonds:

March 19, 2020 - \$216,650,000 of proceeds from the Federally Taxable Sales Tax Revenue Refunding Bonds, Series 2020 were used to refund the refundable maturities of the Series 2015 subordinate lien revenue bonds.

November 12, 2020 - \$74,750,000 of proceeds from the Federally Taxable Subordinate Sales Tax Revenue Refunding Bonds, Series 2020B were used to refund the remaining maturities of the Series 2012 subordinate lien revenue bonds.

Limitations on Debt

If the Authority issues General Obligation Bonds, according to Utah State law, the amount of debt issued by the Authority cannot exceed three percent of the assessed valuation of real property located within the regional transit authority's district.

The Authority has historically issued Sales Tax Revenue Bonds in lieu of any General Obligation Bonds. Such bonds do not have issue limits based on assessed valuation of properties in the Authority's district but are constrained by UTA's ability to repay the principal and interest amounts annually with pledged sales tax revenues. An important metric of the Authority's financial health is the amount of pledged sales taxes annually in relation to the debt service due in the given year, or debt service coverage ratio.

Debt Service Coverage Ratio (DSCR)	Policy Minimum DSCR Requirements	Minimum DSCR Forecasted	Year of Minimum
Senior Lien	2.0x	2.0x	2029
Subordinate Lien	1.2x	1.2x	2029

THE UTAH TRANSIT AUTHORITY  
 FINANCIAL SECTION  
 Year Ended December 31, 2020

SUMMARY OF DEBT ADMINISTRATION ACTIVITY (continued)

The Authority's net coverage ratio would reach a minimum of 2.29 in 2029 which corresponds to the first year of the Authority's maximum annual debt service projected. Adherence to other minimum debt service coverage ratios are detailed in the table below.

Year	2020 Projected Pledged Sales Taxes	Senior Lien Debt Payments	Senior Lien Projected Debt Service Coverage Ratio	Subordinate Lien Debt Payments	Subordinate Lien Projected Debt Service Coverage Ratio	Total Projected Debt Service Coverage Ratio
2020	\$ 288,981,529	\$ 86,551,344	3.34	\$ 41,594,642	6.95	2.26
2021	313,598,560	94,076,195	3.33	41,136,364	7.62	2.32
2022	329,278,488	98,153,494	3.35	43,801,739	7.52	2.32
2023	345,742,412	104,042,862	3.32	46,453,864	7.44	2.30
2024	363,029,533	104,045,729	3.49	46,447,864	7.82	2.41
2025	381,181,010	105,981,925	3.60	46,451,239	8.21	2.50
2026	381,181,010	105,984,163	3.60	46,454,239	8.21	2.50
2027	381,181,010	104,006,936	3.66	56,389,489	6.76	2.38
2028	381,181,010	104,002,611	3.67	56,380,739	6.76	2.38
2029	381,181,010	104,020,220	3.66	62,633,539	6.09	2.29
2030	381,181,010	104,111,562	3.66	62,611,564	6.09	2.29
2031	381,181,010	104,115,381	3.66	62,632,164	6.09	2.29
2032	381,181,010	103,867,109	3.67	62,633,670	6.09	2.29
2033	381,181,010	126,122,973	3.02	40,274,295	9.46	2.29
2034	381,181,010	126,126,238	3.02	40,273,745	9.46	2.29
2035	381,181,010	126,125,325	3.02	40,274,451	9.46	2.29
2036	381,181,010	127,432,659	2.99	34,966,051	10.90	2.35
2037	381,181,010	125,833,888	3.03	36,566,700	10.42	2.35
2038	381,181,010	123,415,219	3.09	38,980,308	9.78	2.35
2039	381,181,010	99,960,375	3.81	62,436,883	6.11	2.35
2040	381,181,010	11,657,724	32.70	150,946,856	2.53	2.34
2041	381,181,010	79,316,687	4.81	66,369,476	5.74	2.62
2042	381,181,010	122,206,633	3.12	23,475,138	16.24	2.62
2043	381,181,010	4,445,000	85.76			85.76
2044	381,181,010	4,439,300	85.87			85.87

SUMMARY OF DEBT ADMINISTRATION ACTIVITY (continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Key Economic Factors

During 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen that could negatively impact the Authority's anticipated future revenues and operations for an indeterminable period of time. Other financial impacts could occur, but are unknown as of the date of publication of this report. In response to the COVID-19 global pandemic, the federal government has made funding available via the Coronavirus Aid, Relief, and Economic Security (CARES) Act to aid transit districts in their response to the health crisis. Expenditures of this federal funding are subject to audit by the Federal Transit Administration (FTA) under the Uniform Guidance, and the Authority is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the Authority's management, no material refunds will be required as a result of expenditures disallowed by the FTA. See the results of the Single Audit in the Authority's Single Audit Report for further information.

The fiscal year 2021 Authority Budget is \$326,546,000, which is a 3.2 percent increase from fiscal year 2020.

Operating Statistics

On time performance for 2020 was 90.6%.

The following information provides an annual comparison of ridership by service for years 2020 and 2019.

Source: National Transit Database

	<u>2020</u>	<u>2019</u>	<i>Difference</i>	<i>Percent difference</i>
Bus service	12,441,304	20,799,642	(8,358,338)	-40.2%
Light rail service	8,247,364	17,128,008	(8,880,644)	-51.8%
Commuter rail service	2,024,524	5,193,879	(3,169,355)	-61.0%
Paratransit service	187,112	388,265	(201,153)	-51.8%
Vanpools	658,990	1,068,364	(409,374)	-38.3%
Total ridership	<u>23,559,294</u>	<u>44,578,158</u>	<u>(21,018,864)</u>	-47.2%

The Authority had a 47.2 percent decrease in ridership in 2020 due to the COVID-19 pandemic.

Both commuter and light rail services have shown the largest drop in ridership due to less frequent service the Authority implemented in response to the reduced ridership. Pre-pandemic levels of commuter ridership into Salt Lake City and Salt Lake County has not returned as of the date of this report as many businesses have encouraged telecommuting or working from home for their employees.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money received. Questions about this report or inquiries for additional information may be addressed to the Comptroller, 669 West 200 South, Salt Lake City, Utah 84101 or [tbingham@rideuta.com](mailto:tbingham@rideuta.com).

**STATEMENTS OF NET POSITION**

	<u>2020</u>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 185,542,606
Investments	20,061,732
Restricted cash and cash equivalents (bond funds)	16,457,844
Receivables	
Contributions from other governments (sales tax)	70,537,845
Federal grants	28,866,419
Other	7,084,940
State of Utah	3,619,783
Parts and supplies inventories	34,422,837
Prepaid expenses	2,448,303
<b>Total Current Assets</b>	<u>369,042,309</u>
<b>Noncurrent Assets:</b>	
Restricted assets (Cash equivalents and investments)	
Bonds funds	13,093,632
Interlocal agreements	4,236,800
Escrow funds	106,067,907
Self-insurance deposits	7,745,463
Total restricted assets	<u>131,143,802</u>
Non-depreciable capital assets	
Land	410,537,405
Construction in progress	137,936,777
Total non-depreciable capital assets	<u>548,474,182</u>
Depreciable Capital Assets:	
Land improvements	148,507,252
Leased Land Improvements	84,485,965
Building and building improvements	213,225,412
Infrastructure	2,500,620,104
Revenue vehicles	752,974,669
Leased revenue vehicles	71,632,600
Equipment	66,536,885
Intangibles	54,745,003
Total depreciable capital assets	<u>3,892,727,890</u>
Total capital assets	<u>4,441,202,072</u>
Less accumulated depreciation and amortization	<u>(1,557,835,813)</u>
Total capital assets, net depreciation	2,883,366,259
Amount recoverable - interlocal agreement	20,272,838
Other assets	9,500,000
<b>Total Noncurrent Assets</b>	<u>3,044,282,899</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,413,325,208</u>

\*\*Readers wanting additional information should refer to the notes to the financial statements\*\*

**STATEMENTS OF NET POSITION (continued)**

	<u>2020</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Advanced debt refunding	\$ 118,677,922
Deferred outflows of resources related to pension	21,967,097
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>140,645,019</u></b>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts payable:	
Other	21,721,896
State of Utah	309,217
Accrued liabilities, primarily payroll-related	8,455,516
Current portion of accrued interest	9,266,627
Current portion of interlocal loan	1,885,735
Current portion of long-term debt	46,922,208
Accrued self-insurance liability	1,017,333
Unearned revenue	11,267,779
<b>Total Current Liabilities</b>	<b><u>100,846,311</u></b>
<b>Long-Term Liabilities:</b>	
Long-term compensated absences	14,338,107
Long-term deposits	1,357,094
Long-term accrued interest	2,990,412
Interlocal loan	63,779,861
Long-term debt	2,334,703,811
Long-term net pension liability	96,783,597
<b>Total Long-term Liabilities</b>	<b><u>2,513,952,882</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>2,614,799,193</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pension	21,967,293
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>21,967,293</u></b>
<b>NET POSITION</b>	
Net investment in capital assets	648,605,411
Restricted for:	
Debt service	29,551,476
Interlocal agreements	4,236,800
Self-insurance deposits	6,728,130
Unrestricted	228,081,924
<b>TOTAL NET POSITION</b>	<b><u>\$ 917,203,741</u></b>

\*\*Readers wanting additional information should refer to the notes to the financial statements\*\*

**STATEMENT OF EXPENSES AND CHANGE IN NET POSITION**

	<u>2020</u>
<b>OPERATING REVENUES</b>	
Passenger fares	\$ 32,845,272
Advertising	2,035,000
Total operating revenues	<u>34,880,272</u>
<b>OPERATING EXPENSES</b>	
Bus service	107,390,047
Rail service	96,041,283
Paratransit service	22,646,903
Other service	3,296,275
Operations support	46,463,776
Administration	44,545,686
Depreciation	139,089,219
Total operating expenses	<u>459,473,189</u>
<b>EXCESS OPERATING EXPENSES OVER OPERATING REVENUES</b>	<u><b>(424,592,917)</b></u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Contributions from other governments (sales tax)	361,590,707
Federal operating grants	160,258,318
Investment income	3,525,448
Sale of Assets	927,566
Other	9,442,644
Interest expense	(99,898,505)
Build America Bond subsidies	8,893,288
Net non-operating revenues	<u>444,739,466</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<u><b>20,146,549</b></u>
<b>CAPITAL CONTRIBUTIONS</b>	
Federal grants	20,898,309
Local	3,238,849
Capital contribution	151,740
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<u><b>24,288,898</b></u>
<b>CHANGE IN NET POSITION</b>	<u><b>\$ 44,435,447</b></u>
Total Net Position, January 1	\$ 872,768,294
Total Net Position, December 31	\$ 917,203,741

\*\*Readers wanting additional information should refer to the notes to the financial statements\*\*

## STATEMENT OF CASHFLOWS

<b>Cash flows from operating activities:</b>	
Passenger receipts	\$ 30,683,121
Advertising receipts	453,553
Other receipts	9,442,644
Payments to vendors	(94,793,255)
Payments to employees	(154,354,190)
Employee benefits paid	(75,525,939)
<b>Net cash used in operating activities</b>	<u>(284,094,066)</u>
<b>Cash flows from noncapital financing activities:</b>	
Sales tax receipts	356,229,453
Federal operating/maintenance grants	152,968,543
<b>Net cash provided by noncapital financing activities</b>	<u>509,197,996</u>
<b>Cash flows from capital and related financing activities:</b>	
Contributions for capital projects	
Federal	16,285,407
Local	6,622,008
Proceeds from revenue bond escrow deposits	(2,724,320)
Payments of bonds	(31,200,000)
Payments on interlocal loan	(6,107,886)
Build America Bond subsidies received	8,893,288
Bond Interest payments	(96,774,945)
Proceeds from leases	12,590,000
Payment on leases	(7,513,809)
Purchases of capital assets	(67,520,440)
Proceeds from the sale of property	927,566
<b>Net cash used in capital and related financing activities</b>	<u>(166,523,131)</u>
<b>Cash flows from investing activities:</b>	
Interest on investments	3,342,053
Purchases of investments	10,920,000
Proceeds from the sales of investments	(19,061,577)
<b>Net cash used in investing activities</b>	<u>(4,799,524)</u>
Net increase in cash and cash equivalents	<u>\$ 53,781,275</u>
Cash and cash equivalents at beginning of year	279,362,977
Cash and cash equivalents at end of year	333,144,252

\*\*Readers wanting additional information should refer to the notes to the financial statements\*\*

## STATEMENT OF CASHFLOWS (continued)

### Reconciliation of Cash to the Statement of Net Position

Cash and cash equivalents at year end from cash flows	\$ 333,144,252
Cash as reported on the Statement of Net Position	
Cash and cash equivalents	185,542,606
Restricted assets (cash equivalents)	
Bonds funds	29,551,476
Interlocal agreements	4,236,800
Escrow funds	106,067,907
Self-insurance deposits	7,745,463
<b>Total cash and cash equivalents</b>	<u><u>\$ 333,144,252</u></u>

### Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (424,592,917)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	139,089,219
Other operating revenues	9,442,644
Changes in deferred outflow/inflow of resources and net pension liability:	
Deferred outflows of resources related to pension	(8,507,144)
Deferred inflows of resources related to pension	10,313,841
Net pension liability	<u>(7,081,242)</u>
Total changes in deferred outflow/inflow of resources and net pension liability	(5,274,545)
Changes in assets and liabilities:	
Accounts receivable - Other and State of Utah	1,667,028
Parts and supplies inventories	1,620,997
Prepaid expenses	(149,170)
Accounts payable - Other and State of Utah	(3,075,438)
Accrued liabilities	(146,279)
Unearned revenue	<u>(2,675,605)</u>
Total changes in assets and liabilities:	(2,758,467)
<b>Net cash used in operating activities</b>	<u><u>\$ (284,094,066)</u></u>

### Information about noncash investing, capital, and financing activities:

Change in fair value of investments	\$ 160,221
Capital asset acquisitions in accounts payable	10,691,789
Payments from refunding escrows:	
2012A Non-Taxable Bonds in Escrow	216,650,000
2015A Non-Taxable Bonds in Escrow	74,750,000

\*\*Readers wanting additional information should refer to the notes to the financial statements\*\*

UTAH TRANSIT AUTHORITY  
 FINANCIAL SECTION  
 As of December 31, 2020

**STATEMENT OF FIDUCIARY NET POSITION**

	<b>Pension and Other Employment Benefit Trust Funds</b>
<b>ASSETS</b>	
Cash in Bank	\$ 2,197,488
Cash in Utah State Treasury	444,578
Total Cash	<u>2,642,066</u>
Investments	
Global Equities	180,702,335
Fixed Income	59,948,353
Liquid Diversifiers	13,969,240
Real assets	10,947,340
Money Market	13,119,226
Total Investments	<u>278,686,494</u>
Prepaid Benefits	1,167,307
Deposits	104,795
Receivables	
Dividends Receivable	211
Accounts Receivable - Benefits	3,879
Accounts Receivable - Contributions	3,207,801
Total Receivables	<u>3,211,891</u>
<b>TOTAL ASSETS</b>	<b><u>285,812,553</u></b>
<b>LIABILITIES</b>	
Benefits Payable	10,722
Accounts Payable	130,000
<b>TOTAL LIABILITIES</b>	<b><u>140,722</u></b>
<b>NET POSITION</b>	
Restricted for:	
Pension	279,905,104
Benefit Other Than Pension	5,766,727
Total Net Position	<b><u>\$ 285,671,831</u></b>

\*\*Readers wanting additional information should refer to the notes to the financial statements and supplementary schedules\*\*

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

	<b>Pension and Other Employment Benefit Trust Funds</b>
<b>ADDITIONS</b>	
Employer Contributions	\$ 44,079,123
Participant Voluntary Contributions	654,211
Total Contributions	<u>44,733,334</u>
Net Investment Income	
Net Appreciation in Fair Value of Investments	33,693,794
Interest	52,370
Dividends	919,037
Total Investment Income	<u>34,665,201</u>
Less: Investment Expense	<u>771,700</u>
Net Investment Income	33,893,501
<b>TOTAL ADDITIONS</b>	<b><u>78,626,835</u></b>
<b>DEDUCTIONS</b>	
Monthly Benefits Paid	31,939,232
Lump Sum Distributions	6,879,961
Administrative Expense	489,653
<b>TOTAL DEDUCTIONS</b>	<b><u>39,308,846</u></b>
<b>CHANGE IN NET POSITION</b>	<b><u>\$ 39,317,989</u></b>
Total Net Position, January 1, as restated	\$ 246,353,842
Total Net Position, December 31	\$ 285,671,831

\*\*Readers wanting additional information should refer to the notes to the financial statements and supplementary schedules\*\*

## NOTE 1 – DESCRIPTION OF THE AUTHORITY OPERATIONS AND DEFINITION OF THE ENTITY

### A. Organization

The Utah Transit Authority, the “Authority”, was incorporated on March 3, 1970 under authority of the Utah Public Transit District Act of 1969 for the purpose of providing a public mass transportation system for Utah communities.

The Authority’s service area lies in the region commonly referred to as the Wasatch Front. The service area extends from the Wasatch Mountains on the east to the Great Salt Lake on the west, is approximately 100 miles long and 30 miles wide, and consists of an area of approximately 1,400 square miles that covers all or portions of six (6) principal counties (Box Elder, Davis, Salt Lake, Tooele, Utah and Weber). The service area also includes a small portion of Juab County.

The Authority’s operations include commuter rail service from Ogden to Provo, light rail service in Salt Lake County, and bus service, paratransit service for the transit disabled, rideshare and vanpool programs system wide.

The Authority is governed by a three-member full-time board of trustees. The Governor appoints nominees from the three appointing districts within the UTA service territory to serve as trustees. The names of the nominees are then forwarded to the Utah State Senate for confirmation. Once confirmed, an appointee is sworn in as a trustee.

The Authority also has a nine-member local advisory board. The local advisory board representation includes: three members appointed by the Salt Lake County council of governments; one member appointed by the Mayor of Salt Lake City; two members appointed by the Utah County council of governments; one member appointed by the Davis County council of governments; one member appointed by the Weber County council of governments; and one member appointed by the councils of governments of Tooele and Box Elder counties. Terms for local advisory board members are indefinite.

### B. Reporting Entity

The accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Statements No. 14 and No. 39, the Authority has two component units that are fiduciary funds in the financials.

1. The Joint Insurance Trust is for current employee benefit premium to be held in trust until premiums are paid for the union employees of the Authority. Financial statements are included in the supplementary schedules and notes to this account can be found in note 8 of these financial statements. Separate financial statements are not created.
2. The Utah Transit Authority Employee Retirement Plan is a post-employment pension plan for all employees of the Authority. Financial statements are included in the supplementary schedules and notes to this account can be found in note 7 of these financial statements. Separate financial statements are not created.

The Authority is considered a component unit of State of Utah.

These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is accountable for a separate employee pension from the Utah State Retirement System and jointly administers a joint insurance trust with the collective bargaining group that

**NOTE 1 – DESCRIPTION OF THE AUTHORITY OPERATIONS AND DEFINITION (continued)**

represents active union employees. Additionally, the Authority has considered the provisions of GASB No. 39 which follows the concept of economic independence. The Authority does not raise or hold economic resources for the direct benefit of another governmental units. Also, other governments do not have the ability to access economic resources held by the Authority. This is evidenced by the fact that the Authority is a legally and fiscally separate and distinct organization under the provision of the Utah State Code.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Accounting

The Authority reports as a single enterprise fund and two additional fiduciary funds for its employee pension and joint insurance trust. These funds uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

B. Standards for Reporting Purposes

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by GASB.

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

C. Federal Operating Grants

Federal planning assistance, operating and preventive maintenance grants are received from the Federal Transit Administration (FTA) and are recognized as revenue and receivable during the period in which the related expenses are incurred and eligibility requirements are met.

D. Federal Grants for Capital Expenditures

The U.S. Department of Transportation, through contracts between the Authority and the FTA, provides federal funds of 35% to 100% of the cost of property, facilities and equipment acquired by the Authority through federal grants. Grant funds for capital expenditures are earned and recorded as capital contribution revenue when the capital expenditures are made and eligibility requirements are met.

E. Classification of Revenues and Expenses

- *Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions such as passenger revenues and advertising revenues.
- *Operating expenses:* Operating expenses include payments to suppliers, employees, and third parties on behalf of employees and all payments that do not result from transactions defined as capital and related financing, non-capital financing, or investing activities.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- *Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34. Examples of non-operating revenues would be the contributions from other governments (sales tax), federal grants and investment income.
- *Non-operating expenses:* Non-operating expenses include payments from transactions defined as capital and related financing, non-capital financing or investing activities.

F. Contributions from Other Governments

The counties and municipalities who receive transit services from the Authority have agreed to contribute a portion of sales tax to the Authority in exchange for service. These contributions are received by the Authority approximately 60 days after the collection of the sales tax, and as such are recorded as an accrual to revenue and receivable during that period.

The following percentage of sales have been authorized as Local Option Sales Tax and dedicated to support transit:

Salt Lake County	0.8500%
Davis County	0.6500%
Weber County	0.6500%
Box Elder County	0.5500%
Utah County	0.6300%
Tooele County	0.4000%

G. Cash and Investments

Cash and investments include cash on hand, demand deposits, and amounts invested in a repurchase agreement, a certificate of deposit and the Utah Public Treasurers’ Investments Fund, including restricted cash equivalents. The Authority considers short-term investments with an original maturity of three (3) months or less to be cash equivalents (Note 3).

H. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are defined as funds restricted by legal requirement(s) outside of the Authority.

	<u>2020</u>
The Authority is required to place monthly deposits in trust for next year’s principal and interest on the bonds and these funds are restricted per the bond covenants.	\$ 16,457,844
The Authority is required to maintain certain accounts in connection with the issuance of bonds which are restricted per the bond covenants.	13,093,632
The Authority has entered interlocal agreement with Box Elder County to restrict a certain increment of sales taxes collected in their county for FrontRunner expansion to Box Elder.	4,236,800
The Authority has issued bonds and leases in 2018, 2019, and 2020 for projects that are not complete to date, and has entered into interlocal agreement to establish escrow accounts for specific projects.	106,067,907
The Authority is required to maintain certain accounts in connection with being self-insured in the State of Utah.	7,745,463

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

I. Designated Cash and Cash Equivalents

Designated cash and cash equivalents are considered designated through action by the Authority’s Board of Trustees and have no outside legal restrictions. Designations include funds to stabilize operations and debt service in the case of changing economic environments. The following amounts were considered designated by the Board of Trustees as of December 31 of the respective years:

	<u>2020</u>
General reserve	\$ 58,778,000
Service sustainability reserve	9,796,000
Capital replacement reserve	44,338,000
Debt reduction reserve	<u>30,000,000</u>
Total designated cash and cash equivalents	<u>\$ 142,912,000</u>

- *Designated for general reserves* – This component of cash including the risk reserve, funded at a level equal to at least twelve percent (12%) of the Authority’s budgeted operating expense, excluding non-operating expense, to be used as a working capital account throughout the year. The Board has chosen to fund this reserve at eighteen percent (18%). The Treasurer will manage the use of the funds in the general operating reserve. (*Utah Transit Authority Board Policy No. 2.1 Financial Management*)
- *Designated for service sustainability reserves* – This component of cash consists of three percent (3%) of the Authority’s annual operating budget expenses for the purpose of preserving service levels when the Authority is facing a revenue shortfall or cost overrun due to extraordinary circumstances, such as an economic downturn or rapid rise in fuel prices or any combination of such events. The Board of Trustees must give its prior approval before funds in the bond reserve are used. (*Utah Transit Authority Board Policy No. 2.1 Financial Management*)
- *Designated for capital replacement reserves* – This component of cash consists of one percent (1%) of the property, facilities, and equipment cost as reported in the comprehensive annual financial report to be used for capital repair or replacement costs due to extraordinary circumstances. The Board of Trustees must give its prior approval before funds in the capital replacement reserve are used. (*Utah Transit Authority Board Policy No. 2.1 Financial Management*)
- *Designated for debt reduction reserves* – This component of cash consists of debt service savings from refunded bond issues. In April 2020, in accordance with the Board’s Policy No. 2.1 – Financial Management, the Board reaffirmed continuing the debt reduction reserve and the primary purpose to be primarily early retirement of outstanding debt.

