Central Ohio Transit Authority

Financial Statements for the Years Ended
December 31, 2007 and 2006, and Reports Issued
Pursuant to OMB Circular A-133 for the Year
Ended December 31, 2007

Mary Taylor, CPA
Auditor of State

Board of Trustees
Central Ohio Transit Authority
1600 McKinley Avenue
Columbus, Ohio 43222

We have reviewed the *Independent Auditors' Report* of the Central Ohio Transit Authority, Franklin County, prepared by Deloitte & Touche LLP, for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 29, 2008

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CENTRAL OHIO TRANSIT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Central Ohio Transit Authority
and Mary Taylor, Auditor of State of Ohio
Columbus, OH:

We have audited the balance sheets of Central Ohio Transit Authority (the "Authority") as of December 31, 2007 and 2006, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Authority as of December 31, 2007 and 2006, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 2 -12 is not a required part of the financial statements but is supplementary information required by Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. This schedule is the responsibility of Authority management. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2008, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLP

June 20, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Central Ohio Transit Authority (the Authority or COTA), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2007. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and identifying any significant changes in financial position. We encourage readers to consider the information presented here, in conjunction with the basic financial statements and notes to the financial statements, which follows this section and provides more specific detail.

Overview of Financial Highlights

- The Authority has net assets of $99.8 million. These net assets result from the difference between total assets of $110.4 million and total liabilities of $10.6 million.

- The Authority's net assets increased by $6.9 million in 2007 mainly due to an increase in Federal and State grant funding of $6 million. The Authority's net assets decreased by $15.3 million in 2006 mainly due to impairment of the North Corridor Project and the transfer of certain revenue vehicles to another transit system.

- Current assets of $35.2 million primarily consist of non-board designated cash and cash equivalents of $13.1 million; sales tax receivables of $13.1 million, inventory of $2.8 million, and Board designated assets of $3.8 million.

- Current liabilities of $9.8 million primarily consist of accrued payroll and fringe benefits of $4.9 million, and accounts payable of $1.9 million.

- The Authority has no long-term debt.

Basic Financial Statements and Presentation

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

The Balance Sheets present information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net assets decrease when expenses exceed revenues. A decrease in assets without a corresponding decrease to liabilities results in decreased net assets, which indicate a deteriorated financial position.

The Statements of Revenues, Expenses and Changes in Net Assets, on page 16, presents information showing how the Authority's net assets changed during the year. This statement summarizes operating revenues and expenses along with non-operating revenues and expenses. In addition, this statement lists capital grant revenues received from federal and state governments.

The Statements of Cash Flows on pages 17-18 allow financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statements are classified into four categories: 1) cash flows from operating activities, 2) cash flows from non-capital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 19-35.

Requests for Information

This financial report is designed to provide a general overview of the Central Ohio Transit Authority's financial status and performance. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Office of Chief Financial Officer
Central Ohio Transit Authority
1600 McKinley Avenue
Columbus, OH 43222-1093
www.COTA.com

Financial Analysis of the Authority

Condensed Summary of Net Assets

The Authority's comparative analysis of the condensed summary of Net Assets is as follows:

Description	2007	2006	2005
Assets			
Current Assets	$ 31,342,953	$ 29,145,271	$ 23,905,364
Board Designated Assets (current)	3,822,846	3,401,490	1,969,885
Restricted Assets (current)	-	-	649,631
Total Current Assets	35,165,799	32,546,761	26,524,880
Board Designated Assets (non-current)	10,584,131	10,597,104	11,535,204
Capital Assets (net of accumulated depreciation)	64,712,680	61,349,114	82,895,537
Total Non-Current Assets	75,296,811	71,946,218	94,430,741
Total Assets	110,462,610	104,492,979	120,955,621
Liabilities			
Current Liabilities	9,756,679	10,760,880	11,600,596
Non-Current Liabilities	888,572	766,456	1,134,144
Total Liabilities	10,645,251	11,527,336	12,734,740
Net Assets			
Net Assets Invested in Capital Assets	64,712,680	61,349,114	82,895,537
Net Assets Restricted for Capital Assets	-	-	649,631
Net Assets Unrestricted	35,104,679	31,616,529	24,675,713
Total Net Assets	$ 99,817,359	$ 92,965,643	$ 108,220,881

Most of the Authority's net assets reflect investment in capital assets such as buses, maintenance equipment, and operating facilities. The Authority uses these capital assets to provide public transportation services for Franklin County and portions of the cities of Columbus, Reynoldsburg, and Westerville that are located in counties adjacent to Franklin County. The Authority's investment in capital assets as of December 31, 2007 amounts to $64.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, revenue vehicles, transit centers, other equipment, and construction in progress. The total increase in COTA's investment in capital assets for 2007 was $3.4 million.

Major capital asset events during 2007 included the following:

- Purchase of (32) heavy duty transit buses
- Purchase of (12) paratransit buses
- Completion of the final phase of the roof replacement at 1600 McKinley Avenue Facility

Contributions to construction in progress including the following projects:

- Beginning phase of New Paratransit Facility Project
- Beginning phase of ITS Project for CAD/AVL System

Additional information on the Authority's capital assets can be found in Note 4 in the Notes to the Financial Statements located on pages 28-29.

The Authority's current assets at the end of 2007 are composed of cash and cash equivalents (42%), receivables (48%), inventory (9%), and other assets (1%) consisting predominately of prepaid expenses.

Expenses by Functional Category

The Statements of Revenues, Expenses and Changes in Net Assets are presented on the next page with explanations and analysis following. The Authority's expenses, excluding depreciation, can also be classified by functional category as defined by the Authority's National Transit Database Report (NTDR) and summarized in the following table:

EXPENSES BY FUNCTION (Excluding Depreciation)

Description	2007	2006	2005
Transportation	$ 39,534,403	$ 38,352,438	$ 42,942,412
Vehicle Maintenance	12,557,009	12,050,062	12,768,801
Facilities Maintenance	4,073,816	3,848,133	4,375,327
General & Administrative	13,616,182	13,469,858	13,752,089
Total	$ 69,781,410	$ 67,720,491	$ 73,838,629

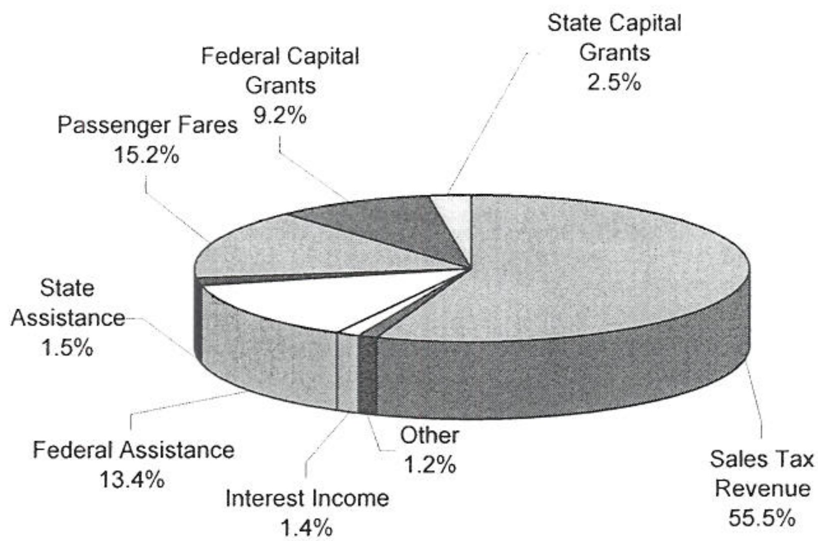
In accordance with NTDR guidelines, the 2007, 2006 and 2005 expenses include additional costs of $34,751, $29,132 and $25,908 respectively, collected directly by the service provider from the Authority's customers for the Sedan Voucher Service for disabled passengers.