J. Investments

Cash in excess of operating requirements is invested by the Treasurer. The Authority’s investments comply with the Utah Money Management Act.

K. Receivables

Receivables consist primarily of amounts due to the Authority from sales tax collections, federal grants, and local government partners, pass sales and investment income. Accounting reviews all receivables that age past 120 days and follows up on contract terms for payment. This minimizes credit risk exists related to these receivables and allows for no current provision for bad debts

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

L. Parts and Supplies Inventories

Parts and supplies inventories are stated at the lower of cost (using the moving average cost method) or market. Inventories generally consist of fuel, lube oil, antifreeze and repair parts held for consumption. Inventories are expensed as used.

M. Capital Assets

Capital assets include land and land improvements, right of way, buildings and building improvements, infrastructure, vehicles, equipment, intangibles, as well as any leased capital assets in these categories. Capital assets, other than infrastructure and intangible software, are defined by UTA policy as asset with an initial, individual cost of \$5,000 or more. Infrastructure capital assets are defined as assets with an initial, individual cost of \$50,000 or more. Intangible software capital assets are defined as assets with an initial, individual software license cost of \$10,000 or more, or \$100,000 or more per software. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life, are not capitalized, but are charged to operating expense as incurred. Upon disposal of capital assets, the accounts are relieved of the related costs and accumulated depreciation, and the resulting gains or losses are reflected in the statement of revenues, expenses and changes in net position.

Depreciation of capital assets is recorded using the straight-line method over the estimated useful lives of the assets.

Depreciable capital assets are assigned the following estimated useful lives:

	<u>Years</u>
Land improvements	10 to 20
Leased land improvements	50
Building and building improvements	20 to 50
Infrastructure	5 to 75
Revenue vehicles	8 to 35
Leased revenue service vehicles	4 to 14
Equipment	4 to 20
Intangible assets	4 to 20

N. Amount Recoverable – Interlocal Agreement

In 2008, the Authority entered into an agreement with the Utah Department of Transportation (UDOT) which required the Authority to pay UDOT \$15 million in 2008 and \$15 million in 2009 for the rights to Salt Lake County's 2% of the 0.25% part 17 sales tax through the years 2045.

The Authority records such payments made to other entities for rights to future revenues as Amount Recoverable – Interlocal Agreement. This amount is amortized over the life of the agreement.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

O. Other Assets

The Authority has entered into development agreements:

Thackeray Garn at South Jordan FrontRunner Station  
\$1.5 million of appraised land was transferred to the development for a percentage interest in future profits at the site.

STACK Real Estate at Jordan Valley TRAX station  
\$8 million of proceeds from the first phase of the development was reinvested for a percentage interest in future profits at the site.

P. Compensated Absences

Vacation pay is accrued biweekly and charged to department's compensated absence expense as earned by employees.

Sick pay benefits are accrued biweekly by employees, but are not considered compensable until an employee meets the requirements to vest in the pension. This typically occurs when an employee has 5 years of service and is at least 55 years of age. Compensated absences have a maximum for administration employees of 900 hours of sick, but there is no maximum number of hours for collectively bargained employees. Employees that do not retire at the end of their tenure at the Authority forfeit all sick leave, so compensated absences are reduced yearly to reflect those choices by employees.

Q. Risk Management

The Authority is exposed to various risks of loss related to torts; theft, damage and destruction of assets; environmental matters; worker's compensation self-insurance; damage to property; and injuries to passengers and other individuals resulting from accidents, errors and omissions.

Under the Governmental Immunity Act, the maximum statutory liability in any one accident is \$3 million for incidents occurring after May 1, 2019. The Authority carries an excess umbrella policy of \$10 million over a \$7 million self-insurance reserve. The Authority has Railroad Liability Coverage of \$100 million per annum with \$5 million of risk retention. The Authority is self-insured for worker's compensation up to the amount of \$1 million per incident and has excess insurance for claims over this amount. The Authority has insurance for errors and omissions and damage to property in excess of \$100,000 per annum.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Transit Authority Employee Retirement Plan and Trust ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

S. Net Position

The Authority's net position is classified as follows:

- *Net investment in capital assets:* This component of net position consists of the Authority's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- *Restricted for debt service:* This component of net position consists of the amount restricted by bond covenants for debt service.
- *Restricted for interlocal agreement:* This component of net position consists of the amounts restricted by interlocal agreements with the municipalities of Willard, Perry and Brigham City in Box Elder County.
- *Self-insurance deposits:* This component of net position consists of the fund amount set aside for risk.
- *Unrestricted:* This component of net position consists of that portion of net position that does 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 Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

T. Deferred Outflows of Resources

Deferred outflows of resources are reported in a separate section, immediately following assets, the Statement of Net Position. Deferred outflows of resources represent a consumption of resources that benefit future periods and will be recognized in future periods as an expense when they are used. The Authority has the following deferred outflows of resources:

- Deferred loss on refunding
- Deferred outflows related to pensions

U. Deferred Inflows of Resources

Deferred inflows of resources are reported in a separate section, immediately following liabilities, the Statement of Net Position. Deferred inflows of resources represent an acquisition of resources that will be used in future periods and will be recognized in future periods as a revenue. The Authority has the following deferred inflows of resources:

- Deferred inflows related to pensions

V. Implemented Accounting Pronouncements

GASB Statement 83

*Certain Asset Retirement Obligations*

Took effect for reporting periods beginning after June 15, 2019

No effect on the Authority's financial statements

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

GASB Statement 84

*Fiduciary Activities*

Took effect for reporting periods beginning after December 15, 2019

This separated the Joint Insurance Trust as a blended component unit to a stand-alone fiduciary fund

GASB Statement Implementation Guide No. 2019-2

Took effect for reporting periods beginning after December 15, 2019

This separated the Joint Insurance Trust as a blended component unit to a stand-alone fiduciary fund

GASB Statement 88

*Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*

Took effect for reporting periods beginning after June 15, 2019

The required more debt disclosures in the footnotes to the financial statements and regrouping of the Authority's long-term debt into direct borrowing and direct placement in those same footnotes

GASB Statement 90

*Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*

Took effect for reporting periods beginning after December 15, 2019

No effect on the Authority's financial statements

GASB Implementation Guide No. 2018-1

Took effect for reporting periods beginning after June 15, 2019

No effect on the Authority's financial statements

W. Future Accounting Pronouncements

GASB Statement 87

*Leases*

Takes effect for reporting periods beginning after June 15, 2021

Management is currently evaluating the impact of this statement on the Authority's financial statements

GASB Statement 89

*Accounting for Interest Cost Incurred before the End of a Construction Period*

Takes effect for reporting periods beginning after December 15, 2020

No expected effect on the Authority's financial statements

GASB Statement 91

*Conduit Debt Obligations*

Takes effect for reporting periods beginning after December 15, 2021

No expected effect on the Authority's financial statements

GASB Implementation Guide No. 2019-1

Takes effect for reporting periods beginning after June 15, 2020

No expected effect on the Authority's financial statements

GASB Implementation Guide No. 2019-3

Takes effect for reporting periods beginning after June 15, 2021

No expected effect on the Authority's financial statements

GASB Statement 92

*Omnibus 2020*

Takes effect for reporting periods beginning after June 15, 2021

No expected effect on the Authority's financial statements

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

GASB Statement 93

*Replacement of Interbank Offered Rates*

Takes effect for reporting periods beginning after June 15, 2020

No expected effect on the Authority's financial statements

GASB Statement 94

*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

Takes effect for reporting periods beginning after June 15, 2022

No expected effect on the Authority's financial statements

GASB Statement 96

*Subscription-Based Information Technology Arrangements*

Takes effect for reporting periods beginning after June 15, 2022

No expected effect on the Authority's financial statements

GASB Statement 97

*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 deferred Compensations Plans*

Takes effect for reporting periods beginning after June 15, 2021

No expected effect on the Authority's financial statements

GASB Implementation Guide No. 2020-1

Takes effect for reporting periods beginning after June 15, 2021

No expected effect on the Authority's financial statements

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Unrestricted Cash and Investments

Consisting of the following as of December 31, 2020

Zions Bank	\$ 8,086,992
Cash on Hand	295,196
Zions Capital Advisors	
Public Treasurers Investment Fund	9,235,028
Public Treasurers Investment Fund	167,925,390
Total Cash and Cash Equivalents	<u>185,542,606</u>
Zions Capital Advisors	
Agency	1,551,622
Corporate	18,510,110
Total Investments	<u>20,061,732</u>
Total Cash and Investments	<u><u>\$205,604,338</u></u>

Cash Deposits

All cash not on hand at the Authority is maintained in qualified public depositories.

Investments

Investments for the Authority are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, “the Act”) and by rules of the Utah Money Management Council (the Council). Following are discussions of the Authority’s exposure to various risks related to its cash management activities.

- *Custodial Credit Risk* - Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority’s deposits may not be recovered. The Authority’s policy for managing custodial credit risk is to adhere to the Act. The Act requires all deposits of the Authority to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council.

At December 31, 2020 and 2019, the balances in the Authority’s bank demand deposit accounts and certificate of deposit accounts according to the bank statements totaled \$14,659,414 and \$42,611,072, respectively, of which \$250,000 and \$261,276 were covered by Federal depository insurance.

- *Credit Risk* - Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The Authority’s policy for limiting the credit risk of investments is to comply with the Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as “first-tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s investor Service or Standard & Poor’s; bankers acceptances; obligations of the U.S. treasury and U.S.

**NOTE 3 – CASH AND CASH EQUIVALENTS (continued)**

government sponsored enterprise; bonds and notes of political subdivision of the state of Utah; fixed rate corporate obligations and variable rated securities rated “A” or higher by two nationally recognized statistical rating services as defined in the Act.

The Authority is authorized to invest in the Utah Public Treasurers’ Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The pooled investment fund is fixed-rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations. The PTIF is not registered with the SEC as an investment company and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to the participants on an amortized cost basis. The income, gains and losses, net of administration fees of the PTIF are allocated based upon the participants’ average daily balances.

- *Concentration of Credit Risk* – To minimize credit risk, the Authority looks to diversify the investments with any one issuer. The following investments are greater than 5% of the total portfolio and represent a concentration of credit risk to the portfolio as of December 31, 2020.

Investment	Credit Quality (Rating)	Amount	Credit Exposure as a % of Total Investment
Catepillar Financial Services	A	\$ 1,402,213	6.99%
Honeywell International	A-	1,406,160	7.01%
Canadian Imperial Bank	BBB+	1,362,771	6.79%
Goldman Sachs Group Inc.	BBB+	1,413,039	7.04%
Truist Bank	A	1,007,778	5.02%
Federal Home Loan Bank	AAA	1,551,622	7.73%
America Honda Financial Corp	A-	1,003,664	5.00%
Comcast Corp	A-	1,003,078	5.00%
Diamler Finance North America	BBB+	1,359,825	6.78%
Investments > 5%		<u>\$ 11,510,151</u>	<u>57%</u>

- *Interest Rate Risk* - Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The Authority manages its exposure by strictly complying with its Investment Policy which complies with the Act. The Authority’s policy relating to specific investment-related risk is to adhere to the Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the fund to be invested.

- The following are the Authority’s investment as of December 31, 2020:

Investments		Less than 1	1-3 years	Total
U.S. Agencies	AAA	\$ 1,551,622	\$ -	\$ 1,551,622
Corporate Bonds	AAA, AA+ to AA-, A+ to A-, BBB+ to BBB-	5,997,867	12,512,243	18,510,110
Total Investments		<u>\$ 7,549,489</u>	<u>\$ 12,512,243</u>	<u>\$ 20,061,732</u>

- *Fair Value of Investments* – The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

**NOTE 3 – CASH AND CASH EQUIVALENTS (continued)**

The three levels of the fair value hierarchy under GASB Statement 72 are described as follows:

Level 1: Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Examples of markets in which inputs might be observable include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2: Inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability such as:
  - Interest rates and yield curves observable at commonly quoted intervals
  - Implied volatilities
  - Credit spreads
- Market-corroborated inputs.

If the asset or liability has a specified (contractual) term, the Level 2 input is required to be observable for substantially the full term of the asset or liability.

The Authority’s corporate bonds are measured using quoted prices for similar assets in active markets.

Level 3: A government should develop Level 3 inputs using the best information available under the circumstances, which might include the government’s own data. In developing unobservable inputs, a government may begin with its own data, but it should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The Authority invests with Zions Capital Advisors and the Utah Public Treasurers Investment Fund. Both of these organizations meet the requirements of the Utah Money Management Act. The following are the Authority’s investment as of December 31, 2020 by organization and by fair value measurement:

	12/31/2020	Fair Value Measurements		
		Level 1	Level 2	Level 3
Zions Capital Advisors				
Agency	\$ 1,551,622	\$ 1,551,622	\$ -	\$ -
Corporate	18,510,110	-	18,510,110	-
Total Investments by Fair Value Level	<u>\$ 20,061,732</u>	<u>\$ 1,551,622</u>	<u>\$ 18,510,110</u>	<u>\$ -</u>



**NOTE 4 – CAPITAL ASSETS**

	Balance 1/1/2020	Increases	Transfers	Decreases	Balance 12/31/2020
<b>Capital assets not being depreciated</b>					
Land	\$ 408,225,179	\$ 1,209,378	\$ (1,329,273)	\$ 2,432,121	\$ 410,537,405
Construction in Progress	139,699,345	72,660,597	-	(74,423,165)	137,936,777
Total capital assets not being depreciated	547,924,524	73,869,975	(1,329,273)	(71,991,044)	548,474,182
<b>Capital assets being depreciated</b>					
Land improvements	105,928,156	4,425,016	38,154,080		148,507,252
Leased Land Improvements	84,485,965	-	-	-	84,485,965
Buildings and Building Improvements	245,182,707	5,941,260	(37,830,846)	(67,709)	213,225,412
Infrastructure	2,499,683,484	10,981,092	(51,344)	(9,993,128)	2,500,620,104
Revenue Vehicles	752,446,315	-	5,471,965	(4,943,611)	752,974,669
Leased Revenue Vehicles	66,592,155	13,161,921	(8,081,554)	(39,922)	71,632,600
Equipment	60,703,740	5,114,889	1,149,626	(431,370)	66,536,885
Intangibles	18,292,597	33,935,060	2,517,346	-	54,745,003
Total capital assets being depreciated	3,833,315,119	73,559,238	1,329,273	(15,475,740)	3,892,727,890
<b>Less: Accumulated depreciation</b>					
Land Improvements	(57,701,976)	(7,221,307)	(18,106,382)	191,369	(82,838,296)
Leased Land Improvements	(3,172,841)	(1,685,452)	-	-	(4,858,293)
Buildings and Building Improvements	(103,589,326)	(16,394,014)	18,047,915		(101,935,425)
Infrastructure	(786,259,061)	(76,150,608)	89,814	7,615,611	(854,704,244)
Revenue Vehicles	(400,650,304)	(21,055,626)	(2,801,368)	4,922,644	(419,584,654)
Leased Revenue Vehicles	(16,991,444)	(8,305,307)	5,323,508	29,130	(19,944,113)
Equipment	(55,242,273)	(1,406,694)	(924,207)	342,386	(57,230,788)
Intangibles	(8,240,507)	(6,870,211)	(1,629,280)	-	(16,739,998)
Total accumulated depreciation	(1,431,847,732)	(139,089,219)	-	13,101,140	(1,557,835,813)
Capital assets being depreciated, net	2,401,467,387	(65,529,981)	1,329,273	(2,374,600)	2,334,892,079
Total capital assets, net	\$ 2,949,391,911	\$ 8,339,994	\$ -	\$ (74,365,644)	\$ 2,883,366,259

During 2020, UTA evaluated its capital assets and the associated accumulated depreciation of those assets and saw the need to better define asset useful lives for all Revenue Vehicles. This evaluation has led to change in useful lives of revenue vehicles to be consistent for all assets in those respective categories. These new useful lives reflect the changing understanding of how long a transit revenue vehicle is lasting after a decade of running service in the northern Utah environment. These changes in accounting estimates are reflected in the current year depreciation expense decrease from \$146.1 million in 2019 to \$139 million in 2020. Due to the revaluation of UTA's capital assets, a decrease in depreciation expense for 2020 of approximately \$7 million has been reflected for Revenue Vehicles in the financials. The change in useful life from 2019 to 2020 by vehicle type is illustrated below.

Change in Useful Lives	2019 to 2020
35 Ft. Bus	10 Years to 14 Years
40 Ft. Bus	12 Years to 14 Years
FLEX/Paratransit	6 Years to 8 Years
Vanpool Van	5 Years to 8 Years
Light Rail	25-27 Years to 30 Years
Commuter Rail	30 Years to 35 Years

NOTE 4 – CAPITAL ASSETS (continued)

Depreciation expense by mode that mirrors the Comparative Statement of Revenues, Expenses, and Changes in Net Position.

Depreciation Expense	<u>2020</u>
Bus Service	\$ 29,795,825
Rail Service	102,351,430
Paratransit Service	3,215,090
Other Services	<u>3,726,874</u>
Total Depreciation Expense	<u>\$ 139,089,219</u>

Management evaluates capital assets for impairment when events or changes in circumstances suggest that the service utility of a capital asset may have significantly and unexpectedly declined. This year's impairment loss was \$6,538,469 for the following assets:

<u>Impairment List</u>	<u>Asset #</u>	<u>Useful Life Currently</u>	<u>New Useful Life</u>
<b>Vehicles</b>			
Full-size Transit Vans w/ Lifts	17251	96 months	96 months
Full-size Transit Vans w/ Lifts	17252	96 months	96 months
Full-size Transit Vans w/ Lifts	17253	96 months	96 months
Full-size Transit Vans w/ Lifts	17254	96 months	96 months
Full-size Transit Vans w/ Lifts	17256	96 months	96 months
Wrecked Freightliner Bucket Truck	12628	60 months	Fully depreciated
Antique Bus	8101		600 months
9000 MCI Express	9056		600 months
9700 Gillig M-11	9740		600 months
9900 Gillig 40 Foot	9963		600 months
9900 Gillig 40 Foot	9977		600 months
GMC Antique Bus	2015		600 months
1998 SENATOR BUS	12654		Disposal happening in 2021
2012 Chevy Glaval	12208		600 months
Comet Car Out-of-Service	323	420 months	132 months
Comet Car Out-of-Service	302	420 months	132 months
Comet Car Out-of-Service	303	420 months	132 months
Comet Car Out-of-Service	305	420 months	132 months
Comet Car Out-of-Service	309	420 months	132 months
Comet Car Out-of-Service	310	420 months	132 months
Comet Car Out-of-Service	313	420 months	132 months
Comet Car Out-of-Service	315	420 months	132 months
Comet Car Out-of-Service	316	420 months	132 months
Comet Car Out-of-Service	317	420 months	132 months
Comet Car Out-of-Service	319	420 months	132 months
Comet Car Out-of-Service	320	420 months	132 months
<b>Building</b>			
Kiosk at SL Central	NEW9310	60 months	480 months

**NOTE 5 – FEDERAL FINANCIAL ASSISTANCE**

The Authority receives a portion of its funding from the through the U.S. Department of Transportation’s Federal Transit Administration (FTA) in the form of federal preventative maintenance, federal operating assistance, and federal capital assistance grants. The majority of these grants require the Authority to participate in the funding of the service and/or capital project. The FTA retains ownership in assets purchased with federal funds.

	<u>2020</u>
Operating assistance	
Federal preventive maintenance grants	\$ 64,465,168
Federal operating assistance – CARES grant	95,617,240
Federal operating assistance grants	<u>175,910</u>
	160,258,318
Capital projects	
Federal capital projects – CARES grant	1,290,132
Federal capital projects	<u>19,608,177</u>
	20,898,309
Total federal assistance	<u><u>\$ 181,156,627</u></u>

**NOTE 6 – SELF-INSURANCE CLAIMS LIABILITY**

Changes in the accrued claims liability in 2020, 2019 and 2018 were as follows:

	Beginning liability	Claims incurred and changes in estimates	Claim payments	Ending liability
2020	\$ 862,650	\$ 2,481,986	\$ (2,327,303)	\$ 1,017,333
2019	\$ 1,155,787	\$ 3,319,863	\$ (3,613,000)	\$ 862,650
2018	\$ 1,495,597	\$ 3,117,762	\$ (3,457,572)	\$ 1,155,787

There were no significant reductions in coverage from prior years. As show in the table above there were no instances in the past 3 years where settlements exceeded insurance coverage. Please refer to Note 2, Section Q for liability limits.

The Authority’s Self-Insurance and Worker’s Compensation plans are fully funded. Losses are charged to operations as incurred. The liability for unpaid losses for self-insurance is determined using case-basis evaluations. Claims liabilities include allocated loss adjustment expenses and are reported net of estimated claims. Due to limited historical experience of the Utah Transit Authority’s Self-Insurance and Worker’s Compensation, there exists a significant range of variability around the best estimate of the ultimate cost of setting all unpaid claims. Accordingly, the amount of the liability for unpaid losses and related liabilities and the related provisions included in financial statements may be more or less than the actual cost of settling all unpaid claims. Adjustments to claim liabilities are made annually, based on subsequent developments and experience, and are included in operations as made.

## **NOTE 7 – EMPLOYEE BENEFIT PLANS**

### **A. General Information**

#### *Deferred Compensation Plan*

The 457 Deferred Compensation Plan is offered by the Authority to its employees. The plan was created in accordance with Internal Revenue Code Section 457. The plan is available to all employees on a voluntary basis and permits them to defer a portion of their salaries until future years. The Authority will match \$2 for every \$3 the employee contributes up to 2 percent of the employee's annual salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The Authority has an obligation of due care in selecting the third-party administrators. In the opinion of management, the Authority has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan. The Authority also has the right to change the amount of the employer match. The deferred compensation assets are held by third party plan administrators and are generally invested in money market funds, stock or bond mutual funds or guarantee funds as selected by the employee.

#### *Retiree Medical Account*

A Retiree Medical Account (RMA) is offered by the Authority to its employees. The plan was created in accordance with Internal Revenue Code Section 401(h). The plan is available to all collective bargaining employees at the start of employment and permits the Authority to contribute 1.33 hours of personal time per pay period to a defer tax account until retirement years. The Authority also allows the remaining employees at the end of their employment to create an account to defer taxes on their final pay out of unused sick leave upon retirement into a retiree medical account. The deferred medical funds are not available to employees until termination, retirement, or death and can only be used for medical expenses with tax penalty.

All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The Authority has an obligation of due care in selecting the third-party administrators. In the opinion of management, the Authority has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan. The Authority also has the right to change the amount contributed to the collective bargaining agreement (CBA). The funds are held by third party plan administrators and are generally invested in money market funds, stock or bond mutual funds or guarantee funds as selected by the employee.

#### *Defined Benefit Plan ("the plan")*

The Utah Transit Authority Employee Retirement Plan is a single employer non-contributory defined benefit pension plan which includes all employees of the Authority who are eligible and who have completed six months of service. The Plan is a qualified government plan and is not subject to all of the provisions of ERISA.

As a defined benefit pension plan, the Authority contributes such amounts as are necessary, on an actuarially-sound basis, to provide assets sufficient to meet the benefits to be paid. Required employee contributions were discontinued effective June 1, 1992. Participants may make voluntary contributions as described below. Interest on existing account balances is credited at 5 percent per year.

Although the Authority has not expressed any intention to do so, the Authority has the right under the Plan to discontinue its contributions at any time and to terminate the plan. In the event the plan terminates, the trustee will liquidate all assets of the plan and will determine the value of the trust fund as of the next

**NOTE 7 – EMPLOYEE BENEFIT PLANS (continued)**

business day following the date of such termination. The trustee will allocate assets of the Plan among the participants and beneficiaries as required by law.

As of February 2016, U.S. Bank began serving as the administrator and custodian of the Plan, with Cambridge Associates, LLC (CA) serving as a third-party investment manager.