Condensed Summary of Revenues, Expenses and Changes in Net Assets:

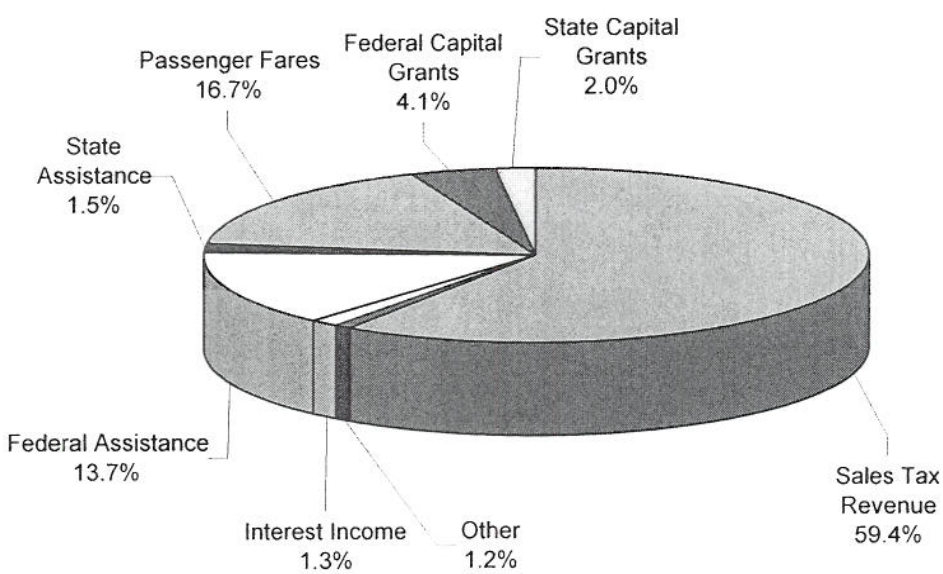
Description	2007	2006	2005
Operating Revenues			
Passenger Fare Revenues	$ 12,666,006	$ 12,816,845	$ 11,404,545
Special Services Revenue	390,960	359,886	337,661
Other: Auxiliary Transportation Revenues	237,929	243,138	371,971
Total Operating Revenues	13,294,895	13,419,869	12,114,177
Non-Operating Revenues			
Sales Tax Revenues	47,615,932	47,007,395	44,821,588
Federal Assistance	11,479,652	10,866,698	11,055,758
State Assistance	1,416,616	1,455,882	1,184,646
Investment Income	1,176,901	1,008,101	649,640
Non-transportation and Other Revenues	748,242	549,046	538,547
Total Non-Operating Revenues	62,437,343	60,887,122	58,250,179
Total Revenue before Capital Grants	75,732,238	74,306,991	70,364,356
Operating Expenses			
Labor	28,498,141	27,522,282	31,829,043
Fringe Benefits	18,334,414	18,476,176	21,155,637
Materials and Supplies	10,085,202	9,236,317	8,588,212
Purchased Transportation	5,015,657	4,608,078	4,530,514
Services	4,096,126	3,737,526	3,722,092
Other Expenses	3,737,395	4,110,980	3,987,223
Operating Expenses before Depreciation	69,766,935	67,691,359	73,812,721
Depreciation Expense	8,227,145	8,564,858	9,114,603
Total Operating Expenses	77,994,080	76,256,217	82,927,324
Loss before Capital Grants and Special Item	(2,261,842)	(1,949,226)	(12,562,968)
Capital Grant Revenues:			
Federal	7,923,838	3,215,213	6,302,087
State	2,136,637	1,608,175	2,783,162
Other	-	7,156	-
Total Capital Grant Revenues	10,060,475	4,830,544	9,085,249
Special Item: Loss on Transfer of Assets	0	(665,492)	(2,392,547)
Special Item: Loss on Project Impairment	(946,917)	(17,471,064)	-
Total Special Item	(946,917)	(18,136,556)	(2,392,547)
Change in Net Assets during the Year	6,851,716	(15,255,238)	(5,870,266)
Net Assets, Beginning of Year	92,965,643	108,220,881	114,091,147
Net Assets, End of Year	$ 99,817,359	$ 92,965,643	$ 108,220,881