**B. Reporting**

The Plan is administered by the Pension Committee that consists of five (5) members, one(1) Full Time Board Member, two (2) members appointed by the Amalgamated Transit Union Local 382 in accordance with a collective bargaining agreement and two members of staff appointed by the Board of Trustees. The members of the Pension Committee may (but need not) be participants in the Plan. In the absence of a Pension Committee, the Plan Administrator assumes the powers, duties and responsibilities of the Pension Committee with respect to the administration of the Plan. The Plan does not issue a standalone report.

**C. Membership**

The Plan’s membership consisted of the following:

<u>Active Participants</u>	<u>January 1, 2020</u>
<i>Fully Vested</i>	1,349
<i>Partially Vested</i>	-
<i>Not Vested</i>	1148
<i>Inactive Participants Not Receiving Benefits</i>	433
<i>Retirees and Beneficiaries Receiving Benefits</i>	717
<i>Total</i>	3,647

**D. Benefit Terms**

*Retirement Benefits*

Employees with five or more years of service are entitled to annual pension benefits beginning at normal retirement age 65, or any age with 37.5 years of service in the Plan.

For participants who began participating in the Plan prior to January 1, 1994, the annual benefit is based on a retirement benefit formula equal to:

- 2.3 percent of average compensation multiplied by the participant’s years of service (not exceeding 20 years), plus
- 1.5 percent of the average compensation multiplied by the participant’s years of service in excess of 20 years (but such excess not to exceed 9 years of service), plus
- 0.5 percent for one year plus 2.0 percent for years in excess of 30 years not to exceed 75 percent of average compensation.

For all other active participants, the annual benefit is based on a retirement benefit formula equal to:

- 2.0 percent of average compensation multiplied by the participant’s years of service (not to exceed 37.5 years or 75 percent of average compensation)

Upon termination of employment, members may leave their retirement account intact for future benefits based on vesting qualification or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

## **NOTE 7 – EMPLOYEE BENEFIT PLANS (continued)**

If employees terminate employment before rendering five years of service, they forfeit the right to receive their non-vested accrued plan benefits.

### *Early Retirement Benefits*

The Plan allows for early retirement benefits if the participant has not reached the age of 65 but is at least age 55 with a vested benefit. Benefits under early retirement are equal to the value of the accrued pension, if the participant had retired at the age of 65, reduced 5 percent per year if the payments begin before age 65.

### *Disability Benefits*

The Plan allows for disability benefits. A member who becomes permanently disabled after 5 years of service will immediately receive the greater of the actuarially reduced monthly accrued benefit or \$90 per month, reduced by any Authority sponsored disability plans. Payment of the disability benefit ends at age 65.

### *Death Benefits*

If a participant's death occurs before age 55, but after 5 years of service, the present value of the participant's accrued vested benefit is payable to the participant's beneficiary in the form of a single lump sum regardless of the amount.

If a participant's death occurs after age 55 and 5 years of service, the participant's beneficiary can elect to receive a benefit equal to the greater of:

- 1) A survivor's pension as if the participant had retired on the date before the death with a 100 percent joint and survivor annuity in effect, or
- 2) The present value of the survivor's pension, or
- 3) If a spouse of 2 or more years or a minor child, the participant's contribution with interest, plus 50 percent of the average compensation, payable in the form of a lump sum, or
- 4) A 10-year term certain.

A participant may elect a joint and survivor annuity with 100 percent, 75 percent or 50 percent to be continued to the beneficiary upon the death of the participant.

### *Lump Sum Distributions*

Payment in a lump sum, regardless of amount, may be made with the participant's written consent. Effective September 1, 2012, a participant who has not previously received benefits may elect a partial lump sum payment with the remaining part to be paid in the same manner as the traditional annuity.

During 2020, 43 participants elected to receive their benefit in the form of lump sum distribution. Lump sum distributions collectively totaled \$6,879,961. Individuals are removed from the Plan's membership if they choose to take all of their benefit as a lump sum distribution.

**NOTE 7 – EMPLOYEE BENEFIT PLANS (continued)**

**E. Contributions**

*Employer Contribution Requirements*

Contributions are received from the Authority in the amount determined by the Pension Committee and approved by the Board of Trustees based on funding levels recommended by the Plan’s actuary. The contribution rate for 2020 was 16.3 percent of covered payroll.

*Participant Voluntary Contributions*

A participant who is vested in the Plan may make voluntary contributions into the Plan, and transfer funds from the Employee 457 Deferred Compensation Plan, for the purpose of purchasing “permissive service credit” (as defined in Internal Revenue Code Section 415(N)(3)(A)), in the Plan. No more than 5 years of “permissive service credit” may be purchased. Any purchase of “permissive service credit” must be made in the final year of employment with the Authority.

**F. Method of Accounting**

The Plan prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, under which benefits, and expenses are recognized when due and payable and revenues are recorded in the accounting period in which they are earned and become measurable in accordance with the terms of the Plan. Accordingly, the valuation of investments is shown at fair value and both realized and unrealized gains (losses) are included in net appreciation and depreciation in fair value of investments. The plan reports in accordance with the requirements of GASB 67.

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

*Net pension liability*

On December 31, 2020, the Authority reported a net pension liability of \$96,783,597. The net pension liability was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2020 and rolled-forward using updated procedures.

Date	Total Pension Liability	Plan Fiduciary Net Position	Employers Net Pension Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total Plan Liability	Projected Covered Payroll	Net Pension Liability as a Percentage Of Covered Payroll
12/31/2020	\$376,688,506	\$279,905,104	\$96,783,597	74.31%	\$152,297,365	63.55%

*Deferred outflows of resources and deferred inflows of resources*

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

	2020	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (318,706)	\$ 10,706,609
Change of Assumptions	(958,957)	11,260,488
Net difference between projected and actual earnings	(20,689,630)	-
Contributions made subsequent		-
Total	\$ (21,967,293)	\$ 21,967,097

**NOTE 7 – EMPLOYEE BENEFIT PLANS (continued)**

*Pension expense*

For the year ended December 31, 2020, the Authority recognized pension expense of \$17,979,414. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ending December 31,	Amount
2021	\$ (1,642,838)
2022	2,035,321
2023	(4,049,674)
2024	(83,613)
2025	2,610,318
Thereafter	1,130,290
Total	\$ <u>(196)</u>

*Actuarial assumptions*

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increases	5.40% per annum for the first five (5) years of employment; 3.40% per annum thereafter
Investment rate of return	6.75%, net of investment expenses
Mortality	RP-2014 Blue Collar Mortality Table, with MP-2014 Project Scale (Pre-retirement; Employee Table; Post-retirement Annuitant Table)

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2008.

*Discount rate*

The discount rate used to measure the total pension liability was 6.75 percent. Previous to 2020 a discount rate of 7% was used. The projection of cash flows used to determine the discount rate assumed contribution rates as recommended by the Authority’s Pension Committee and approved by the Board of Trustees. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive participants. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB 67 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the table below presents the net pension liability using the discount rate of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate 1.00 percent lower (5.75 percent) or 1.00 percent higher (7.75 percent) than the current rate.

**NOTE 7 – EMPLOYEE BENEFIT PLANS (continued)**

The following sensitivity analysis assumes rate volatility of plus and minus one percent of the discount rate of 6.75 percent.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Total pension liability	\$ 430,302,012	\$ 376,688,506	\$ 332,559,650
Fiduciary net position	279,905,104	279,905,299	279,905,104
Net pension liability	\$ 150,396,908	\$ 96,783,597	\$ 52,654,546

*Schedule of changes in total pension liability, plan fiduciary net position, and net pension liability*

The following table shows the change to the total pension liability, the plan fiduciary net position, and the net pension liability during the year.

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [a]-[b]
Balances as of January 1, 2020	\$ 345,622,189	\$ 241,757,350	\$ 103,864,839
Charges for the year			
Service cost	10,653,870		10,653,870
Interest on total pension	24,263,256		24,263,256
Differences between expected and actual experience	4,292,503		4,292,503
Changes of assumptions	10,401,274		10,401,274
Plan provision (lump sum interest rate) change	1,019,977		1,019,977
Employer contributions		24,273,996	(24,273,996)
Member voluntary	83,988	83,988	-
Net investment income		33,846,064	(33,846,064)
Benefit payments	(19,648,551)	(19,648,551)	
Administrative expenses		(407,938)	407,938
Balance as of December 31, 2020	\$ 376,688,506	\$ 279,905,299	\$ 96,783,597

H. Investments

All Plan investments are stated at fair value. Most types of marketable or actively traded investments are priced by nationally known vendors. In the event that an investment is not priced by the primary vendor, the Custodian (US Bank) engages a secondary vendor or other source. See Note 3- Investments, Fair Value Measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

**NOTE 7 – EMPLOYEE BENEFIT PLANS (continued)**

*Investment Policy*

The Pension Committee has adopted an Investment Policy Statement (IPS). The IPS is reviewed by the Pension Committee once a year and was amended effective February 2016 to revise the asset classes. A normal weighting is now indicated for each asset class. The IPS was also amended to provide a list of prohibited investments.

In setting the long-term asset policy for the Plan, the Committee has opted to provide a minimum and maximum allowable allocation to the major asset classes. The aggregate exposure to each of the asset classes is to remain within the following ranges:

	Policy Allocation	
	Target Allocation	Allowable Range
Global Equity	63%	51% - 75%
Liquid Diversifiers	10%	0% - 15%
Real Assets	4%	0% - 8%
Fixed Income	22%	12% - 32%
Cash & Equivalents	1%	0% - 5%

*Rate of Return*

The long-term rate of return is selected by the Plan’s Pension Committee after a review of the expected inflation and long-term real returns, reflecting expected volatility and correlation. The assumption currently selected is 6.75 percent per annum, net of investment expenses.

I. Payment of Benefits

Benefit payments to participants are recorded upon distribution.

J. Administrative Expenses

Expenses for the administration of the Plan are budgeted and approved by the Pension Committee. For the year ended December 31, 2020 the Plan paid \$407,938 of administrative expenses

K. Tax Status

The Plan operates under an exemption from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code as a defined benefit plan.

L. Mutual Fund Asset Coverage

The Securities and Exchange Commission requires mutual fund companies to obtain fidelity bond coverage for the assets under their control. The bond coverage varies in amounts depending on the mutual fund.

M. Cash Deposits

Custodial credit risk for cash deposits is the risk in the event of a bank failure, the Plan’s cash deposits may not be returned. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 per depositor per institution. Cash deposits and account balances in excess of \$250,000 are uninsured and uncollateralized.

**NOTE 7 – EMPLOYEE BENEFIT PLANS (continued)**

The Plan considers short-term investments with an original maturity of 3 months or less to be cash equivalents.

	<u>2020</u>
Cash held in banking institution(s)	\$ 440,817

**N. Risks and Uncertainties**

The Plan utilizes various investments which, in general are exposed to various risks such as interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

**O. Credit Risk**

Credit risk for investments is in the risk that the counterparty to an investment will not fulfill its obligations. The Plan's rated investments are show below.

Fixed Income:			
2020	\$	59,948,353	AA/Aa Rated

**P. Investment Interest Rate Risk**

Investment interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The table below shows the maturities of the Plan's investments.

Fixed Inc funds:			
2020	\$	59,948,353	Average effective duration: 5.3 years Average effective maturity: 7.5 years

**Q. Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The following amounts represent 5 percent or more of the Plan's fiduciary net position and investments as of December 31, invested with any one organization.

	<u>2020</u>
Equity funds:	
Two Sigma Active US All Cap &	\$ 26,268,193
Ssga - 3-10 Tr US Tres Indx Ed	15,295,979
Investments	
Fixed income:	
IR+M Core Bond Fund II	\$ 23,778,130

**NOTE 7 – EMPLOYEE BENEFIT PLANS (continued)**

	Investment Assets at Fair Value as of December 31, 2020
	Level 1
Money Market Funds	\$ 11,069,957
Global Equity	73,640,827
Liquid Diversifier	-
Real Assets	9,159,952
Fixed Income	3,687,008
<b>Total Assets at Fair Value</b>	<b>\$ 97,557,744</b>

R. Net Asset Value per Share

The following tables provide additional disclosures concerning the investments measured at fair value based on NAV as of December 31, 2020.

	2020			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Global Equity	\$ 107,301,447	\$ -	Daily	Daily
Liquid Diversifier	13,969,239	\$ -	Daily	Daily
Real Assets	1,787,388	\$ -	Daily	Daily
Fixed Income	56,261,345	\$ -	Daily	Daily
Total	\$ 179,319,419	\$ -		

Global Equity – intended to provide capital appreciation, current income, and growth of income mostly through the ownership of public equities representing an ownership interest in a company. The objective for investment managers in this category is to exceed the results represented by the annualized return of the MSCI All Country World Index, net over annualized rolling three to five-year time periods.

Liquid Diversifiers – intend to provide the Fund with less directional equity exposure and less correlated returns to traditional asset class (i.e. equities and fixed income). These strategies may utilize multiple asset classes spanning across the capital structure of equity and debt securities and they may also employ leverage, commodities, and derivatives. These investments will be made in managers with more liquid investment profiles through mutual funds or commingled vehicles.

Real Assets – intended to provide real return through investments which has inflation sensitive characteristics. Investments could include REITs, natural resource equities, MLPs, inflation linked bonds and commodities.

Fixed Income – intended to provide diversification and protection against downward moves in the equity market and serves as a deflation hedge and a predictable source of income. Weighted average duration of the allocation will be within 1 year of the Barclays Capital Aggregate Bond Index, as measured on a quarterly basis.

**NOTE 7 – EMPLOYEE BENEFIT PLANS (continued)**

**S. Money-Weighted Rate of Return**

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle

of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow each month. The money-weighted rate of return is calculated net of investment expenses.

Fiscal Year Ending December 31 2020	Net Money-Weighted Rate of Return 13.88%
---	--

*Schedule is intended to show information for 10 years. Additional years will be displayed when available.*

**T. Actuarial Valuation**

The total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020 and rolled-forward using generally accepted actuarial procedures. The significant actuarial assumptions and methods used in the January 1, 2020 valuation are as follows:

- Actuarial Cost Method - Entry Age Normal
- Inflation - 2.30 percent
- Employer Annual Payroll Growth Including Inflation - 3.40 percent
- Salary Increases - 5.4 percent for the first five years of employment; 3.4 percent per annum thereafter
- Mortality - RP 2014 Blue Collar Mortality Table, with MP-2014 projection scale
- Investment Rate of Return - 6.75 percent, net of investment expenses
- Retirement Age - Table of rates by age and eligibility
- Cost of Living Adjustments - None
- Percent of Future Retirements Electing Lump Sum - 20 percent

**U. Target Allocations**

The long-term rate of return is selected by the Plan's Pension Committee after a review of expected inflation and long-term real returns, reflecting expected volatility and correlation. Best estimates of the compound nominal rates of return for each major asset class included in the Plan's target asset allocations as of December 31, 2020, is summarized in the table below.

:

Asset Class	Target Asset Allocation	Geometric Long Term Expected Return
Global Equities	63%	6.8%
Fixed Income	22%	2.7%
Liquid Diversifiers	10%	3.4%
Real Assets	4%	5.1%
Cash & Equivalents	1%	1.6%
<b>Total</b>	<b>100%</b>	<b>5.4%</b>

**NOTE 7 – EMPLOYEE BENEFIT PLANS (continued)**

The 6.75 percent assumed investment rate of return is comprised of an inflation rate of 2.30 percent and a real return

V. Discount Rate and Rate Sensitivity Analysis

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made based on the actuarially determined rates. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all the projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

W. Employer Contribution Requirements

The Authority’s contribution rate consists of (1) an amount for normal cost, the estimated amount necessary to finance benefits earned by participants during the current year, and (2) an amount for amortization of the unfunded or excess funded actuarial accrued liability over the service life of the vested participants in accordance with the Authority’s adoption of GASB 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The rates are determined using the entry age actuarial

**SCHEDULE OF FIDUCIARY NET POSITION**

	UTA Employee Retirement and Trust
<b>ASSETS</b>	
Cash in Bank	\$ 440,817
Investments	
Global Equities	180,702,335
Fixed Income	59,948,353
Liquid Diversifiers	13,969,240
Real Assets	10,947,340
Money Market	11,312,878
Total Investments	<u>276,880,146</u>
Prepaid Benefits	1,167,307
Receivables	
Dividends Receivable	211
Accounts Receivable - Benefits	3,879
Accounts Receivable - Contributions	1,423,466
Total Receivables	<u>1,427,556</u>
<b>TOTAL ASSETS</b>	<b><u>279,915,826</u></b>
<b>LIABILITIES</b>	
Benefits Payable	10,722
<b>TOTAL LIABILITIES</b>	<b><u>10,722</u></b>
<b>NET POSITION</b>	
Restricted for Pension	<u>279,905,104</u>

**NOTE 7 – EMPLOYEE BENEFIT PLANS (continued)**

**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**

	UTA Employee Retirement and Trust
<b>ADDITIONS</b>	
Employer Contributions	\$ 24,273,996
Participant Voluntary Contributions	83,988
Total Contributions	<u>24,357,984</u>
Net Investment Income	
Net Appreciation in Fair Value of Investments	33,682,504
Interest	16,418
Dividends	919,037
Total Investment Income	<u>34,617,959</u>
Less: Investment Expense	<u>771,700</u>
Net Investment Income	33,846,259
<b>TOTAL ADDITIONS</b>	<u><u>58,204,243</u></u>
<b>DEDUCTIONS</b>	
Monthly Benefits Paid	12,768,590
Lump Sum Distributions	6,879,961
Administrative Expense	407,938
<b>TOTAL DEDUCTIONS</b>	<u><u>20,056,489</u></u>
<b>CHANGE IN NET POSITION</b>	<u><u>\$ 38,147,754</u></u>
Total Net Position (Restricted), January 1	\$ 241,757,350
Total Net Position (Restricted), December 31	\$ 279,905,104



**NOTE 8 – JOINT INSURANCE TRUST**

**A. General Information**

The Union and the Authority have agreed on February 1, 1989 that specific amounts of money paid for insurance benefit purposes for the union members be controlled by a trust. The trust should also control any additional amounts paid by the union member shall be deposited in same agreed upon trust account.

**B. Reporting Entity**

The trust is administered by the Joint Insurance Committee that consists of seven (7) members, one (1) neutral member agreed upon by the Union and the Authority, three (3) appointed by the Amalgamated Transit Union Local 382 in accordance with a collective bargaining agreement and three members of staff appointed by the Authority. The members of the Joint Insurance Committee may (but need not) be participants in the trust.

**C. Membership**

The Other Employee Benefit Plan’s membership consisted of:

	<u>December 31, 2020</u>
Active participants	1,417
Inactive participants not receiving benefits	288
Total	<u>1,705</u>

**D. Benefit Terms**

*Insurance Benefits*

The Amalgamated Transit Union (ATU) and the Authority have established, through various collectively bargaining agreements, provisions for payment of medical, dental, vision, life, accident, and short-term disability insurances.

**E. Contributions**

*Employer Contribution Requirements*

Contributions from the Authority are determined by based on the current collective bargaining agreement.

*Participant Matching Contributions*

A participant is an employee of the Authority who is eligible for insurance benefits under the collective bargaining agreement or is eligible for Consolidated Omnibus Budget Reconciliation Act (COBRA). Certain insurance plans in the trust require participants to pay a portion of the premiums or all of the premium to participate.

**F. Method of Accounting**

The Plan prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, under which benefits, and expenses are recognized when due and payable and revenues are recorded in the accounting period in which they are earned. Accordingly, the valuation of investments is shown at fair value and both realized and unrealized gains (losses) are included in net appreciation and depreciation in fair value of investments.

**NOTE 8 – JOINT INSURANCE TRUST (continued)**

The plan does not issue a standalone report.

**SCHEDULE OF FIDUCIARY NET POSITION**

	<u>Joint Insurance Trust</u>
<b>ASSETS</b>	
Cash in Bank	\$ 1,756,671
Cash in Utah State Treasury	444,578
Total Cash	<u>2,201,249</u>
Investments	1,806,348
Deposits	104,795
Receivables	1,784,335
<b>TOTAL ASSETS</b>	<b><u>5,896,727</u></b>
<b>LIABILITIES</b>	
Accounts Payable	130,000
<b>TOTAL LIABILITIES</b>	<b><u>130,000</u></b>
<b>NET POSITION</b>	
Restricted for Benefits Other than Pension	<b><u>5,766,727</u></b>

**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**

	<u>Joint Insurance Trust</u>
<b>ADDITIONS</b>	
Employer Contributions	\$ 19,805,127
Participant Voluntary Contributions	570,223
Total Contributions	<u>20,375,350</u>
Net Investment Income	
Net Appreciation in Fair Value of Investments	11,290
Interest	35,952
Total Investment Income	<u>47,242</u>
<b>TOTAL ADDITIONS</b>	<b><u>20,422,592</u></b>
<b>DEDUCTIONS</b>	
Monthly Benefits Paid	19,170,642
Administrative Expense	81,715
<b>TOTAL DEDUCTIONS</b>	<b><u>19,252,357</u></b>
<b>CHANGE IN NET POSITION</b>	<b><u>\$ 1,170,235</u></b>
Total Net Position (Restricted), January 1	\$ 4,596,492
Total Net Position (Restricted), December 31	\$ 5,766,727

## **NOTE 9 – LIABILITIES**

The Authority issues revenue, capital interest, and capital appreciation bonds along with financing leases in order to provide funding for long-term capital improvements and acquisitions of capital assets. In some instances the full faith and credit of the Authority are pledged to secure the debt, while some are limited to pledge revenues stated in the bond. Leasehold interests in the vehicle being financed act as security for financing lease agreements.

Related to bonds, the Authority's interest payments are typically semiannual on June 15<sup>th</sup> and December 15<sup>th</sup>. Interest expense is accrued for the 16 remaining days of December as part of accrued interest. The larger part of accrued interest is related to Utah County's 2016 Debt issuance. Previous year's principal and interest payments made by Utah County along with operation expense contributed for the Utah Valley Express bus route that started in August 2018 are in accrued interest. In 2019, Utah County and the Authority agreed a new 4<sup>th</sup> quarter cent sales tax in Utah County for transit would be exclusively used to repay any obligation be accrued by the Authority related to the Utah Valley Express bus route.

In addition, the Authority has long term obligations related to compensate absences which represent obligations to employees for unused vacation leave balances or guaranteed health saving account contributions at retirement for unused sick leave balances. General revenues are used to liquidate compensated absence balances and other long term obligations.

In the event of default, the Trustee for the bonds may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, in any, and interest on the Bonds the Outstanding or to enforce any obligations of the Authority. However, the Authority's obligations with respect to the Bonds are limited to Pledged Revenues. (Amended and Restated General Indenture of Trust, dated September 1, 2002)

For those debts for which collateral or a leasehold interest has been pledged, the most likely remedy in the event of default would be though other possible remedies include acceleration of all unpaid payments on the debt, possession of pledged property by the debtor, and any necessary legal actions against the Authority to cure the default. (The Authority's Current Standard Lease Purchase Agreement Language)

On March 19<sup>th</sup>, 2020, the Authority issued \$216,650,000 In Senior Sales Tax Revenue Bonds to provide resources to purchase qualifying open market securities which were placed in an irrevocable trust for the purpose of generating resources for the advanced refunding of certain 2015A Senior Revenue Bonds. As a result the refunded bonds are considered defeased and a portion of liability for those bonds have been removed. The transaction resulted in a reduction of total debt service requirements by \$21,052,014 which resulted in an economic gain of \$17,464,464.

On November 12<sup>th</sup>, 2020, the Authority issued \$74,750,000 in Subordinated Lien Sales Tax Revenue Bonds to provide resources to purchase qualifying open market securities which were placed in an irrevocable trust for the purpose of generating resources for the advanced refunding of 2012 Revenue Bonds. As a result the refunded bonds are considered totally defeased and the liability for those bonds have been removed. The transaction resulted in a reduction of total debt services requirements by \$11,074,073 which resulted in an economic gain of \$8,914,307.

In prior years, the Authority has refunded certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the refunded bonds are not included in the Authority's financial statements. At December 31, 2020, \$217,309,832 of the 2012A Revenue Bond and \$348,598,949 of the 2015A Revenue Bond were defeased in irrevocable trust. In 2020, \$10,457,750 from the 2012A and \$15,057,250 from the 2015A were paid from these irrevocable trust accounts. Certain amounts that were paid during refunding are capitalized and amortized over the life of the debt and are reported as deferred amounts on refundings.

UTAH TRANSIT AUTHORITY  
 FINANCIAL SECTION  
 Year Ended December 31, 2020

NOTE 9 – LIABILITIES (continued)

	Amount Outstanding	Amount Due Within One Year	Accrued Interest	Amount of Collateral
<b>DIRECT BORROWINGS:</b>				
<u>INTER-LOCAL LOAN:</u>				
On December 22, 2016, Utah County issued a \$65 million Subordinated Transportation Sales Tax Revenue Bond to be used for the construction of the Utah Valley Express bus route. The Authority and Utah County have entered into an inter-local agreement that requires the Authority to reimburse Utah County for all bond costs (principal, interest, and cost of issuance) prior to December 31, 2028. The Authority paid the November 1, 2020 bond principal and interest payment. The principal amount paid was \$1,410,000 and the interest paid was \$961,433.20. The amount owed to the County was reduced by those amounts. In 2020, the Authority will remit \$2,735,019 to Utah County for repayment of prior debt payments per the terms of Utah County 4 <sup>th</sup> Quarter Cent Sales Tax Inter-local Agreement.	\$65,665,597	\$1,885,735	\$5,219,241	-
Subtotal: Direct Borrowings – Inter-local Loan	\$65,665,597	\$1,885,735	\$5,219,241	-
<u>FINANCING LEASES:</u>				
\$5,283,500 12-Year Financing Lease, Series 2015, issued July 17, 2015, maturing monthly from August 17, 2015 through July 17, 2027, with interest payable monthly at rate of 2.0908%. A leasehold interest in 10 CNG buses and equipment is pledged as security for the debt.	\$3,061,703	\$438,385	-	\$2,898,587
\$2,480,000 12-Year Financing Lease, Series 2016, issued September 27, 2016, maturing monthly from October 27, 2016 through September 27, 2028, with interest payable monthly at rate of 1.6322%. A leasehold interest in 5 ski buses and equipment is pledged as security for the debt.	\$1,656,614	\$202,175	-	\$1,601,667
\$4,546,000 5-Year Financing Lease, Series 2016, issued September 27, 2016, maturing monthly from October 27, 2016 through September 27, 2021, with interest payable monthly at rate of 1.3008%. A leasehold interest in 33 FLEX/Paratransit vehicles and equipment is pledged as security for the debt.	\$700,881	\$700,881	-	\$681,900
\$24,390,000 12-Year Financing Lease, Series 2017, issued November 30, 2017, maturing monthly from December 31, 2017 through November 30, 2029, with interest payable monthly at rate of 2.2440%. A leasehold interest in 47 buses and equipment is pledged as security for the debt.	\$18,735,162	\$1,919,557	-	\$18,123,125

UTAH TRANSIT AUTHORITY  
 FINANCIAL SECTION  
 Year Ended December 31, 2020

NOTE 9 – LIABILITIES (continued)

	Amount Outstanding	Amount Due Within One Year	Accrued Interest	Amount of Collateral
\$1,444,000 5-Year Financing Lease, Series 2017, issued November 30, 2017, maturing monthly from December 31, 2017 through November 30, 2022, with interest payable monthly at rate of 1.8200%. A leasehold interest in 33 FLEX/Paratransit vehicles and equipment is pledged as security for the debt.	\$569,105	\$294,449	-	\$558,208
\$1,307,000 4-Year Financing Lease (A vehicle was totaled and paid off in 2018, therefore the principle was reduced by \$28,893), Series 2017, issued November 30, 2017, maturing monthly from December 31, 2017 through November 30, 2021, with interest payable monthly at rate of 1.7700%. A leasehold interest in 36 RideShare vans is pledged as security for the debt.	\$298,511	\$298,511	-	\$290,539
\$12,496,000 12-Year Financing Lease, Series 2018, issued November 28, 2018, maturing monthly from December 28, 2018 through November 30, 2030, with interest payable monthly at rate of 3.2950%. A leasehold interest in 24 buses, 2 trolleys, and their associated equipment is pledged as security for the debt.	\$10,664,701	\$924,626	-	\$10,326,555
\$381,000 5-Year Financing Lease, Series 2018, issued November 28, 2018, maturing monthly from December 28, 2018 through November 30, 2023, with interest payable monthly at rate of 3.0570%. A leasehold interest in 36 FLEX/Paratransit vehicles and equipment is pledged as security for the debt.	\$229,285	\$76,323	-	\$214,790
\$1,500,000 4-Year Financing Lease, Series 2018, issued November 28, 2018, maturing monthly from December 28, 2018 through November 30, 2022, with interest payable monthly at rate of 3.0220%. A leasehold interest in 60 RideShare vans is pledged as security for the debt.	\$727,660	\$374,395	-	\$705,468
\$5,190,000 12-Year Financing Lease, Series 2019, issued August 8, 2019, maturing monthly from September 8, 2019 through August 8, 2031, with interest payable monthly at rate of 2.2200%. A leasehold interest in 10 buses and equipment is pledged as security for the debt.	\$4,679,158	\$393,169	-	\$4,454,104

UTAH TRANSIT AUTHORITY  
 FINANCIAL SECTION  
 Year Ended December 31, 2020

NOTE 9 - LIABILITIES (continued)

	Amount Outstanding	Amount Due Within One Year	Accrued Interest	Amount of Collateral
\$2,730,000 5-Year Financing Lease, Series 2019, issued August 8, 2019, maturing monthly from September 8, 2019 through August 8, 2024, with interest payable monthly at rate of 1.9100%. A leasehold interest in 30 FLEX/Paratransit vehicles and equipment is pledged as security for the debt.	\$2,027,279	\$538,901	-	-
\$1,960,000 4-Year Financing Lease, Series 2019, issued August 8, 2019, maturing monthly from September 8, 2019 through August 8, 2023, with interest payable monthly at rate of 1.9100%. A leasehold interest in 52 RideShare vans is pledged as security for the debt.	\$1,323,219	\$488,333	-	\$824,027
\$9,530,000 14-Year Financing Lease, Series 2020, issued December 5, 2020, maturing monthly from January 3rd, 2021 through December 3, 2034, with interest payable monthly at rate of 1.696%. A leasehold interest in 20 buses and equipment is pledged as security for the debt.	\$9,530,000	\$608,287	-	-
\$3,060,000 6-Year Financing Lease, Series 2020, issued December 5, 2020, maturing monthly from January 3, 2021 through December 3, 2026, with interest payable monthly at rate of .964%. A leasehold interest in 25 Flex/Paratransit vehicles and 35 RideShare vans and equipment is pledged as security for the debt.	\$3,060,000	\$499,216	-	-
Subtotal Direct Borrowings: Financing Leases	\$57,263,278	\$7,757,208	-	\$40,678,970
<b>TOTAL DIRECT BORROWINGS</b>	<b>\$122,928,875</b>	<b>\$9,642,943</b>	<b>\$5,219,241</b>	<b>\$40,678,970</b>
<b>OTHER DEBT:</b>				
<b>REVENUE BONDS:</b>				
\$20,630,000 Senior Revenue bonds, Series 2005A, issued August 10, 2005, maturing annually from June 15, 2005 through June 15, 2022, with interest payable semiannually at rates from 3.25-5.25%.	\$3,730,000	\$1,815,000	\$8,159	-
\$134,650,000 Senior Revenue bonds, Series 2006C, issued October 24, 2006, maturing annually from June 15, 2007 through June 15, 2032, with interest payable semiannually at rates from 5.00% - 5.25%	\$96,775,000	\$5,950,000	\$211,695	-

UTAH TRANSIT AUTHORITY  
 FINANCIAL SECTION  
 Year Ended December 31, 2020

NOTE 9 – LIABILITIES (continued)

	Amount Outstanding	Amount Due Within One Year	Accrued Interest	Amount of Collateral
\$700,000,000 Senior Revenue bonds, Series 2008A, issued April 10, 2008, maturing annually from December 15, 2008 through June 15, 2038, with interest payable semiannually at rates from 4.75-5.25%	\$48,410,000	-	\$105,897	-
\$668,655,000 Senior Revenue bonds, Series 2015A, issued February 25, 2015, maturing annually from June 15, 2015 through June 15, 2038, with interest payable semiannually at rates from 2.00-5.00%.	\$480,220,000	\$18,235,000	\$902,721	-
\$192,005,000 Subordinate Revenue bonds, Series 2015B, issued February 25, 2015, maturing annually from June 15, 2015 through June 15, 2037, with interest payable semiannually at rates from 3.00-5.00%.	\$64,020,000	\$5,840,000	\$133,375	-
\$145,691,498 Subordinate Revenue bonds, Series 2016, issued August 24, 2016, maturing annually from December 15, 2016 through December 15, 2031, with interest payable semiannually at rates from 3.00 - 4.00%.	\$126,780,000	-	\$191,763	-
\$83,765,000 Senior Revenue bonds, Series 2018, issued March 15, 2018, maturing annually from June 15, 2018 through December 15, 2036, with interest payable semiannually at rates from 3.722 - 5.00%.	\$82,265,000	-	\$147,392	-
\$115,540,000 Subordinate Revenue bonds, Series 2018, issued March 15, 2018, maturing annually from June 15, 2018 through December 15, 2041 with interest payable semiannually at rates from 3.125-5.00%.	\$113,035,000	\$3,235,000	\$212,120	-
\$61,830,000 Senior Revenue bonds, Series 2019A, issued November 26, 2019, maturing annually from June 15, 2020 through December 15, 2044, with interest payable semiannually at rates from 3.00-5.00%.	\$61,830,000	-	\$104,579	-
\$188,810,000 Senior Revenue bonds, Series 2019B, issued November 26, 2019, maturing annually from June 15, 2020 through December 15, 2042, with interest payable semiannually at a rate of 3.443%.	\$188,810,000	-	\$249,577	-
\$59,070,000 Subordinate Revenue bonds, Series 2019B, issued November 26, 2019, maturing annually from June 15, 2020 through December 15, 2042, with interest payable semiannually at rates from 3.393-3.643%.	\$59,070,000	-	\$87,851	-

UTAH TRANSIT AUTHORITY  
 FINANCIAL SECTION  
 Year Ended December 31, 2020

NOTE 9 - LIABILITIES (continued)

	Amount Outstanding	Amount Due Within One Year	Accrued Interest	Amount of Collateral
\$216,650,000 Taxable Senior Lien Sales Tax Revenue bonds, Series 2020, issued March 19, 2020, maturing annually from June 15, 2020 through December 15, 2038, with interest payable semiannually at rates from .937-2.774%.	\$211,370,000	\$4,090,000	\$196,267	-
\$74,750,000 Subordinate Revenue bonds, Series 2020B, issued November 12, 2020, maturing annually from June 15, 2021 through December 15, 2039, with interest payable semiannually at rates from 2.375-2.97%.	\$74,750,000	-	\$274,395	-
Subtotal Revenue Bonds	\$1,611,065,000	\$39,165,000	\$2,825,791	-
CURRENT INTEREST BONDS:				
\$128,795,000 Subordinate Current Interest Debt, Series 2007A, issued June 19, 2007, maturing annually from December 15, 2007 through June 15, 2035, with interest payable semiannually at a rate of 5.00%.	\$115,895,000	-	\$241,448	-
Subtotal Current Interest Bonds	\$115,895,000	-	\$241,448	-
BUILD AMERICA BONDS:				
\$261,450,000 Senior Debt, Series 2009B, issued May 21, 2009, maturing annually from December 15, 2009 through June 15, 2029, with interest payable semiannually at a rate of 5.937%. The authority elected to treat the 2009B bonds as "Build America Bonds" for the purpose of the American Recovery and Investment Act of 2009 (the Recovery Act) and to receive a cash subsidy from the United States Treasury in connection therewith. Pursuant to the Recovery Act, the Authority anticipates cash subsidy payments from the United States Treasury equal to 35% (\$5,432,800) of the interest payable on the 2009B bonds.	\$261,450,000	-	\$646,762	-
\$200,000,000 Subordinate Debt, Series 2010A, issued October 20, 2010, maturing annually from June 15, 2011 through June 15, 2040, with interest payable semiannually at a rate of 5.705%. The authority elected to treat the 2010A bonds as "Build America Bonds" for the purpose of the American Recovery and Investment Act of 2009 (the Recovery Act) and to receive a cash subsidy from the United States Treasury in connection therewith. Pursuant to the Recovery Act, the Authority anticipates cash subsidy payments from the United States Treasury equal to 35% (\$3,993,500) of the interest payable on the 2010A bonds.	\$200,000,000	-	\$475,417	-

UTAH TRANSIT AUTHORITY  
 FINANCIAL SECTION  
 Year Ended December 31, 2020

NOTE 9 – LIABILITIES (continued)

	Amount Outstanding	Amount Due Within One Year	Accrued Interest	Amount of Collateral
Subtotal Build America Bonds	\$461,450,000	-	\$1,122,179	-
<b>CAPITAL APPRECIATION BONDS</b>				
\$18,911,498 Capital Appreciation Subordinate Debt, Series 2016, issued August 24, 2016, maturing December 15, 2032 at a rate of 3.32%	\$18,911,498	-	\$2,848,380	-
Subtotal Capital Appreciation Bonds	\$18,911,498	-	\$2,848,380	-
<b>TOTAL OTHER DEBT</b>	<b>\$2,207,321,498</b>	<b>\$39,165,000</b>	<b>\$7,037,798</b>	<b>-</b>

OTHER DEBT

The Sales Tax Revenue Bonds are payable from and secured by UTA’s sales and use tax revenue. UTA is required to maintain certain minimum deposits, as defined in the Indenture of Trust, to meet debt service requirements. Sales Tax Revenue Bonds debt service requirements to maturity are as follows:

Year ending December 31,	Principal	Interest	Total
2021	39,165,000	96,047,559	135,212,559
2022	48,150,000	93,805,233	141,955,233
2023	59,260,000	91,236,726	150,496,726
2024	62,125,000	88,368,593	150,493,593
2025	67,060,000	85,373,164	152,433,164
2026-2030	431,605,000	374,990,061	806,595,061
2031-2035	544,171,498	288,273,854	832,445,352
2036-2040	671,075,000	141,121,663	812,196,663
2041-2044	284,710,000	15,542,236	300,252,236

DIRECT BORROWINGS

Beginning in 2015, UTA has secured capital leases annually for the purchase of buses, paratransit vehicles and vanpool commuter vans. The Capital Lease Agreements from 2015 through 2019 were secured from Banc of America Public Capital Corporation and the Capital Lease Agreement in 2020 was secured through JP Morgan Chase Bank.

On December 22, 2016, Utah County issued a \$65 million Subordinated Transportation Sales Tax Revenue Bond to be used for the construction of the Utah Valley Express bus route. The Authority and Utah County have entered into an inter-local agreement that requires the Authority to reimburse Utah County for all bond costs (principal, interest, and cost of issuance) prior to December 31, 2028

**NOTE 9 LONG-TERM LIABILITIES (continued)**

Annual repayment requirements on the Direct Borrowings are:

Year ending December 31,	Principal	Interest	Total
2021	9,642,943	3,075,301	12,718,245
2022	8,394,708	2,871,646	11,266,354
2023	7,775,699	2,679,223	10,454,922
2024	7,349,737	2,498,642	9,848,379
2025	7,144,436	2,324,815	9,469,251
2026-2030	79,338,088	7,635,819	86,973,907
2031-2034	3,283,264	106,253	3,389,517

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020	Due Within One Year
Other Debt:					
Sales Tax Revenue Bonds	2,198,209,467	291,400,000	(282,287,969)	2,207,321,498	39,165,000
Issuance premiums/(discounts)	132,932,460	(570,550)	(15,320,667)	117,041,243	-
Total Other Debt	2,331,141,927	290,829,450	(297,608,636)	2,324,362,741	39,165,000
Direct Borrowings					
Financing Lease Agreements	52,187,087	12,590,000	(7,513,809)	57,263,278	7,757,208
Inter-local Loan	68,077,030	3,696,453	(6,107,886)	65,665,597	1,885,735
Total Direct Borrowings	120,264,117	16,286,453	(13,621,695)	122,928,875	9,642,943
Total long-term liabilities	2,451,406,044	307,115,903	(311,230,331)	2,447,291,616	48,807,943

Compensated Absences

	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020
Total Vacation Liability	7,184,755	10,969,251	(9,073,774)	9,080,232
Total Sick Liability	5,248,453	1,204,730	(1,195,308)	5,257,875
Total Compensated Absences	12,433,208	12,173,981	(10,269,082)	14,338,107

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

The Authority is a defendant in various matters of litigation and has other claims pending as a result of activities in the ordinary courses of business. Management and legal counsel believe that by reason of meritorious defense, by insurance coverage or statutory limitations, these contingencies will not result in a significant liability to the Authority in excess of the amounts provided as accrued self-insurance liability in the accompanying financial statements.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES (continued)**

As of December 31, 2020, the Authority also has purchasing commitments of \$127.8 million for capital projects. The largest of these commitments are as follows:

- \$53.2 million Depot District
- \$19.1 million Bus Replacements
- \$13.5 million Light Rail Overhaul
- \$ 7.9 million TRAX Airport Relocation Design
- \$ 7.0 million Train Control Rehabilitation and Replacement
- \$ 5.5 million Sandy Civic Center Parking Structure
- \$ 4.8 million TIGER Grant Projects
- \$ 1.1 million Ogden-Weber State University Bus Rapid Transit
- \$ 0.7 million South Davis County Bus Rapid Transit

**NOTE 11 –SUBSEQUENT EVENTS**

On December 27, 2020, President Donald J. Trump signed the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) providing \$14 billion to transit agencies in the form of formula grant to help to respond to the COVID-19 pandemic. The total available amount for UTA that will be executed in a grant in the summer of 2021 is as follows:

<i>UZA</i>	<i>Amount</i>
<i>Salt Lake</i>	\$ 30,597,668
<i>Ogden</i>	760,201
<i>Provo</i>	2,226,234
<b><i>Total</i></b>	<b>\$ 33,584,103</b>

	<i>Amount</i>
<i>Enhance Mobility for Seniors and Individuals with Disabilities</i>	248,032

On March 11, 2021, President Joseph R. Biden signed the American Rescue Plan Act (ARPA) of 2021 providing \$30.5 billion to transit agencies in the form of formula grant to help to respond to the COVID-19 pandemic. The total available amount for UTA that will be executed in a grant in the fall of 2021 is as follows:

<i>UZA</i>	<i>Amount</i>
<i>Salt Lake</i>	\$ 108,443,995
<i>Ogden</i>	38,143,636
<i>Provo</i>	21,189,816
<b><i>Total</i></b>	<b>\$ 167,777,447</b>

	<i>Amount</i>
<i>Enhance Mobility for Seniors and Individuals with Disabilities</i>	248,035

Although the long-term economic impact of COVID-19 pandemic is unknown at this time, UTA anticipates that the three rounds of stimulus funding will allow UTA to carefully evaluate long-term financial impacts and make necessary adjustments, if any, to align its expenditures to a new level of revenue streams.

# Required Supplementary Information

UTAH TRANSIT AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 Year Ended December 31, 2020

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS – 10 YEARS**

	2020	2019	2018
<b>Total Pension Liability</b>			
Service cost	\$ 10,653,870	\$ 10,244,115	\$ 9,550,863
Interest on total pension liability	24,263,256	22,947,802	21,512,781
Voluntary member contributions	83,988	298,803	223,572
Differences between expected and actual experience	4,292,503	3,347,505	4,893,150
Assumption changes or inputs	11,421,251	-	-
Benefits paid	(19,648,551)	(17,302,699)	(15,474,819)
<b>Net change in total pension liability</b>	<b>31,066,317</b>	<b>19,535,526</b>	<b>20,705,547</b>
Total pension liability - beginning	345,622,189	326,086,663	305,381,116
Total pension liability - ending (a)	376,688,506	345,622,189	326,086,663
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 24,273,996	\$ 24,008,192	\$ 22,355,434
Contributions - members	83,988	298,803	223,572
Net investment income	33,846,454	40,648,932	-16,629,921
Benefits paid	(19,648,551)	(17,302,69)	(15,474,819)
Administrative expense	(407,938)	(434,427)	(440,279)
<b>Net change in plan fiduciary net position</b>	<b>38,147,949</b>	<b>47,218,801</b>	<b>(9,966,013)</b>
Plan fiduciary net position - beginning	241,757,350	194,538,549	204,504,562
Plan fiduciary net position - ending (b)	279,905,299	241,757,350	194,538,549
<b>Net pension liability / (asset) - ending (a-b)</b>	<b>\$ 96,738,597</b>	<b>\$ 103,864,839</b>	<b>\$ 131,548,114</b>
Plan fiduciary net position as a percentage of the total pension liability	74.31%	69.95%	59.66%
Projected covered employee payroll	\$ 152,297,365	\$ 141,812,999	\$ 132,521,079
Net pension liability as a percentage of covered employee payroll	63.55%	73.24%	99.27%

**Notes:**

2020: amounts reported as assumption changes or inputs resulted from lowering the discount rate from 7.00% to 6.75%.

UTAH TRANSIT AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 Year Ended December 31, 2020

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>				
Service cost	\$ 8,368,262	\$ 7,711,706	\$ 7,545,807	\$ 7,284,379
Interest on total pension liability	20,368,031	19,604,345	18,717,411	17,623,248
Voluntary member contributions	697,576	437,923	916,567	275,663
Differences between expected and actual experience	4,915,564	-927,077	-1,973,177	0
Assumption changes or inputs	5,079,447	-3,955,702	7,725,363	0
Benefits paid	(13,008,142)	(12,980,615)	(11,554,824)	(10,181,732)
<b>Net change in total pension liability</b>	<u>26,420,738</u>	<u>9,890,580</u>	<u>21,377,147</u>	<u>15,001,558</u>
Total pension liability - beginning	278,960,378	269,069,798	247,692,651	232,691,093
Total pension liability - ending (a)	305,381,116	278,960,378	269,069,798	247,692,651
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 20,506,163	\$ 19,603,952	\$ 16,745,254	\$ 15,366,694
Contributions - members	697,576	437,923	916,567	275,663
Net investment income	30,598,620	7,591,211	-1,085,458	5,946,916
Benefits paid	(13,008,142)	(12,980,615)	(11,554,824)	(10,181,732)
Administrative expense	(324,912)	(249,141)	(244,011)	(219,504)
<b>Net change in plan fiduciary net position</b>	<u>38,469,305</u>	<u>14,403,330</u>	<u>4,777,528</u>	<u>11,188,037</u>
Plan fiduciary net position - beginning	166,035,257	151,631,927	146,854,399	135,666,362
Plan fiduciary net position - ending (b)	204,504,562	166,035,257	151,631,927	146,854,399
Net pension liability / (asset) - ending (a-b)	<u>\$ 100,876,554</u>	<u>\$ 112,925,121</u>	<u>\$ 117,437,871</u>	<u>\$ 100,838,252</u>
Plan fiduciary net position as a percentage of the total pension liability	66.97%	59.50%	56.40%	59.29%
Projected covered employee payroll	\$ 126,690,540	\$ 115,430,618	\$ 110,727,134	\$ 106,004,057
Net pension liability as a percentage of covered employee payroll	79.62%	97.83%	106.06%	95.13%

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

UTAH TRANSIT AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 Year Ended December 31, 2020

**SCHEDULE OF REQUIRED EMPLOYER CONTRIBUTIONS – 10 YEARS**

Year	Actuarial Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
2020	\$25,167,517	\$24,273,996	\$893,521	\$152,297,365	15.94%
2019	22,240,718	24,008,192	(1,767,474)	141,812,999	16.93%
2018	21,600,936	22,355,434	(754,498)	132,521,079	16.87%
2017	20,270,486	20,506,163	(235,677)	126,690,540	16.19%
2016	17,147,568	19,603,952	(2,456,384)	115,430,618	16.98%
2015	16,609,070	16,745,254	(136,184)	110,727,134	15.12%
2014	14,757,446	15,366,694	(609,248)	106,004,057	14.50%
2013	14,352,279	13,338,052	1,014,227	102,099,985	13.06%
2012	12,206,257	11,645,982	560,275	96,750,285	12.04%
2011	10,114,755	10,114,755	-	91,265,129	11.08%

**NOTE 1 – METHODS AND ASSUMPTIONS USED TO DETERMINE TOTAL PENSION LIABILITY AS OF DECEMBER 31, 2020**

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	13 years
Asset valuation method	Equal to the market value
Cost of Living Adjustments	None
Inflation	2.3%
Salary increases	5.40% per annum for the first five years of employment; 3.40% per annum thereafter
Investment rate of return	6.75%, net of investment expenses
Retirement age	Table of Rates by Age and Eligibility
Mortality	RP-2014 Blue Collar Mortality Table, with MP-2014 projection scale
Percent of Future Retirements	20%
Electing Lump Sum	

**Schedule of Investment Returns**

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow each month. The money-weighted rate of return is calculated net of investment expenses.