CENTRAL OHIO TRANSIT AUTHORITY
Revenues by Source

2007 Total Revenues
$85,792,713



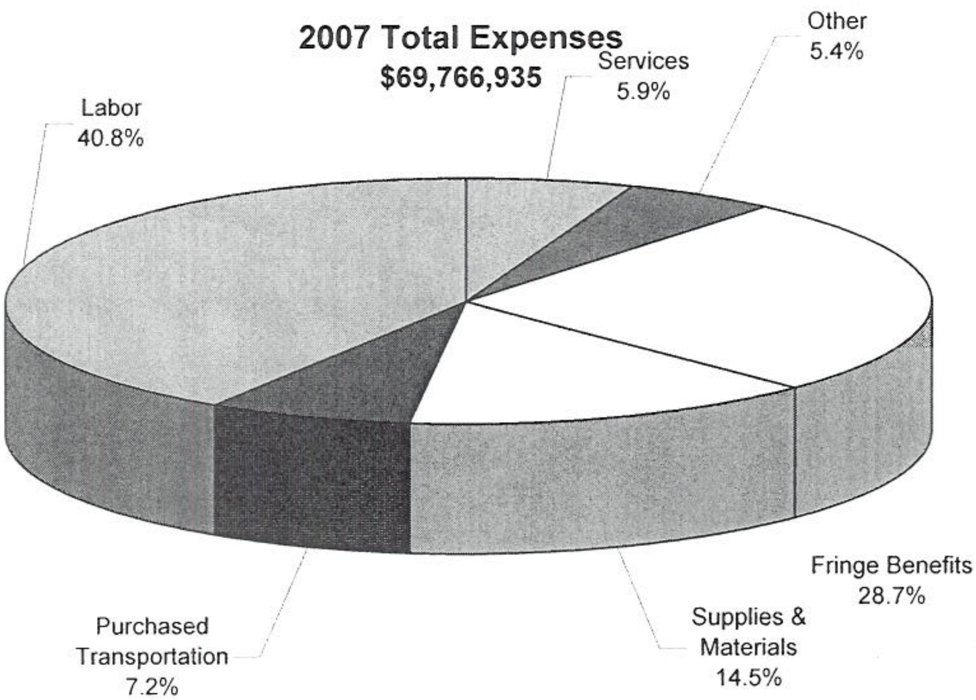
2006 Total Revenues
$79,137,535



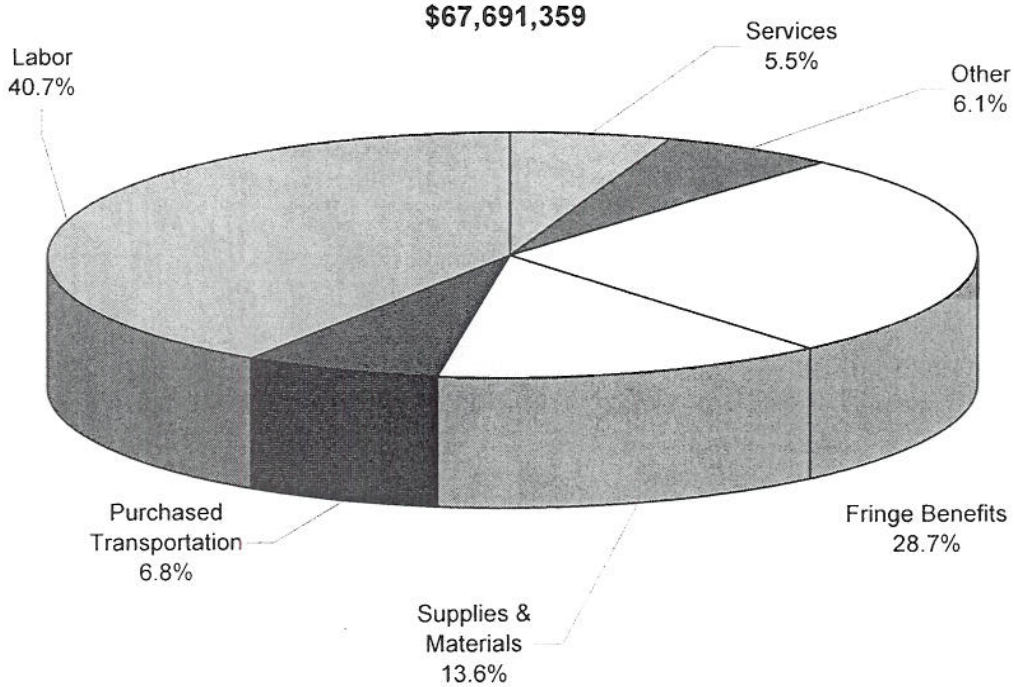
CENTRAL OHIO TRANSIT AUTHORITY

Expense by Object Class
(Excluding Depreciation)

2007 Total Expenses
$69,766,935



2006 Total Expenses
$67,691,359



Financial Operating Results

Revenues

For purposes of this presentation, the Authority groups its operating revenues into the following categories:

Passenger Fares are comprised of farebox revenues and special services revenues. The slight decrease in 2007 is due to flat ridership in comparison to 2006. The 2006 increase from 2005 is attributed to a fare increase in January 2006.

Sales Tax Revenues are received from a permanent ¼% sales tax levy approved by voters in November 1999 and applicable to the Authority's service area. The minimal 1.3% increase in sales tax revenue in 2007 is mainly due to limited economic growth in the Franklin County area. The increase of 4.8% in 2006 from 2005 is due in part to a one-time state sales tax amnesty program. The 2005 sales tax revenue was down due to slowing economic growth in COTA's taxing district.

Federal Assistance is received from the Federal Transit Administration (FTA) for general operating expenses and capital programs. With the passage of the Transportation Equity Act of the 21st Century (TEA-21), regional transit authorities were given the latitude to use their Section 5307 Federal Formula Assistance on the capitalization of maintenance instead of the purchase of capital assets. The Authority has elected to use its Section 5307 funds on vehicle maintenance, permitting the full use of this allocation each year, and freeing local funds for future capital projects. In 2007, the total allocation to all public transit agencies for Section 5307 funds as designated by Congress was increased, which