Fiscal Year Ending December 31	Net Money-Weighted Rate of Return
2020	13.88%
2019	20.56%
2018	-8.00%
2017	18.01%
2016	4.90%
2015	-0.72%
2014	4.31%

*Schedule is intended to show information for 10 years. Additional years will be displayed when available.*

# Supplementary Schedules

UTAH TRANSIT AUTHORITY  
 Supplementary Schedule  
 Year Ended December 31, 2020

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 BUDGET TO ACTUAL**

	<u>Budget</u>	<u>Budget Amendments</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenues</b>					
Contributions from other govts, sales tax	\$347,567,000	\$ 499,000	\$348,066,000	\$361,590,707	\$ 13,524,707
Federal operating grants	67,911,000	-	\$67,911,000	160,258,318	92,347,318
Passenger revenues	55,182,000	-	\$55,182,000	32,845,272	(22,336,728)
Advertising	2,517,000	-	\$2,517,000	2,035,000	(482,000)
Investment income	7,577,000	-	\$7,577,000	3,525,448	(4,051,552)
Other income	11,101,000	250,000	\$11,351,000	9,594,384	(1,756,616)
Total revenues	491,855,000	749,000	492,604,000	569,849,129	77,245,129
<b>Operating Expenses</b>					
Bus services	112,342,000	-	112,342,000	107,390,047	4,951,953
Rail services	82,920,000	-	82,920,000	96,041,283	(13,121,283)
Paratransit services	24,637,000	250,000	24,887,000	22,646,903	2,240,097
Other services (less non-operating)	3,298,000	-	3,298,000	3,296,275	1,725
Operations support	50,331,000	22,000	50,353,000	46,463,776	3,889,224
Administration (less non-operating)	40,355,000	(22,000)	40,333,000	41,376,994	(1,043,994)
Total operating expenses	313,883,000	250,000	314,133,000	317,215,278	(3,082,278)
<b>Non-Operating Expenses (Revenues)</b>					
Interest expense	106,152,628	-	106,152,628	99,898,505	6,254,123
Build America Bond subsidies	(8,870,148)	-	(8,870,148)	(8,893,288)	23,140
Principal	38,632,520	-	38,632,520	44,821,695	(6,189,175)
Non-operating	5,945,000	499,000	6,444,000	3,168,692	3,275,308
Total non-operating expenses	141,860,000	499,000	142,359,000	138,995,604	3,363,396
<b>Total Operating and Non-Operating Expenses</b>	<b>\$455,743,000</b>	<b>\$ 749,000</b>	<b>\$456,492,000</b>	<b>\$456,210,882</b>	<b>\$ 281,118</b>
<b>Capital Expenses (Revenues)</b>					
Federal and local grants	\$ (39,363,000)	\$(20,989,130)	\$ (60,352,130)	\$ (20,898,309)	\$ (39,453,821)
State and local contributions	(17,116,000)	(13,070,870)	(30,186,870)	(3,238,849)	(26,948,021)
Capital lease	(30,340,000)	(2,785,400)	(33,125,400)	-	(33,125,400)
Bonds	(61,611,000)	28,751,500	(32,859,500)	-	(32,859,500)
Project Expenses	191,549,000	26,210,400	217,759,400	102,596,114	115,163,286
Total capital expenses (revenues)	\$ 43,119,000	\$ 18,116,500	\$ 61,235,500	\$ 78,458,956	\$ (17,223,456)
Project Expenses-less transfers to Capital Assets in 2020				\$ (72,854,307)	
Operations-less transfers to Capital Assets in 2020				(233,660)	
Capital Maintenance Projects				\$ 29,508,147	
Total Revenues (Operating and Capital)				\$ 593,986,287	
- Less Total Expenses (Operating, Non-Operating, and Capital (after Capitalization))				(485,719,029)	
- Less Depreciation Expense				(139,089,219)	
+ Plus Sale of Assets				927,566	
+ Plus Capital Maintenance Projects (Added into modes)					
Bus				2,903,387	
Rail				21,759,091	
Paratransit				(9,341)	
Administration				4,855,010	
+ Plus Principal Payments on Long-term Debt				44,821,695	
Change in Net Position (Statement of Revenues, Expenses, and Changes in Net Position)				\$ 44,435,447	

**SCHEDULE OF FIDUCIARY NET POSITION**

	UTA Employee Retirement and Trust	Joint Insurance Trust	Total
<b>ASSETS</b>			
Cash in Bank	\$ 440,817	\$ 1,756,671	\$ 2,197,488
Cash in Utah State Treasury	-	444,578	444,578
Total Cash	440,817	2,201,249	2,642,066
Investments			
Global Equities	180,702,335	-	180,702,335
Fixed Income	59,948,353	-	59,948,353
Liquid Diversifiers	13,969,240	-	13,969,240
Real Assets	10,947,340	-	10,947,340
Money Market	11,312,878	1,806,348	13,119,226
Total Investments	276,880,146	1,806,348	278,686,494
Prepaid Benefits	1,167,307	-	1,167,307
Deposits	-	104,795	104,795
Receivables			
Dividends Receivable	211	-	211
Accounts Receivable - Benefits	3,879	-	3,879
Accounts Receivable - Contributions	1,423,466	1,784,335	3,207,801
Total Receivables	1,427,556	1,784,335	3,211,891
<b>TOTAL ASSETS</b>	<b>279,915,826</b>	<b>5,896,727</b>	<b>285,812,553</b>
<b>LIABILITIES</b>			
Benefits Payable	10,722	-	10,722
Accounts Payable	-	130,000	130,000
<b>TOTAL LIABILITIES</b>	<b>10,722</b>	<b>130,000</b>	<b>140,722</b>
<b>NET POSITION</b>			
Restricted for:			
Pension	279,905,104	-	279,905,104
Benefits Other than Pension	-	5,766,727	5,766,727
Total Net Position	<b>\$ 279,905,104</b>	<b>\$ 5,766,727</b>	<b>\$ 285,671,831</b>

\*\*Readers wanting additional information should refer to the notes to the financial statements\*\*

**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**

	UTA Employee Retirement and Trust	Joint Insurance Trust	Total
<b>ADDITIONS</b>			
Employer Contributions	\$ 24,273,996	\$ 19,805,127	\$ 44,079,123
Participant Voluntary Contributions	83,988	570,223	654,211
Total Contributions	24,357,984	20,375,350	44,733,334
Net Investment Income			
Net Appreciation in Fair Value of Investments	33,682,504	11,290	33,693,794
Interest	16,418	35,952	52,370
Dividends	919,037	-	919,037
Total Investment Income	34,617,959	47,242	34,665,201
Less: Investment Expense	771,700	-	771,700
Net Investment Income	33,846,259	47,242	33,893,501
<b>TOTAL ADDITIONS</b>	<b>58,204,243</b>	<b>20,422,592</b>	<b>78,626,835</b>
<b>DEDUCTIONS</b>			
Monthly Benefits Paid	12,768,590	19,170,642	31,939,232
Lump Sum Distributions	6,879,961	-	6,879,961
Administrative Expense	407,938	81,715	489,653
<b>TOTAL DEDUCTIONS</b>	<b>20,056,489</b>	<b>19,252,357</b>	<b>39,308,846</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 38,147,754</b>	<b>\$ 1,170,235</b>	<b>\$ 39,317,989</b>
Total Net Position (Restricted), January 1	\$ 241,757,350	\$ 4,596,492	\$ 246,353,842
Total Net Position (Restricted), December 31	\$ 279,905,104	\$ 5,766,727	\$ 285,671,831

\*\*Readers wanting additional information should refer to the notes to the financial statements\*\*

# Statistical

**\*NET POSITION AS OF December 31 - 10 years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Investment in Net Assets	\$ 704,734,181	\$ 692,675,681	\$ 827,646,243	\$ 894,275,843	\$ 924,260,135	\$ 1,040,640,236	\$ 1,230,633,230	\$ 1,327,585,097	\$ 1,364,803,454	\$ 1,366,337,801
Restricted	40,516,406	66,948,773	66,559,450	63,399,717	67,381,132	77,983,022	62,779,798	7,172,060	3,872,141	3,929,644
Unrestricted	228,081,924	113,143,840	85,088,927	39,001,957	71,502,447	76,548,154	137,991,170	242,347,746	304,834,237	276,960,064
Total Net Position	973,332,511	872,768,294	979,294,620	993,677,419	1,063,143,714	1,195,171,412	1,431,404,198	1,577,104,903	1,673,509,832	1,647,227,509
Restatement Position, Restated	\$ 973,332,511	\$ 872,768,294	\$ 979,294,620	\$ 993,677,419	\$ 1,063,143,714	\$ 1,185,673,891	\$ 1,316,356,931	\$ 1,582,036,460	\$ 1,673,509,832	\$ 1,647,227,509

**\*CHANGE IN NET POSITION - 10 YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenues	\$ 34,880,272	\$ 55,111,554	\$ 54,464,392	\$ 54,525,870	\$ 52,891,021	\$ 54,346,242	\$ 53,761,223	\$ 52,044,200	\$ 46,422,916	\$ 41,527,090
Operating Expenses	403,344,419	457,897,920	401,161,541	427,777,940	422,543,342	394,062,733	398,626,029	378,224,993	319,322,223	288,531,160
Operating loss	(368,464,147)	(402,786,366)	(346,697,149)	(373,252,070)	(369,652,321)	(339,716,491)	(344,864,806)	(326,180,793)	(272,899,307)	(247,004,070)
Non-Operating Revenues	444,739,466	261,451,197	268,435,411	246,722,487	226,957,532	209,462,264	182,843,232	173,520,664	200,370,290	205,877,440
Income (loss) before capital contributions	76,275,319	(141,355,169)	(78,261,738)	(126,529,583)	(142,694,789)	(130,254,227)	(162,021,574)	(152,660,129)	(72,529,017)	(41,126,630)
Change in net position	\$ 100,564,217	\$ 106,526,326	\$ (14,381,899)	\$ (69,466,295)	\$ (122,530,177)	\$ (121,185,519)	\$ (150,632,263)	\$ (96,404,929)	\$ 26,282,323	\$ 3,858,640

\*Source: Utah Transit Authority 2020 Comprehensive Annual Report



**\*Revenue History by Source - 10 Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating	\$ 34,880,272	\$ 55,111,554	\$ 182,843,232	\$ 54,525,870	\$ 52,891,021	\$ 54,346,242	\$ 53,761,223	\$ 52,044,200	\$ 46,422,916	\$ 41,527,090
Sales taxes	361,590,707	317,797,604	282,933,591	265,770,775	245,008,417	227,703,023	214,683,276	203,806,329	196,693,543	183,091,524
Investment	3,525,448	6,821,490	6,525,872	2,873,787	1,732,939	2,831,406	5,803,226	1,455,039	1,892,549	3,672,397
Sale of Assets	927,566									
Other	9,442,644	(45,372,222)	8,155,668	3,954,893	3,108,191	8,314,065	3,724,610	4,347,724	2,351,713	3,483,140
	<u>410,366,637</u>	<u>334,358,426</u>	<u>480,458,363</u>	<u>327,125,325</u>	<u>302,740,568</u>	<u>293,194,736</u>	<u>277,972,335</u>	<u>261,653,292</u>	<u>247,360,721</u>	<u>231,774,151</u>
Federal Grants										
Federal Preventative Maintenance Grants	160,258,318	69,746,231	61,820,668	62,313,994	59,772,235	49,452,677	47,760,737	47,986,240	46,719,891	47,735,443
Federal Planning Grants	-	-	-	-	3,562,534	2,547,335	2,994,139	3,868,252	1,985,766	11,583,980
Federal Capital Grants	20,898,309	16,395,068	31,585,906	53,960,024	17,054,298	7,819,096	8,025,628	48,669,408	85,168,542	44,864,016
	<u>181,156,627</u>	<u>86,141,299</u>	<u>93,406,574</u>	<u>116,274,018</u>	<u>80,389,067</u>	<u>59,819,108</u>	<u>58,780,504</u>	<u>100,523,900</u>	<u>133,874,199</u>	<u>104,183,439</u>
Other Capital Contributions	3,390,589	18,413,775	32,293,935	3,103,264	3,110,314	1,249,612	3,363,683	7,585,792	13,642,798	121,254
	<u>\$ 594,913,853</u>	<u>\$ 438,913,500</u>	<u>\$ 606,158,872</u>	<u>\$ 446,502,607</u>	<u>\$ 386,239,949</u>	<u>\$ 354,263,456</u>	<u>\$ 340,116,522</u>	<u>\$ 369,762,984</u>	<u>\$ 394,877,718</u>	<u>\$ 336,078,844</u>

**\*Expense History by Function - 10 Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Bus Service	\$ 107,567,163	104,570,413	\$ 96,719,747	\$ 88,928,063	\$ 85,841,973	\$ 77,092,676	\$ 79,060,631	\$ 78,894,435	\$ 78,894,799	\$ 81,208,651
Rail Service	96,140,305	77,972,467	75,157,087	72,895,607	84,165,069	67,254,632	70,365,953	61,086,101	46,049,338	38,135,480
Paratransit Service	22,677,516	23,121,527	21,858,532	19,572,367	19,341,116	18,511,580	18,748,699	18,202,211	17,516,117	16,054,555
Other Service	3,297,837	3,247,699	3,056,191	2,982,176	2,949,643	2,918,871	3,183,892	701,656	596,583	535,897
Operations Support	46,527,500	47,056,444	45,557,749	41,932,571	37,831,682	32,051,926	28,380,563	28,439,826	25,247,271	21,643,830
Administration <sup>1</sup>	43,734,772	36,738,745	39,593,947	31,423,844	38,840,643	35,189,725	35,409,918	28,533,912	26,664,222	26,340,573
Capital Maintenance Projects	-	19,078,502	38,654,111	20,602,425	-	-	-	-	-	-
Depreciation	139,089,219	146,112,123	80,565,077	149,440,887	153,573,216	161,043,323	163,476,373	162,366,852	124,353,893	104,612,174
Interest <sup>2</sup>	99,898,505	87,541,906	91,000,388	88,190,962	85,415,870	80,575,328	91,311,842	87,132,004	48,462,258	42,878,130
Recoverable Sales Tax, Interlocal <sup>3</sup>	810,914	810,914	810,914	810,914	810,914	810,914	810,914	810,914	810,914	810,914
	<u>\$ 560,182,608</u>	<u>\$ 546,250,740</u>	<u>\$ 492,973,743</u>	<u>\$ 516,779,816</u>	<u>\$ 508,770,126</u>	<u>\$ 475,448,975</u>	<u>\$ 490,748,785</u>	<u>\$ 466,167,911</u>	<u>\$ 368,595,395</u>	<u>\$ 332,220,204</u>

\*Source: Utah Transit Authority 2020 Annual Comprehensive Financial Report

<sup>1</sup> Includes major investment studies

<sup>2</sup> Reported as non-capitalized interest

<sup>3</sup> See Notes to the Financial Statement, Note 2.K



**LOCAL CONTRIBUTIONS IN THE FORM OF SALES TAX BY COUNTY - 10 YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Box Elder <sup>1</sup>	\$ 2,404,175	\$ 2,019,035	\$ 1,898,308	\$ 1,957,740	\$ 1,790,352	\$ 1,552,291	\$ 1,418,268	\$ 1,300,577	\$ 1,279,794	\$ 1,226,730	\$ 1,269,478
Davis	37,364,965	33,674,864	31,883,835	30,633,547	27,606,440	23,178,724	21,459,683	20,023,042	18,692,038	17,880,017	16,964,089
Salt Lake	217,849,215	196,744,294	174,704,191	163,407,564	153,201,907	146,866,479	139,199,088	132,741,112	129,169,357	120,094,110	112,379,366
Tooele <sup>2</sup>	3,347,286	2,250,563	2,815,189	2,302,492	1,798,971	1,521,097	1,384,631	1,349,366	1,364,179	1,207,539	1,227,109
Utah	69,278,480	55,708,400	45,665,232	43,023,303	38,601,427	36,221,930	33,752,513	31,905,764	30,576,235	27,743,162	25,397,367
Weber	31,346,586	27,400,447	25,966,836	24,446,129	22,009,320	18,362,502	17,469,093	16,486,468	15,611,940	14,939,966	14,656,323
	<u>\$ 361,590,707</u>	<u>\$ 317,797,604</u>	<u>\$ 282,933,591</u>	<u>\$ 265,770,775</u>	<u>\$ 245,008,417</u>	<u>\$ 227,703,023</u>	<u>\$ 214,683,276</u>	<u>\$ 203,806,329</u>	<u>\$ 196,693,543</u>	<u>\$ 183,091,524</u>	<u>\$ 171,893,732</u>

<sup>1</sup> Includes Brigham City, Perry and Willard cities only

<sup>2</sup> Includes the cities of Tooele and Grantsville; and the unincorporated areas of Erda, Lakepoint, Stansbury Park and Lincoln

**LOCAL TRANSIT SALES TAX RATES BY COUNTY - 10 YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Box Elder	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%
Davis	0.6500%	0.6500%	0.6500%	0.6500%	0.6500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%
Salt Lake	0.8500%	0.7875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%
Tooele	0.4000%	0.4000%	0.4000%	0.4000%	0.4000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%
Utah	0.6300%	0.6260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%
Weber	0.6500%	0.6500%	0.6500%	0.6500%	0.6500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%

Source:  
<https://tax.utah.gov/sales/rates#charts>  
 Utah State Tax Commission



**\*PRINCIPAL CONTRIBUTORS OF SALES TAX BY COUNTY - 2010 and 2020**

	2020			2010		
	Rank	Percentage of contributions	Amount	Rank	Percentage of contributions	Amount
Salt Lake County	1	60.25%	\$ 217,849,215	1	65.38%	\$ 112,379,366
Utah County	2	19.16%	69,278,480	2	14.78%	25,397,367
Davis County	3	10.33%	37,364,965	3	9.87%	16,964,089
Weber County	4	8.67%	31,346,586	4	8.53%	14,656,323
Box Elder County	5	0.66%	2,404,175	5	0.74%	1,269,478
Tooele County	6	0.93%	3,347,286	6	0.71%	1,227,109
			<u>\$ 361,590,707</u>			<u>\$ 171,893,732</u>

\*Source:  
<https://tax.utah.gov/sales/rates#charts>  
 Utah State Tax Commission

**\*FARES - 10 Years**

	2020	2019	2018	2017	2016	2015	2014	2013 (4/1/12)	2012 (5/1/11)	2011 (11/1/10)
<b>Cash Fares</b>										
Base Fare	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.35	\$ 2.25
Senior Citizen/Disabled	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.15	1.10
Ski Bus	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.25	4.00
Paratransit (Flextrans)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.50	2.75
Commuter Rail Base Rate	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.35	2.25
Commuter Rail Additional Station	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.55	0.50
Commuter Rail Maximum Rate	10.30	10.30	10.30	10.30	10.30	10.30	10.30	10.30	5.10	5.25
Express	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.25	5.00
Streetcar	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	n/a	n/a
<b>Monthly Passes</b>										
Adult	\$ 85.00	\$ 83.75	\$ 83.75	\$ 83.75	\$ 83.75	\$ 83.75	\$ 83.75	\$ 83.75	\$ 78.50	\$ 75.00
College Student	42.50	62.75	62.75	62.75	62.75	62.75	62.75	62.75	58.75	56.25
Senior Citizen/Disabled	42.50	41.75	41.75	41.75	41.75	41.75	41.75	41.75	39.25	37.50
Express	170.00	198.00	198.00	198.00	198.00	198.00	198.00	198.00	189.00	180.00
<b>Other Fares</b>										
Day Pass	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 5.75	\$ 5.50
Group Pass	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	14.00	13.50
Summer Youth	99.00	99.00	99.00	99.00	99.00	99.00	99.00	n/a	n/a	n/a
Token - 10-Pack	22.50	22.50	22.50	22.50	22.50	22.50	22.50	22.50	21.00	20.25
Paratransit - 10-Ride Ticket	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	35.00	30.00

\*Source: UTA Fares Department



**TOTAL OUTSTANDING DEBT BURDEN PER CAPITA**

Fiscal Year	Total Debt		Sales Tax Collected (Less Proposition 1 and 4th quarter cent)	Personal Income of UTA Service Area	Percentage of Personal Income	Per Capita
	Bonds	Leases				
2011	\$ 1,927,474,109	\$ -	\$ 183,091,524	\$ 77,524,222,000	2.49%	863.07
2012	2,083,194,109	-	196,693,543	83,156,237,000	2.51%	919.40
2013	2,077,184,109	-	203,806,329	85,699,968,000	2.42%	902.22
2014	2,072,399,109	-	214,683,276	91,063,808,000	2.28%	885.58
2015	2,099,242,069	11,272,688	227,703,023	98,213,376,000	2.14%	891.69
2016	2,070,183,567	19,605,173	238,584,981	104,042,124,000	1.99%	864.94
2017	2,136,303,567	46,394,866	256,742,750	110,124,169,000	1.94%	886.14
2018	2,211,117,114	56,038,716	273,007,256	118,270,822,000	1.87%	906.17
2019	2,196,731,498	52,187,203	288,548,490	125,338,146,000	1.75%	885.17
2020	2,207,321,498	57,263,279	311,520,915	-	-	-

Source: Note 9  
 Note: Does not include Utah County Provo Orem BRT debt  
 2020 income numbers not available as of June 2021

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Fiscal Year	Estimated Population	Personal Income in UTA Service Area	Per Capita Personal Income	Unemployment Rate
2011	2,233,268	\$ 77,524,222,000	\$ 34,713	6.7%
2012	2,265,811	83,156,237,000	36,700	5.4%
2013	2,302,315	85,699,968,000	37,223	4.6%
2014	2,332,262	91,063,808,000	39,045	3.8%
2015	2,366,874	98,213,376,000	41,495	3.6%
2016	2,416,115	104,042,124,000	43,062	3.4%
2017	2,463,158	110,124,169,000	44,709	3.3%
2018	2,501,905	118,270,822,000	47,272	3.0%
2019	2,540,671	125,338,146,000	49,333	2.6%
12020	2,618,206	-	-	4.7%

Source: US Dept of Commerce, Bureau of Economic Analysis, Regional Data (www.bea.gov)  
 Unemployment rate- Utah Department of Workforce Services  
 12020 personal income numbers not available as of June 2021

**YEARLY DEBT SERVICE COVERAGE**

Fiscal Year	Bond Payments		Sales Tax Collected (Less Proposition 1 and 4th quarter cent)	Coverage Ratio Sales Tax
	Principal	Interest		
2011	\$ 7,300,000	\$ 71,932,011	\$ 183,091,524	2.31
2012	7,615,000	71,837,998	196,693,543	2.48
2013	7,450,000	84,319,531	203,806,329	2.22
2014	7,810,000	91,382,184	214,683,276	2.16
2015	11,445,000	84,785,200	227,703,023	2.37
2016	13,570,000	94,893,898	238,584,981	2.20
2017	8,750,000	77,765,121	256,742,750	2.97
2018	10,845,000	89,110,270	273,007,256	2.73
2019	17,500,000	98,602,388	288,548,490	2.49
2020	25,920,000	90,980,361	311,520,915	2.66

Source: Note 9  
 Note: Does not include Utah County Provo Orem BRT debt

**PRINCIPAL EMPLOYERS - 2019 and 2009**

		2019			2009			
Employer	Industry	Employees	Rank	% Total Employment	Employer	Employees	Rank	% Total Employment
Intermountain Healthcare	Health Care	20,000 +	1	1.3%	Intermountain Health Care	20,000+	1	1.6%
University of Utah (Including Hospital)	Higher Education	20,000 +	2	1.3%	State of Utah	20,000+	2	1.6%
State of Utah	State Government	20,000 +	3	1.3%	Wal Mart Stores	15,000-19,999	3	1.2%
Brigham Young University	Higher Education	15,000-19,999	4	1.0%	Brigham Young University	15,000-19,999	4	1.6%
Wal-Mart Associates	Warehouse Clubs/Supercenters	15,000-19,999	5	1.0%	University of Utah	15,000-19,999	5	1.2%
Hill Air Force Base	Federal Government	10,000-14,999	6	0.6%	Hill Air Force Base	10,000-14,000	6	1.2%
Amazon.com Services	Courier/Express Delivery Service	10,000-14,999	7	0.6%	Granite School District	7,000-9,999	7	0.6%
Davis County School District	Public Education	7,000-9,999	8	0.4%	Davis County School District	7,000-9,999	8	0.6%
Utah State University	Higher Education	7,000-9,999	9	0.4%	Jordan School District	5,000-6,999	9	0.6%
Smith's Food and Drug Centers	Grocery Stores	7,000-9,999	10	0.4%	Kroger Group/ Smiths Marketplace	5,000-6,999	10	0.6%
Granite School District	Public Education	7,000-9,999	11	0.4%	Utah State University	5,000-6,999	11	0.6%
Alpine School District	Public Education	7,000-9,999	12	0.3%	Alpine School District	5,000-6,999	12	0.6%
Jordan School District	Public Education	7,000-9,999	13	0.3%	Salt Lake County	5,000-6,999	13	0.6%
Salt Lake County	Local Government	5,000-6,999	14	0.3%	Internal Revenue Service	5,000-6,999	14	0.6%
Utah Valley University	Higher Education	5,000-6,999	15	0.3%	US Postal Service	5,000-6,999	15	0.6%
<b>Total Employment</b>				<b>1,564,782</b>				<b>1,245,016</b>

Source: Department of Workforce Services  
 Largest Employers by County  
 Utah's Largest Employers 2009

<https://jobs.utah.gov/wi/data/library/firm/majoremployers.html>  
<http://www.operationriogrande.utah.gov/wi/pubs/em/pastreports/09annual/lrgstemp2009.pdf>

2020 data not available at time of report

Notes: <https://jobs.utah.gov/wi/data/library/firm/majoremployers.html>  
<https://jobs.utah.gov/wi/pubs/em/pastreports/11annual/lrgstemp.pdf>

**FULL-TIME EQUIVALENT AUTHORITY EMPLOYEES - 10 YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Bus operations	1104	1138	1089	1030	1028	951	945	911	963	950
Rail operations	625	631	611	580	563	527	542	526	506	425
Paratransit operations	200	204	196	191	191.5	188	183	176	168	168
Other services	10	10	8	9	9	12	10	10	12	11
Support services	417	433	413	365	366	349	323	335	293	284
Administration	187	184	180	243	212	210	207	195	217	224
<b>Total</b>	<b>2543</b>	<b>2600</b>	<b>2496</b>	<b>2417</b>	<b>2368</b>	<b>2237</b>	<b>2210</b>	<b>2153</b>	<b>2159</b>	<b>2062</b>

Source: UTA Budget Staff



**TREND STATISTICS - 10 YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Passengers</b>										
Bus service	12,441,304	20,799,642	19,624,935	19,749,855	20,033,242	20,560,068	20,165,174	19,695,711	21,222,669	21,560,358
Rail service	10,271,888	22,321,887	22,981,884	23,677,677	23,765,873	24,349,674	24,337,451	22,814,274	19,421,608	16,944,264
Paratransit service	187,112	388,265	394,816	386,977	389,019	388,169	372,499	383,453	715,034	683,336
Vanpool service	658,990	1,068,364	1,174,696	1,264,410	1,333,780	1,423,675	1,404,285	1,387,816	1,446,766	1,417,183
<b>Total passengers</b>	<b>23,559,294</b>	<b>44,578,158</b>	<b>44,176,331</b>	<b>45,078,919</b>	<b>45,521,914</b>	<b>46,721,586</b>	<b>46,279,409</b>	<b>44,281,254</b>	<b>42,806,077</b>	<b>40,605,141</b>
<b>Revenue Miles</b>										
Bus service	15,607,429	18,158,463	17,911,404	17,454,404	15,462,834	15,367,510	15,660,520	15,706,028	15,091,645	15,869,340
Rail service	3,288,505	11,977,751	12,084,767	12,082,292	12,070,277	11,988,005	11,784,146	11,681,251	7,905,460	6,019,693
Paratransit service	1,709,396	2,881,355	2,798,928	2,727,127	2,505,343	2,293,887	2,513,535	2,932,842	3,252,193	4,094,325
Vanpool service	5,705,170	6,451,812	6,354,828	6,449,439	6,518,150	6,734,487	6,859,802	7,053,191	7,553,978	8,042,756
<b>Total Revenue Miles</b>	<b>26,310,500</b>	<b>39,469,381</b>	<b>39,149,927</b>	<b>38,713,262</b>	<b>36,556,604</b>	<b>36,383,889</b>	<b>36,818,003</b>	<b>37,373,312</b>	<b>33,803,276</b>	<b>34,026,114</b>
<b>Total Miles</b>										
Bus service	17,692,313	20,854,420	20,247,617	19,899,364	17,511,624	17,662,486	17,864,847	17,191,018	16,553,983	17,416,367
Rail service	3,323,282	12,098,162	12,285,634	12,202,976	12,189,876	12,368,934	11,814,332	11,773,929	7,987,022	6,073,807
Paratransit service	2,223,889	3,566,711	3,376,772	3,263,607	3,254,559	3,192,367	2,844,468	3,493,247	4,088,027	5,256,369
Vanpool service	5,705,170	6,451,812	6,354,828	6,449,439	6,518,150	6,734,487	6,859,802	7,053,191	7,553,978	8,042,756
<b>Total miles</b>	<b>28,944,654</b>	<b>42,971,105</b>	<b>42,264,851</b>	<b>41,815,386</b>	<b>39,474,209</b>	<b>39,958,274</b>	<b>39,383,449</b>	<b>39,511,385</b>	<b>36,183,010</b>	<b>36,789,299</b>
<b>Passengers per Mile</b>										
Bus service	0.80	1.15	1.10	1.13	1.30	1.34	1.29	1.25	1.41	1.36
Rail service	3.12	1.86	1.90	1.96	1.97	2.03	2.07	1.95	2.46	2.81
Paratransit service	0.11	0.13	0.14	0.14	0.16	0.17	0.15	0.13	0.22	0.17
Vanpool service	0.12	0.17	0.18	0.20	0.20	0.21	0.20	0.20	0.19	0.18
<b>Total Passengers per Revenue Mile</b>	<b>0.90</b>	<b>1.13</b>	<b>1.13</b>	<b>1.16</b>	<b>1.25</b>	<b>1.28</b>	<b>1.26</b>	<b>1.18</b>	<b>1.27</b>	<b>1.19</b>
<b>Revenue Hours</b>										
Bus service	1,169,292	1,326,660	1,284,186	1,258,448	1,087,055	1,070,139	1,108,894	933,662	834,985	866,268
Rail service	480,017	532,353	527,187	513,389	511,082	506,233	487,435	641,914	536,066	388,826
Paratransit service	116,174	181,749	180,342	162,198	162,734	160,383	164,527	191,016	227,013	300,760
<b>Total revenue hours</b>	<b>1,765,483</b>	<b>2,040,762</b>	<b>1,991,715</b>	<b>1,934,035</b>	<b>1,760,871</b>	<b>1,736,755</b>	<b>1,760,856</b>	<b>1,766,592</b>	<b>1,598,064</b>	<b>1,555,854</b>
<b>Passengers per Revenue Hour</b>										
Bus service	10.64	15.68	15.28	15.69	18.43	19.21	18.18	21.10	25.42	24.89
Rail service	21.40	41.93	43.59	46.12	46.50	48.10	49.93	35.54	36.23	43.58
Paratransit service	1.61	2.14	2.19	2.39	2.39	2.42	2.26	2.01	3.15	2.27
<b>Total passengers per mile</b>	<b>12.97</b>	<b>11.13</b>	<b>21.59</b>	<b>22.65</b>	<b>25.09</b>	<b>26.08</b>	<b>25.48</b>	<b>24.28</b>	<b>25.88</b>	<b>25.19</b>
<b>Total System</b>										
Fare revenue	\$ 32,845,272	\$ 52,649,054	\$ 48,122,586	\$ 52,159,202	\$ 50,624,354	\$ 52,112,909	\$ 51,461,223	\$ 49,977,533	\$ 44,489,583	\$ 39,693,757
Operating expense	320,787,400	311,785,797	300,954,051	257,734,612	268,970,126	242,516,933	235,149,656	215,858,141	194,968,330	183,918,986
Cost per revenue mile	12.19	7.90	7.69	6.66	7.36	6.67	6.39	5.78	5.77	5.41
Cost per passenger	13.62	6.99	6.81	5.72	5.91	5.19	5.08	4.87	4.55	4.53
Fare revenue per passenger	1.39	1.18	1.09	1.16	1.11	1.12	1.11	1.13	1.04	0.98

Note: Does not include commuter bus or contract transportation.  
 Source: NTD



**OPERATING INDICATORS AND CAPITAL ASSETS - 10 YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Number of bus routes*	104	117	114	119	125	126	121	119	125	119
Number of rail routes										
Light rail	4	4	4	4	4	4	4	4	3	3
Commuter rail	1	1	1	1	1	1	1	1	1	1
Bus Service Miles (weekday)	63,025	62,742	57,378	56,162	53,612	49,625	51,629	55,733	64,186	64,493
Rail Service Miles (weekday)										
Light Rail	6,797	8,832	8,853	8,814	8,815	8,828	8,547	8,216	6,978	5,107
Commuter Rail	3,628	4,660	4,664	4,623	4,627	4,651	4,638	4,488	2,390	2,327
Average Passengers (weekday)	78,972	152,940	151,901	156,288	155,873	161,862	161,339	152,644	152,934	142,186
Buses	539	570	561	582	567	555	535	493	570	495
Paratransit vehicles (buses/vans)	207	198	182	148	129		84	113	110	112
Rail vehicles										
Light rail	117	117	146	146	146	146	146	146	122	122
Commuter rail	81	70	81	81	81	81	81	81	57	55
Vanpool vehicles	471	512	453	453	503	495	479	470	494	485
Park and ride lots <sup>1</sup>										
Rail Park and Ride	42	42	42	42	46	41				
Non-Rail and Ride Stations	12	12	12	12						
Bus Stops	6,120	6,247	6,100	6,100	6,196	6,250	6,250	6,273	6,333	6,600
Rail Stations										
Light Rail	57	57	57	57	57	57	51	51	41	41
Commuter Rail	17	17	16	16	16	16	16	16	16	7

Source: NTD  
 UTA Capital Asset Record  
 UTA Change-Day Roster

\* Including flex

<sup>1</sup> As of 2017 started distinguishing between rail and non rail park and ride lots

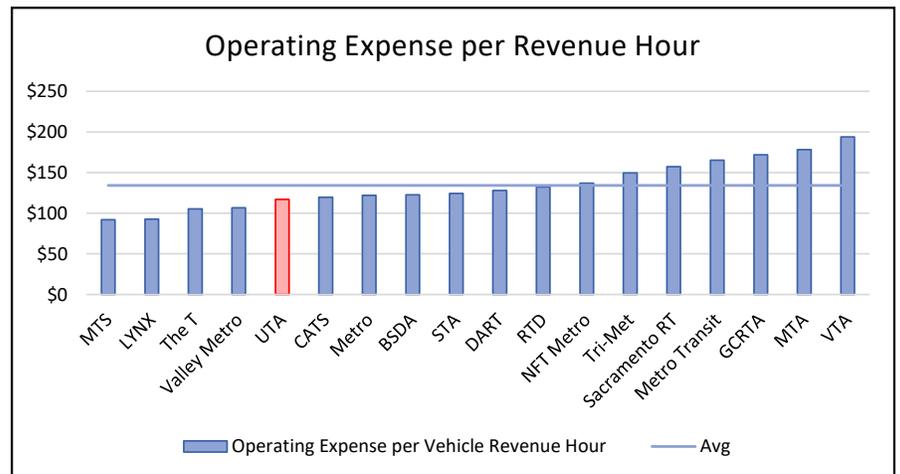
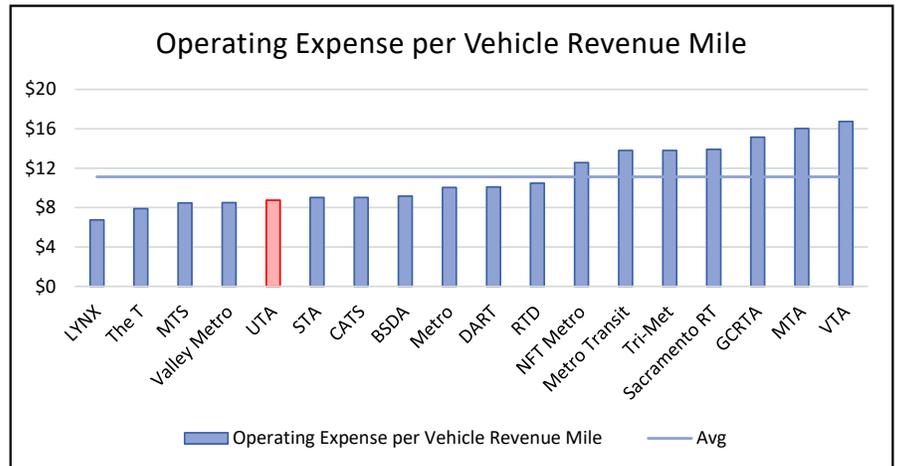


## PERFORMANCE MEASURES - BUS SERVICE

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2019), and compares the Authority's performance with other like transit agencies.

### Service Efficiency

City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	\$ 8.75	\$ 116.93
Baltimore, MD	MTA	16.03	178.36
Buffalo, NY	NFT Metro	12.57	137.09
Charlotte, NC	CATS	9.03	119.57
Cleveland, OH	GCRTA	15.16	171.99
Dallas, TX	DART	10.10	127.99
Denver, CO	RTD	10.48	132.41
Ft Worth, TX	The T	7.90	105.23
Houston, TX	Metro	10.05	121.95
Minneapolis, MN	Metro Transit	13.79	165.23
Orlando, FL	LYNX	6.76	92.77
Phoenix, AZ	Valley Metro	8.51	106.67
Portland, OR	Tri-Met	13.80	149.57
Sacramento, CA	Sacramento RT	13.92	157.29
San Diego	MTS	8.47	92.24
San Jose, CA	VTA	16.74	194.04
Spokane, WA	STA	9.02	124.20
St Louis, MO	BSDA	9.15	122.72
Average		\$ 11.13	\$ 134.24
Maximum		16.74	194.04
Minimum		6.76	92.24
Standard Deviation		3.07	29.42

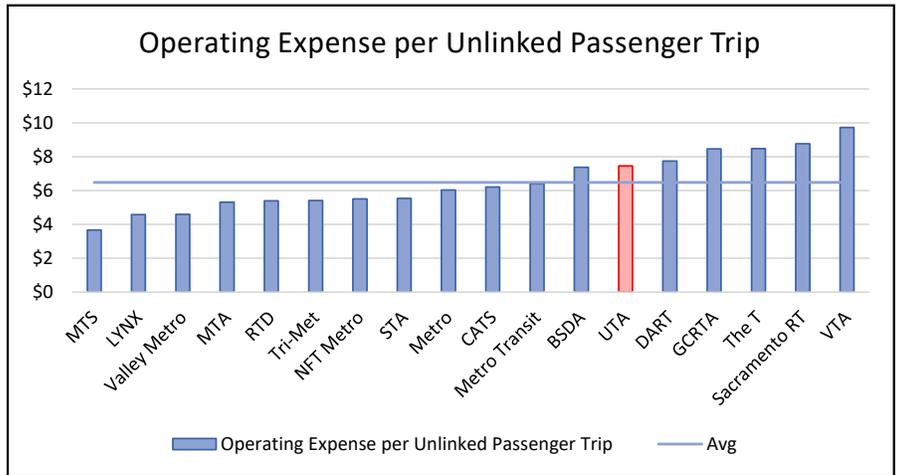
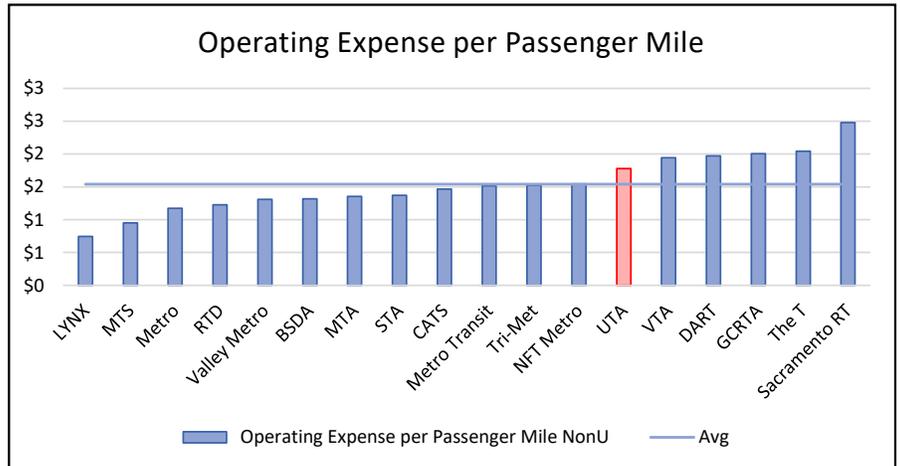


## PERFORMANCE MEASURES - BUS SERVICE

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2019), and compares the Authority's performance with other like transit agencies.

### Service Efficiency

City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 1.78	\$ 7.46
Baltimore, MD	MTA	1.36	5.31
Buffalo, NY	NFT Metro	1.55	5.50
Charlotte, NC	CATS	1.47	6.21
Cleveland, OH	GCRTA	2.01	8.46
Dallas, TX	DART	1.97	7.75
Denver, CO	RTD	1.23	5.40
Ft Worth, TX	The T	2.04	8.48
Houston, TX	Metro	1.17	6.03
Minneapolis, MN	Metro Transit	1.52	6.40
Orlando, FL	LYNX	0.75	4.58
Phoenix, AZ	Valley Metro	1.31	4.59
Portland, OR	Tri-Met	1.52	5.41
Sacramento, CA	Sacramento RT	2.48	8.76
San Diego	MTS	0.95	3.67
San Jose, CA	VTA	1.95	9.72
Spokane, WA	STA	1.37	5.53
St Louis, MO	BSDA	1.32	7.37
Average		\$ 1.54	\$ 6.48
Maximum		2.48	9.72
Minimum		0.75	3.67
Standard Deviation		0.43	1.68

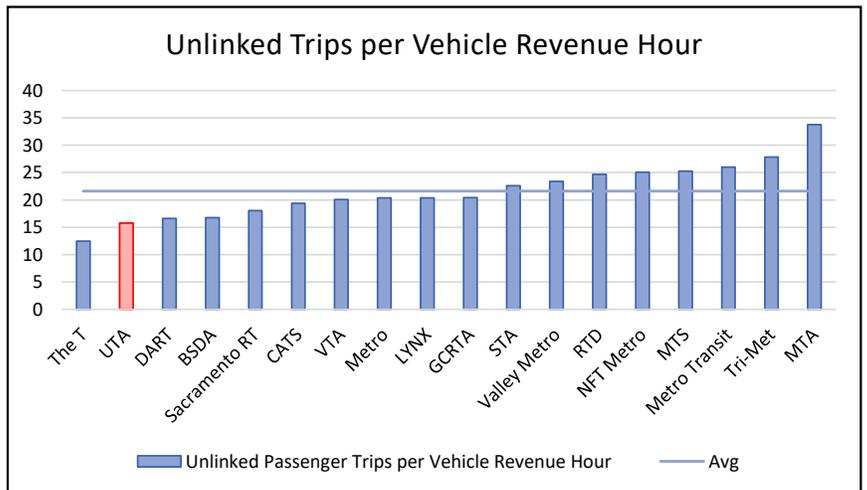
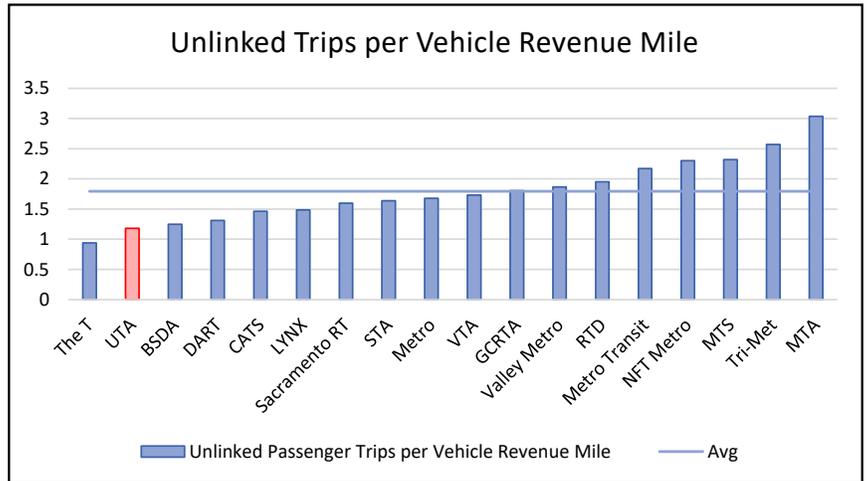


## PERFORMANCE MEASURES - BUS SERVICE

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2019), and compares the Authority's performance with other like transit agencies.

### Service Efficiency

City	Agency	Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Salt Lake City, UT	UTA	1.2	15.7
Baltimore, MD	MTA	3.0	33.6
Buffalo, NY	NFT Metro	2.3	24.9
Charlotte, NC	CATS	1.5	19.2
Cleveland, OH	GCRTA	1.8	20.3
Dallas, TX	DART	1.3	16.5
Denver, CO	RTD	1.9	24.5
Ft Worth, TX	The T	0.9	12.4
Houston, TX	Metro	1.7	20.2
Minneapolis, MN	Metro Transit	2.2	25.8
Orlando, FL	LYNX	1.5	20.3
Phoenix, AZ	Valley Metro	1.9	23.3
Portland, OR	Tri-Met	2.6	27.7
Sacramento, CA	Sacramento RT	1.6	18.0
San Diego	MTS	2.3	25.1
San Jose, CA	VTA	1.7	20.0
Spokane, WA	STA	1.6	22.4
St Louis, MO	BSDA	1.2	16.7
Average		1.8	21.5
Maximum		3.0	33.6
Minimum		0.9	12.4
Standard Deviation		0.5	5.0

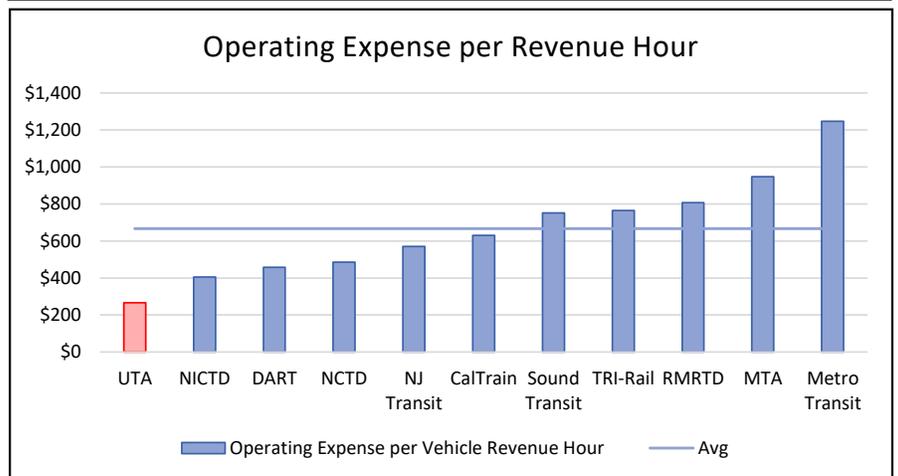
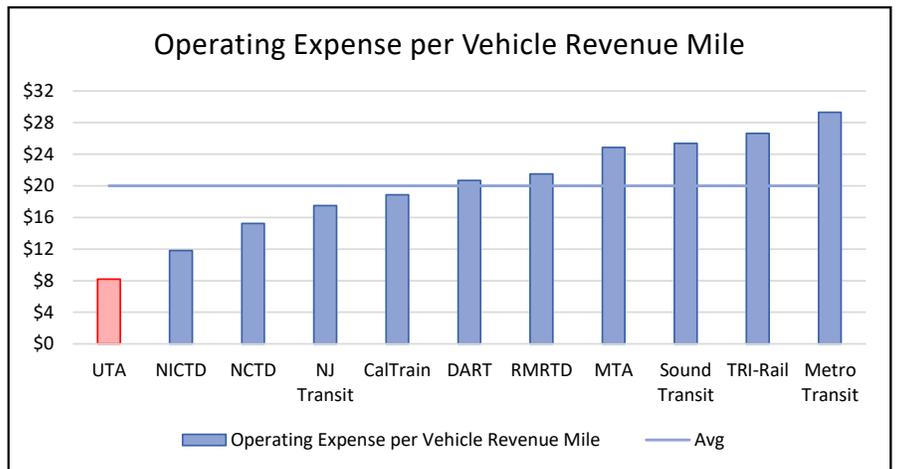


## PERFORMANCE MEASURES - COMMUTER RAIL

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2019), and compares the Authority's performance with other like transit agencies.

### Service Efficiency

City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	\$ 8.20	\$ 265.75
Albuquerque, NM	RMRTD	21.51	807.56
Baltimore, MD	MTA	24.87	947.23
Chesterton, IN	NICTD	11.82	405.51
Dallas, TX	DART	20.69	457.79
Minneapolis, MN	Metro Transit	29.29	1,247.14
Newark, NJ	NJ Transit	17.50	570.25
Oceanside, CA	NCTD	15.24	485.57
Pompano Beach, FL	TRI-Rail	26.65	764.06
San Carlos, CA	CalTrain	18.87	630.19
Seattle, WA	Sound Transit	25.36	751.97
Average		\$ 20.00	\$ 666.64
Maximum		29.29	1,247.14
Minimum		8.20	265.75
Standard Deviation		6.50	277.18

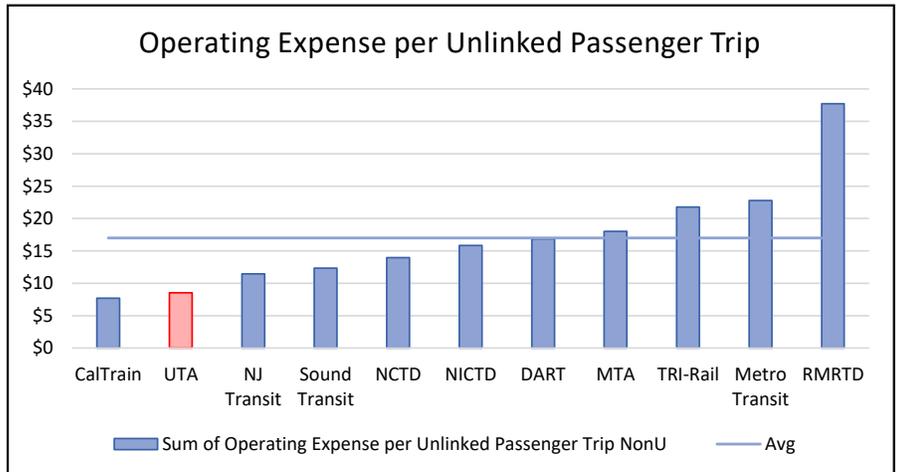
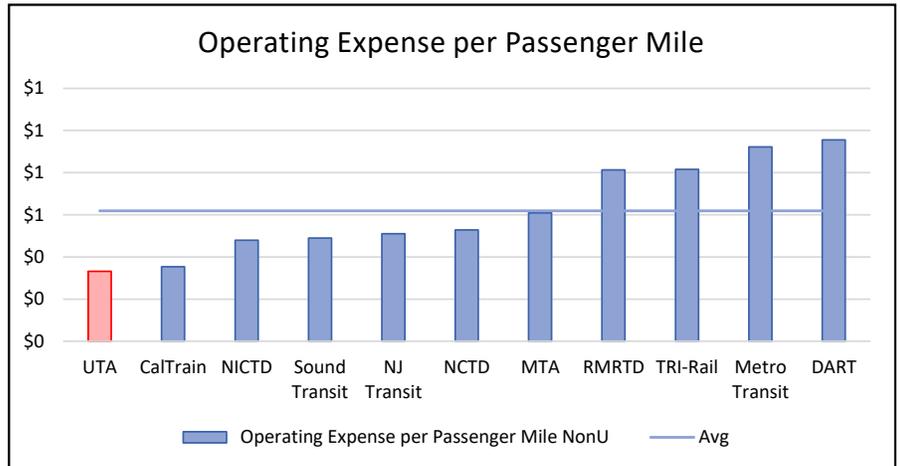


## PERFORMANCE MEASURES - COMMUTER RAIL

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2019), and compares the Authority's performance with other like transit agencies.

### Service Efficiency

City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 0.33	\$ 8.53
Albuquerque, NM	RMRTD	0.81	37.71
Baltimore, MD	MTA	0.61	18.00
Chesterton, IN	NICTD	0.48	15.82
Dallas, TX	DART	0.96	16.84
Minneapolis, MN	Metro Transit	0.92	22.77
Newark, NJ	NJ Transit	0.51	11.44
Oceanside, CA	NCTD	0.53	13.94
Pompano Beach, FL	TRI-Rail	0.82	21.77
San Carlos, CA	CalTrain	0.35	7.71
Seattle, WA	Sound Transit	0.49	12.33
Average		\$ 0.62	\$ 16.99
Maximum		0.96	37.71
Minimum		0.33	7.71
Standard Deviation		0.22	8.41



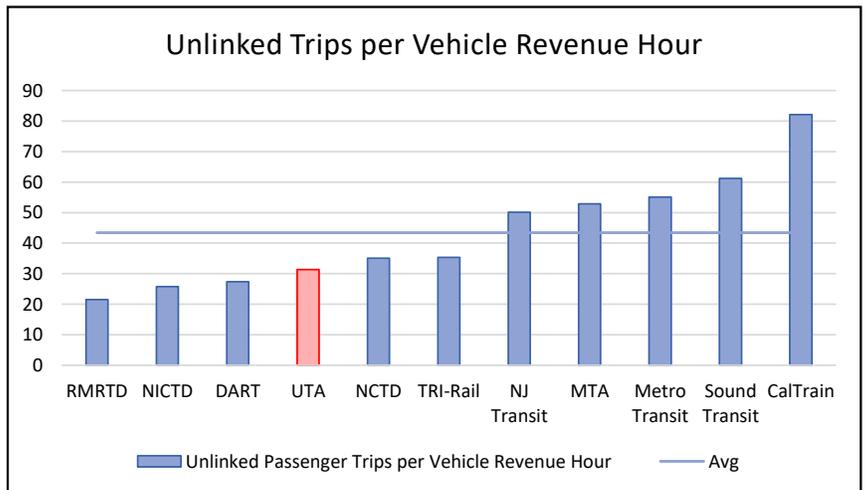
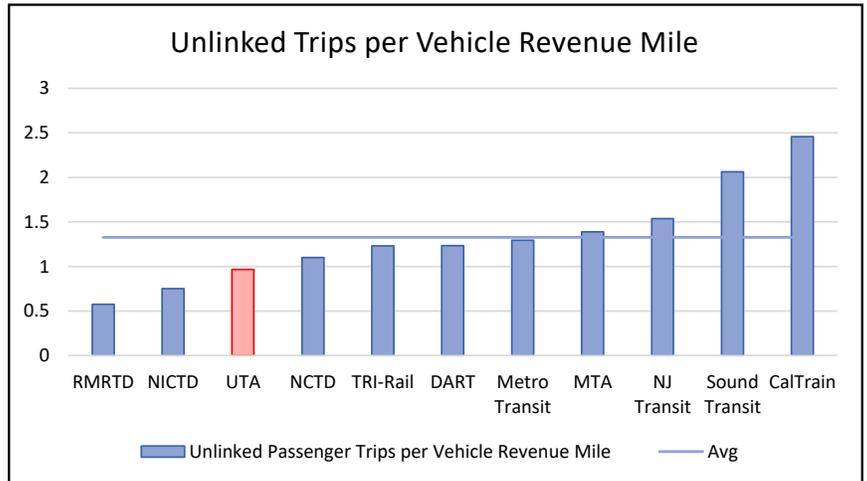
## PERFORMANCE MEASURES - COMMUTER RAIL

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2019), and compares the Authority's performance with other like transit agencies.

### Service Efficiency

City	Agency	Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Salt Lake City, UT	UTA	1.0	31.2
Albuquerque, NM	RMRTD	0.6	21.4
Baltimore, MD	MTA	1.4	52.6
Chesterton, IN	NICTD	0.7	25.6
Dallas, TX	DART	1.2	27.2
Minneapolis, MN	Metro Transit	1.3	54.8
Newark, NJ	NJ Transit	1.5	49.8
Oceanside, CA	NCTD	1.1	34.8
Pompano Beach, FL	TRI-Rail	1.2	35.1
San Carlos, CA	CalTrain	2.4	81.7
Seattle, WA	Sound Transit	2.1	61.0

Average	1.3	43.2
Maximum	2.4	81.7
Minimum	0.6	21.4
Standard Deviation	0.5	18.4



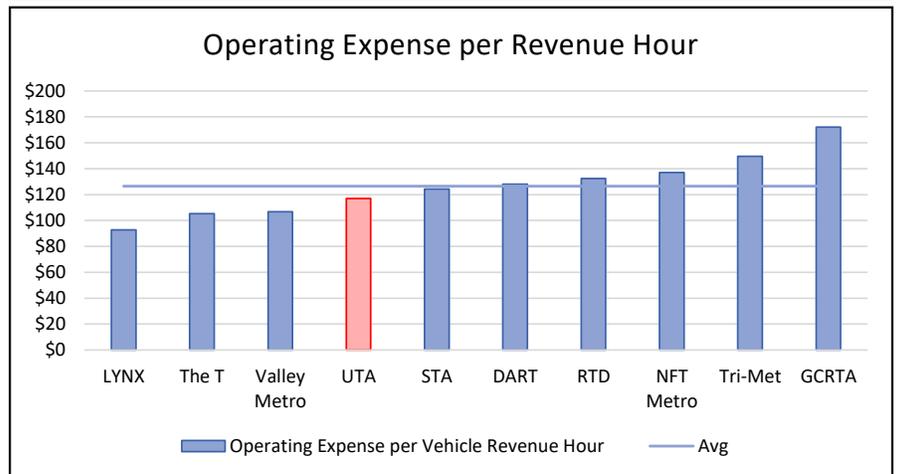
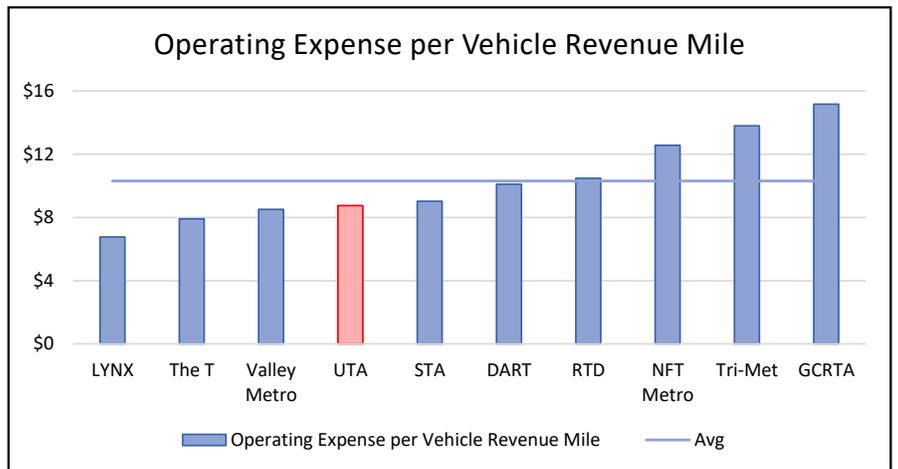
## PERFORMANCE MEASURES - DEMAND RESPONSE

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2019), and compares the Authority's performance with other like transit agencies.

### Service Efficiency

City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	\$ 7.03	\$ 111.46
Buffalo, NY	NFT Metro	5.74	90.06
Cleveland, OH	GCRTA	9.21	132.75
Dallas, TX	DART	6.68	87.08
Denver, CO	RTD	4.62	74.23
Ft Worth, TX	The T	4.91	80.62
Orlando, FL	LYNX	3.25	51.74
Phoenix, AZ	Valley Metro	5.63	73.14
Portland, OR	Tri-Met	6.39	79.41
Spokane, WA	STA	6.08	91.08

Average	\$	5.95	\$	87.16
Maximum		9.21		132.75
Minimum		3.25		51.74
Standard Deviation		1.59		22.15



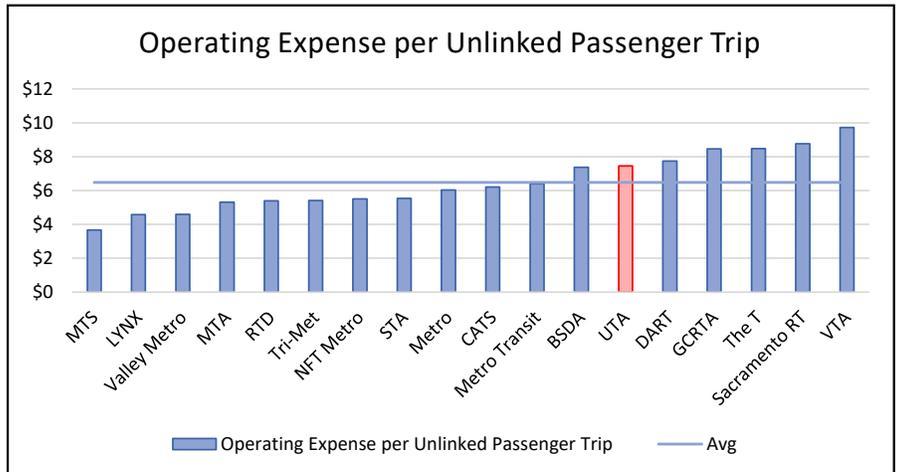
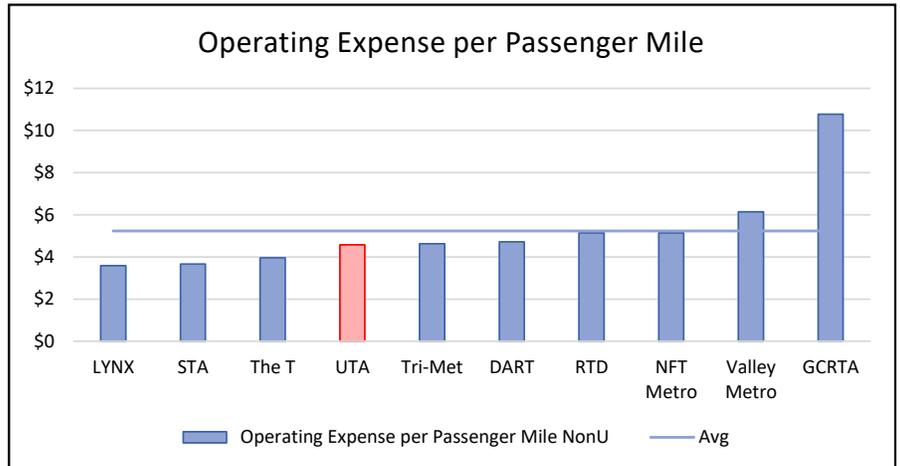
## PERFORMANCE MEASURES - DEMAND RESPONSE

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2019), and compares the Authority's performance with other like transit agencies.

### Service Efficiency

City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 4.58	\$ 52.17
Buffalo, NY	NFT Metro	5.14	49.22
Cleveland, OH	GCRTA	10.77	85.86
Dallas, TX	DART	4.72	47.23
Denver, CO	RTD	5.14	45.26
Ft Worth, TX	The T	3.97	43.97
Orlando, FL	LYNX	3.58	46.58
Phoenix, AZ	Valley Metro	6.15	55.75
Portland, OR	Tri-Met	4.62	42.58
Spokane, WA	STA	3.67	33.01

Average	\$	5.23	\$	50.16
Maximum		10.77		85.86
Minimum		3.58		33.01
Standard Deviation		2.09		13.93



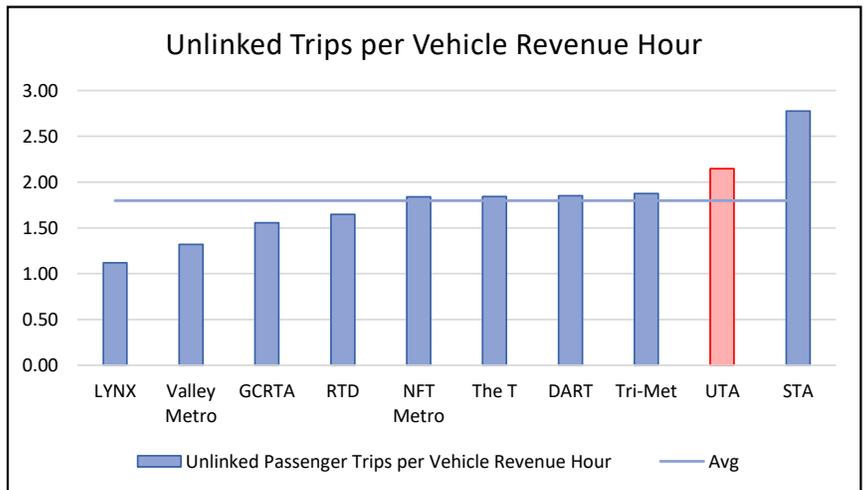
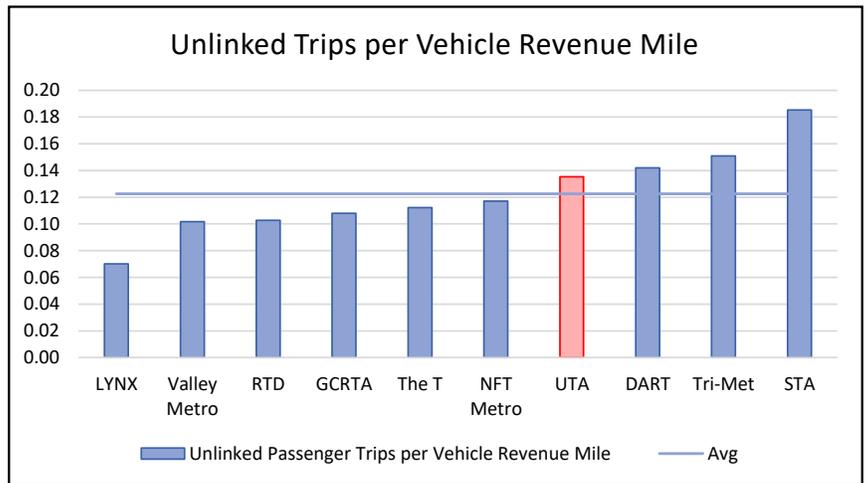
## PERFORMANCE MEASURES - DEMAND RESPONSE

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2019), and compares the Authority's performance with other like transit agencies.

### Service Efficiency

City	Agency	Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Salt Lake City, UT	UTA	0.13	2.14
Buffalo, NY	NFT Metro	0.12	1.83
Cleveland, OH	GCRTA	0.11	1.55
Dallas, TX	DART	0.14	1.84
Denver, CO	RTD	0.10	1.64
Ft Worth, TX	The T	0.11	1.83
Orlando, FL	LYNX	0.07	1.11
Phoenix, AZ	Valley Metro	0.10	1.31
Portland, OR	Tri-Met	0.15	1.87
Spokane, WA	STA	0.18	2.76

Average	0.12	1.79
Maximum	0.18	2.76
Minimum	0.07	1.11
Standard Deviation	0.03	0.45

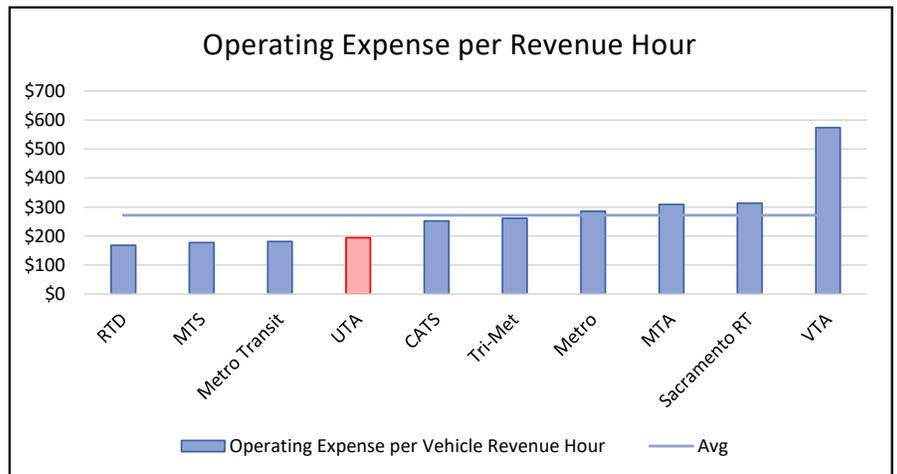
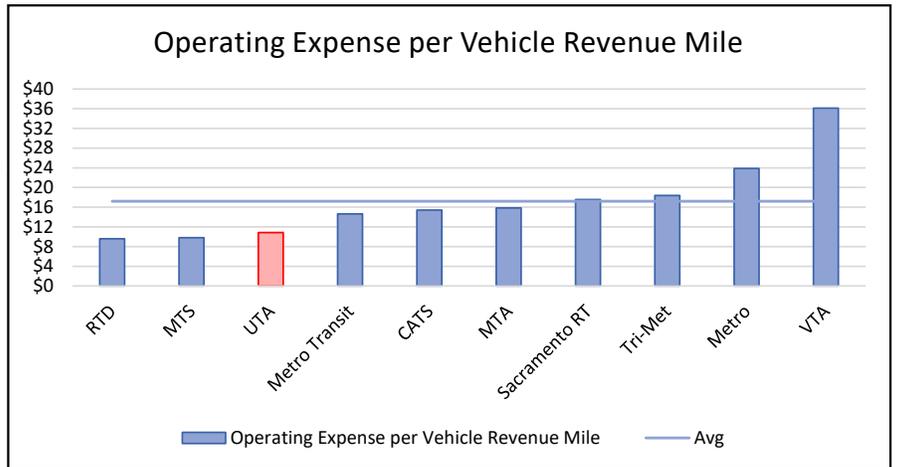


## PERFORMANCE MEASURES - LIGHT RAIL

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2019), and compares the Authority's performance with other like transit agencies.

### Service Efficiency

City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	\$ 10.83	\$ 194.60
Baltimore, MD	MTA	15.87	309.31
Charlotte, NC	CATS	15.43	252.22
Denver, CO	RTD	9.57	168.59
Houston, TX	Metro	23.86	285.37
Minneapolis, MN	Metro Transit	14.61	181.61
Portland, OR	Tri-Met	18.37	261.13
Sacramento, CA	Sacramento RT	17.58	313.93
San Jose, CA	VTA	36.13	573.35
San Diego	MTS	9.80	177.41
Average		\$ 17.20	\$ 271.75
Maximum		36.13	573.35
Minimum		9.57	168.59
Standard Deviation		7.95	119.47

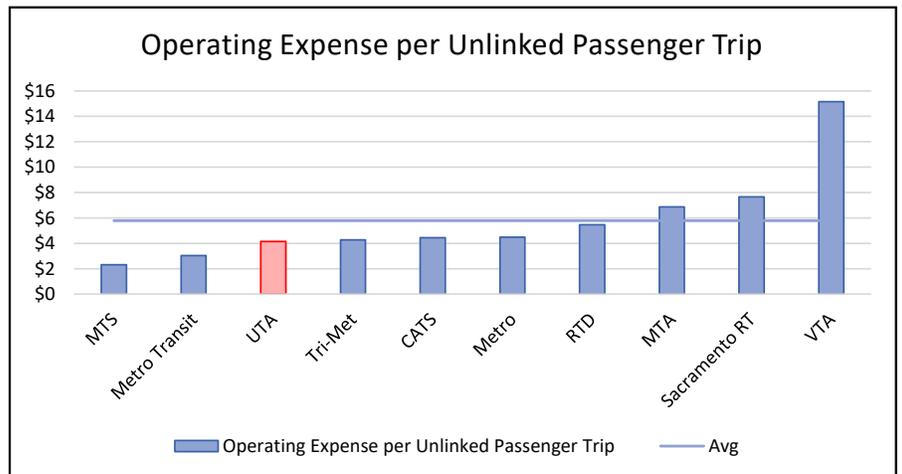
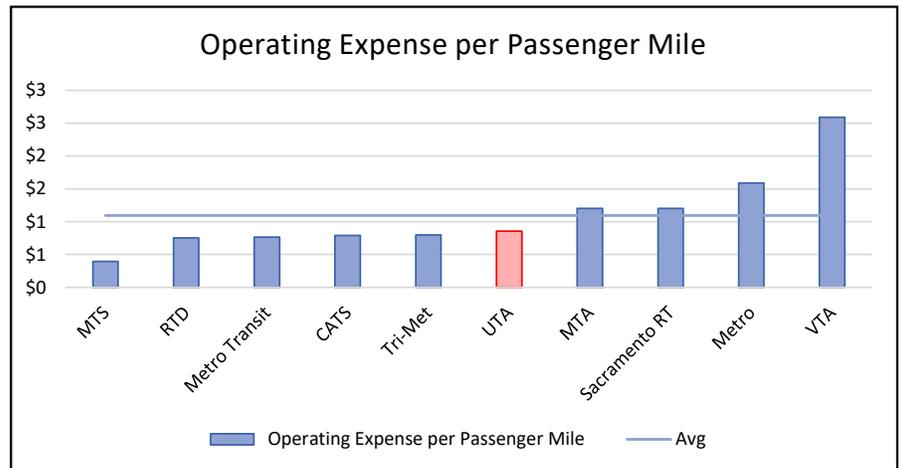


## PERFORMANCE MEASURES - LIGHT RAIL

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2019), and compares the Authority's performance with other like transit agencies.

### Service Efficiency

City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 0.86	\$ 4.15
Baltimore, MD	MTA	1.20	6.88
Charlotte, NC	CATS	0.79	4.45
Denver, CO	RTD	0.75	5.47
Houston, TX	Metro	1.59	4.48
Minneapolis, MN	Metro Transit	0.76	3.04
Portland, OR	Tri-Met	0.80	4.28
Sacramento, CA	Sacramento RT	1.20	7.65
San Jose, CA	VTA	2.59	15.16
San Diego	MTS	0.39	2.32
Average		\$ 1.09	\$ 5.79
Maximum		2.59	15.16
Minimum		0.39	2.32
Standard Deviation		0.62	3.66



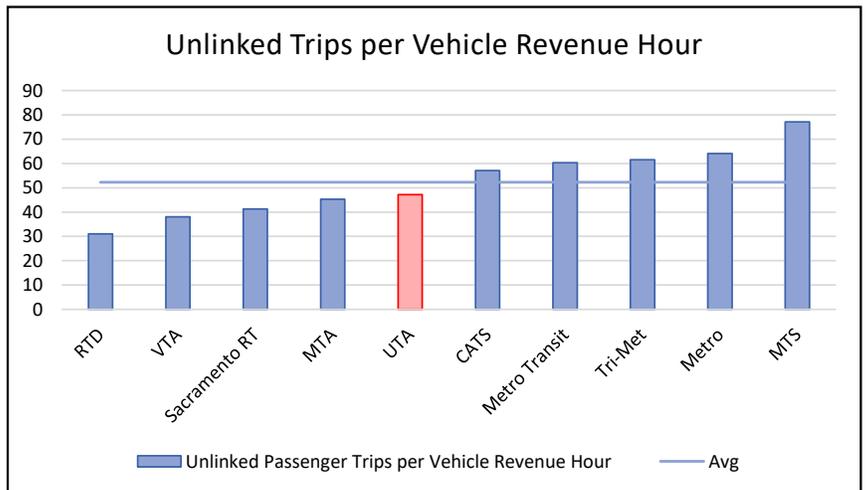
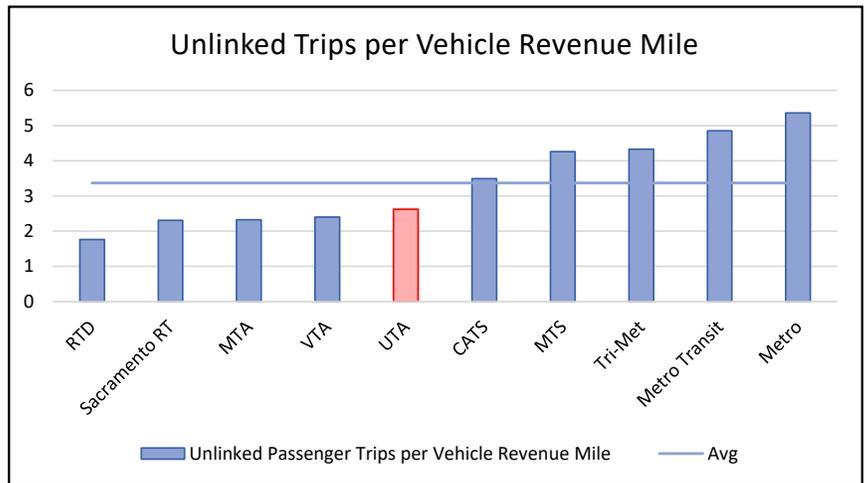
## PERFORMANCE MEASURES - LIGHT RAIL

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2019), and compares the Authority's performance with other like transit agencies.

### Service Efficiency

City	Agency	Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Salt Lake City, UT	UTA	2.6	46.8
Baltimore, MD	MTA	2.3	45.0
Charlotte, NC	CATS	3.5	56.7
Denver, CO	RTD	1.7	30.8
Houston, TX	Metro	5.3	63.7
Minneapolis, MN	Metro Transit	4.8	59.8
Portland, OR	Tri-Met	4.3	61.1
Sacramento, CA	Sacramento RT	2.3	41.0
San Jose, CA	VTA	2.4	37.8
San Diego	MTS	4.2	76.6

Average	3.3	51.9
Maximum	5.3	76.6
Minimum	1.7	30.8
Standard Deviation	1.2	14.0



# Compliance

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*

Board of Trustees  
Utah Transit Authority  
Salt Lake City, Utah

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 business-type activities and the fiduciary activities of Utah Transit Authority (the Authority), a component unit of the State of Utah, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 30, 2021.

### **Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2020-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2020-002, 2020-003, and 2020-004 to be a significant deficiencies.

## **Compliance and Other Matters**

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

## **The Authority's Response to Findings**

The Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 entity'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.

  
Crowe LLP

Indianapolis, Indiana  
June 30, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees  
Utah Transit Authority  
Salt Lake City, Utah

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

## Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-002, that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

  
Crowe LLP

Indianapolis, Indiana  
June 30, 2021

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UTAH TRANSIT AUTHORITY  
 Schedule of Expenditures of Federal Awards  
 For the year ended December 31, 2020

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDING DECEMBER 31, 2020**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
<b>Federal Transit Cluster - Federal Transit Administration Programs</b>					
Federal Transit - Formula Grant	20.507	UT-2020-002-00		\$ -	\$ 5,131,844
Federal Transit - Formula Grant	20.507	UT-2020-004-01		-	42,815,775
FHWA Transfer to 5307 Ubanized Area Formula Grant	20.507	UT-2018-005		-	1,068,346
FHWA Transfer to 5307 Ubanized Area Formula Grant	20.507	UT-2020-012		-	497,866
FHWA Transfer to 5307 Ubanized Area Formula Grant	20.507	UT-2020-010		-	214,550
FHWA Transfer to 5307 Ubanized Area Formula Grant	20.507	UT-2021-001		-	2,767,790
FHWA Transfer to 5307 Ubanized Area Formula Grant	20.507	20-CMAQ 3500 Max Expansion		-	5,014
FHWA Transfer to 5307 Ubanized Area Formula Grant	20.507	20-CMAQ UT Cnty Bus Stop		-	170,896
					<u>52,672,081</u>
COVID-19 Grant - Federal Transit Formula Grant	20.507	UT-2020-007-00		-	96,907,372
20.507 Programs Total				-	<u>149,579,453</u>
State of Good Repair Grants Program	20.525	UT-2020-005-00		-	<u>16,517,550</u>
					16,517,550
5339 Bus and Bus Facilities Formula Program	20.526	UT-2017-002-00		-	339,900
5339 Bus and Bus Facilities Formula Program	20.526	UT-2018-010-00		-	1,031,544
5339 Bus and Bus Facilities Discretionary Program	20.526	UT-2018-011-00		-	7,479,699
				-	<u>8,851,143</u>
<b>Federal Transit Cluster - Federal Transit Administration Programs total</b>				-	<u>174,948,146</u>
<b>Transit Services Programs Cluster - Federal Transit Administration Programs</b>					
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-16-X006		-	50,548
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2016-013		12,336	105,124
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2017-015		175,206	221,547
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2017-016		54,074	123,369
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2017-017		399,867	482,655
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2019-001		196,439	204,987
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2019-002		76,683	118,615
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2019-003		-	28,272
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2020-003		-	150,098
<b>Transit Services Programs Cluster - Federal Transit Administration Programs</b>				<u>914,605</u>	<u>1,485,215</u>

UTAH TRANSIT AUTHORITY  
 Schedule of Expenditures of Federal Awards  
 For the year ended December 31, 2020

See accompanying notes to the schedule of expenditures of federal awards  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDING DECEMBER 31, 2020  
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>National Infrastructure Investment - Office of Secretary Programs</b>					
Office of Secretary - National Infrastructure Investment (TIGER)	20.933	UT-2018-002		-	4,354,551
<b>National Infrastructure Investment - Office of Secretary Programs total</b>				-	4,354,551
<b>Research &amp; Development Cluster</b>					
Public Transportation Research	20.514	UT-2017-012-00		-	243,368
<b>Research &amp; Development Cluster</b>				-	243,368
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>				<b>914,605</b>	<b>181,031,280</b>
<b>DEPARTMENT OF HOMELAND SECURITY</b>					
FEMA Rail and Transit Security Grant Program	97.075	17-RA-00042		-	3,113
FEMA Rail and Transit Security Grant Program	97.075	19-RA-00040		-	75,739
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>				-	78,852
<b>TOTAL FEDERAL AWARDS EXPENDED</b>				<b>\$ 914,605</b>	<b>\$ 181,110,132</b>

RECONCILIATION OF FEDERAL EXPENDITURES TO FEDERAL REVENUES ON THE STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

Federal preventative maintenance grants	\$160,258,318
Capital Contributions: Federal grants	<u>20,898,309</u>
Total per Comparative Statement of Revenues, Expenses and Change in Net Position (2020)	181,156,627
Total per Schedule of Expenditures of Federal Awards for the year ending December 31, 2020	<u>181,110,132</u>
Difference	46,495

Previous Over/(Under)stated Revenues reflected in 2019 Statement of Revenues, Expenses and Change in Net Position

Research & Development Cluster-Federal Transit Administration	CFDA#	Grant #	Amount
<b>Public Transportation Research</b>	20.514	UT-2017-012	<u>\$ 4,130</u>
<b>Research &amp; Development Cluster - Federal Transit Administration Program Total</b>			<u>\$ 4,130</u>
Transit Services Program Cluster	CFDA#	Grant #	Amount
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-16-0006	\$ 4,939
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2016-013	<u>\$ (55,556)</u>
<b>Transit Services Program Cluster Total</b>			<u>\$ (50,617)</u>
National Infrastructure Investment - Office of the Secretary Programs	CFDA#	Grant #	Amount
Office of Secretary- National Infrastructure Investment (TIGER)	20.933	UT-2018-002	<u>\$ (8)</u>
<b>National Infrastructure Investment - Office of the Secretary Programs Total</b>			<u>\$ (8)</u>
<b>Total Adjustment</b>			<u>\$ 46,495</u>

See accompanying notes to the schedule of expenditures of federal awards

UTAH TRANSIT AUTHORITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2020

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A. Basis of Accounting

The information in this schedule is presented on the accrual basis of accounting 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). Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

B. Pass-Through Awards

The Authority receives certain expenditures of federal awards from pass through awards of various state and other governmental agencies. The total amount of such pass-through awards is included in the supplementary schedule of expenditures of federal awards.

C. Non-Cash Federal Assistance

No non-cash federal assistance was received during the year ended December 31, 2020.

D. Indirect Cost Rate

The Authority did not use the 10 percent de minimis indirect cost rate.

UTAH TRANSIT AUTHORITY  
 Schedule of Findings and Questioned Costs  
 For the year ended December 31, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

*Financial Statements*

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

Unmodified

Internal control over financial reporting:

Material weakness identified? \_X\_yes \_\_no

Significant Deficiency \_X\_yes \_\_none reported

Noncompliance material to financial statements noted? \_\_yes \_X\_no

*Federal Awards*

Internal control over major federal programs:

Material weakness identified? \_\_yes \_X\_no

Significant Deficiency(s) identified \_X\_yes \_\_none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Identification of major federal programs:

\_X\_yes \_\_no

CFDA No(s)  
 20.507, 20.525, 20.526

Program/Cluster Title  
 Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B Programs

\$3,000,000

Auditee qualified as low-risk auditee?

\_\_yes \_X\_no

SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS, WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

**Finding 2020-001 – Information Technology Controls over Change Management (Material Weakness)**

Criteria: Internal controls over information systems are a key component of an organization’s control environment. Entities should have internal controls including policies and procedures requiring appropriate segregation of duties for key process cycles. Where adequate segregation of duties cannot be employed via system access restrictions, detective and monitoring review controls should be established that adequately mitigate such risks.

Condition/Context: Segregation of duties does not exist between individuals with access to the general ledger source code and individuals responsible for implementing changes to the source code into the production environment.

Effect: Unauthorized or uncontrolled changes to general ledger software could be made to the application source code, which could impact system availability, data integrity, and information confidentiality.

UTAH TRANSIT AUTHORITY  
Schedule of Findings and Questioned Costs  
For the year ended December 31, 2020

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Cause: Individuals with application development access have the ability to modify source code and deploy the changes into production. The Authority has a policy that source code changes are required to be reviewed by a second individual, however there are no system limitations or other restrictions to prevent unapproved changes from being placed into production. Furthermore, effective compensating controls are not in place to monitor and review source code changes that may have circumvented the policy requirement.

Recommendation: We recommend that the Authority modify its policies and procedures to ensure that source code changes are initiated with appropriate authorization and management oversight and approval is obtained prior to implementing the changes into the production environment. If access to development and production cannot be restricted, a compensating monitoring control should be implemented wherein an independent individual reviews source code changes for propriety.

Management's Response: Management recognizes that due to the Technology ERP staff size, the ideal separation of duties, as called out by UTA's Internal Audit and this audit, is not feasible without the addition of several new employees that would be dedicated to JDE production promotions. To improve the compensating controls and mitigate the potential risk of a developer putting something into JDE production without the proper controls the following step will be taken:

Technology Management, based on the findings of UTA's Internal Audit department, will install and configure a privileged access method (PAM) solution for its ERP system. Staff who need access to Production for support and application upgrades will be required to make a request to access the production environment using the PAM system. The PAM system will issue temporary credentials, log and track all of the users' activities while they are in the production environment. UTA's Internal Audit has indicated to Technology that using a PAM access system would serve as a compensating control for Technologies separation of duties risk due to our small ERP support staff.

Log and activity documents from the PAM system for ERP access would be reviewed by management independent of the development staff and supervision on an anytime developers must access the production database. The level of detail will be based on the specific work performed which will be documented as a support ticket.

The intent is that Management implement these procedural changes by 12/31/2021.

**Finding 2020-002 – Internal Controls over Utility Disbursements (Significant Deficiency)**

Information on Federal Program:

CFDA Number and Program Name:	20.507 - Federal Transit Formula Grants
Federal Agency:	Department of Transportation

Criteria: Accounting principles generally accepted in the United States of America require management to design, implement, and maintain internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

2 CFR section 200.303 requires that non-Federal entities receiving Federal awards establish and maintain internal control over Federal awards that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards.

Condition/Context: Utility-related expenses are not reviewed and authorized for payment for prior to disbursement. Eight of the 60 randomly selected expenditures for the Federal Transit Cluster program related to utilities, and all lacked evidence of review and approval.

Questioned Costs: None identified.

Effect: The Authority's financial statements, specifically utility expenses, could be misstated due to fraud or error.

UTAH TRANSIT AUTHORITY  
Schedule of Findings and Questioned Costs  
For the year ended December 31, 2020

Cause: The Authority does not have a policy requiring the review and approval of utility invoices prior to payment due to the high volume of invoices and short payment terms. The invoices may be reviewed after payment has been made, but the process is informal and not documented.

Repeat Finding: No.

Recommendation: We recommend that the Authority implement a formal process requiring utility invoices to be reviewed prior to payment. The review may include the propriety of the location of the utility (if applicable), reasonableness of usage, and recalculation of extended amounts and tax rates.

Management's Response: Management agrees the current utility review process needs modifications. UTA Internal Audit identified utility control deficiencies in fall 2020 and will be presenting their finalized audit in June 2021. Management's response to internal audit is as follows:

"Management is currently working with a third party utility consultant to provide a recommendation on a utility management/oversight process. The consultant is using current client information and reaching out to other large government users to determine best practices. Once the report is received, management will provide alternatives to the Board of Trustees no later than July 31, 2021. Based on preliminary conversations with the consultant, the report will likely recommend procuring a third-party utilities service consultant and dedicated UTA support staff, or a combination of the two to properly manage the utility program. Based on guidance from the Board of Trustees, management will implement the preferred solution no later than September 30, 2021."

**Finding 2020-003 – Financial Reporting Controls over Pension Trust (Significant Deficiency)**

Criteria: 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, including the design, implementation, and maintenance of internal controls. Fiduciary fund financial statements should be presented using the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 34.

Condition/Context: The following conditions were identified in our testing of the pension trust:

1. Contributions related to 2020 that were received by the trust in 2021 were not properly accrued.
2. Contributions for one special payroll in 2020 were not included in the accounting records of the trust as they were not remitted by the Authority.
3. General journal entries to the trust financial statements are not formally reviewed and approved.

Effect: Employer contributions and contributions receivable in the fiduciary fund financial statements were understated by \$1,423,466 as of and for the year ending December 31, 2020.

The lack of a formal policy for review of journal entries could result in misstatement of the trust financial statements due to error or fraud as unauthorized or inaccurate transactions could go undetected.

Cause: The Authority does not have a policy requiring the review and approval of pension trust journal entries or reconciliation of pension trust activity reported in the financial statements to the underlying records and source data.

Recommendation: We recommend the Authority's management increase oversight of all third-parties involved in the administration of the pension trust by designing and implementing controls over the reconciliation of pension trust activity reported in the financial statements. Specifically, management should ensure that transactions and balances, including investment activity, contributions, benefit payments, and other general journal entries reported in the trust financial statements reconcile to the underlying detail maintained by the Authority, the custodian, and any other Third Party Administrators.

Management's Response: Management agrees with the finding. The Chief Finance Officer and Chief People Officer will start developing a strategy to provide coordinated oversight of the four contractors currently administering the pension. This will include addressing the following areas of concern:

UTAH TRANSIT AUTHORITY  
Schedule of Findings and Questioned Costs  
For the year ended December 31, 2020

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- Reconciling financial contributions from the Authority monthly with the monthly pension financial statements
- Monitoring journal entries performed by the pension accounting firm in the pension accounting system and trial balance
- Reviewing financial statements integrated into the yearly financials of the Authority for completeness and accurate actuarial information
- Serving at a repository for investment statements and audited financials
- Reviewing pension benefit calculations
- Insuring retention of documentation on employee retirement choices
- Follow-up on monthly payments of taxes and annual tax reporting to the various states and the federal government
- Implementing regulatory and compliance changes with the various pension contracts to insure ongoing compliance

Given the breath and scope of this review, the recommendations by the Chief Officers will be presented at the October 14, 2021 pension committee meeting and finalized at the December 9, 2021 pension committee. Coordination effort in the interim will continue to be an ad hoc effort by the Authority's human resource and accounting staff until a final recommendation is implemented.

**Finding 2020-004 – Accounting for Capital Assets (Significant Deficiency)**

Criteria: Accounting processes and systems should be in place to accurately track capital asset balances and activities, including the cost basis, accumulated depreciation, current period depreciation, and net book value for each asset. Additionally, management is required to estimate the useful lives of capital assets at the time they are obtained and update the useful lives of the capital assets in a timely manner, as needed.

Condition/Context: During our testing over capital assets we noted that the capital assets module does not provide a report that presents the depreciation expense for a requested period of time. Additionally, we noted that initially when the estimated useful lives for certain revenue vehicles was updated in the current year, the adjustment was made retrospectively, rather than prospectively, resulting in current year depreciation expense being understated.

Effect: Reconciling the capital assets per the financial statements to the capital assets module within the financial system requires the use of a manual schedule that is prepared by management, which reduces the effectiveness of the controls the system has in place. Additionally, an audit adjustment was posted to correct the net book value of capital assets, which was overstated by approximately \$56.1 million and current year depreciation expense, which was understated by the same amount, due to the improper recording of the change in the useful lives.

Cause: The capital assets module of the accounting system does not provide the proper reporting required to easily agree capital assets or depreciation expense per the module to the financial statements. In addition, management determined that the estimated useful lives for revenue vehicles needed to be extended, however, they adjusted the value of the revenue vehicles retrospectively rather than prospectively as required by the accounting standards and also added back a portion of net book value to assets that were already fully depreciated.

Recommendation: We recommend that the Authority work with their software company (Oracle/JD Edwards) to ensure that they can get accurate reporting of their capital assets listing and activity from the system. Further, we recommend that when there is a change in accounting estimate related to the useful lives of capital assets, that the impact is recorded prospectively as required by the accounting standards.

UTAH TRANSIT AUTHORITY  
Schedule of Findings and Questioned Costs  
For the year ended December 31, 2020

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Management's Response: Management agrees with the finding and has corrected the 2020 financial statements by the \$56.1 million in additional accumulated depreciation for revenue vehicles and depreciation expense. Accounting will work on system generated reports in Oracle/JD Edwards to provide accurate information on assets for set time periods for the fiscal 2021 audit. Accounting will continue to maintain a separate excel spreadsheet for revenue vehicles based on the prospective accounting guidance from this finding. The Authority will leave Oracle/JD Edwards at the retrospective calculation for revenue vehicles for federal reporting purposes for future Federal Transit Administration interactions. An accounting entry will be done for financial statement purposes each year to reconcile Oracle/JD Edwards to the correct prospective change in accounting estimate tracked by spreadsheet until the two amounts match in subsequent years.

**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS AS DEFINED IN Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**

See Finding 2020-002 in Section II.

# Other Supplementary Information

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE*

Board of Trustees  
Utah Transit Authority  
Salt Lake City, Utah

### Report On Compliance

We have audited the Utah Transit Authority's (the Authority), a component unit of the State of Utah, compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended December 31, 2020.

State compliance requirements were tested for the year ended December 31, 2020 in the following areas:

- Budgetary Compliance Fund Balance
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Fraud Risk Assessment

### Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Authority's compliance based on our audit of the state 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 *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the Authority compliance with those requirements.

### Opinion on Compliance

In our opinion, the Authority complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2020.

## Report On Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a state compliance requirement 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 state compliance requirement 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 state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and 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 and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.



Crowe LLP

Indianapolis, Indiana  
June 30, 2021

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