in turn increased the amount designated for COTA. The decrease in Federal Assistance in 2006 was due to a reduction in TEA-21 due to funding requirements for Katrina recovery efforts. The increase in Federal Assistance in 2005 was due to an increase in funding the total allocation to all public transit agencies for Section 5307 funds by the Federal government.

Federal Capital Grants are received from the FTA for capital projects and capital acquisitions. Federal Capital Grants reimburse the Authority in part for the purchase of new buses, equipment and facility enhancements. The increase in Federal Capital Grants in 2007 is mainly due to the purchase of 32 heavy duty transit buses. The reduction in Federal Capital Grants in 2006 is due to the discontinued North Corridor Light Rail Project. The reduction in Federal Capital Grants in 2005 is due to the completion of the Easton Daycare Center and the Near East Transit Center construction projects and a decrease in funding for the North Corridor Light-Rail project.

State Assistance is received from the Ohio Department of Transportation (ODOT) for elderly and disabled rider reduced-fare subsidies, and for reimbursement of State fuel taxes. COTA is required to remit State taxes on diesel fuel, but is refunded $0.27 of the $0.28 per gallon paid. The elderly and disabled rider reduced-fare subsidies amount for the entire program increased for 2007; however, because of changes in fare structures at other transit agencies within the state of Ohio, the amount allocated to COTA was down slightly over 2006. The increase for State Assistance in 2006 and 2005 was due primarily to an increase in overall elderly and disabled passenger fare assistance program.

State Capital Grants are received from ODOT for capital projects and capital acquisitions. State Capital Grants reimburse the Authority in part for the purchase of new buses and equipment. In 2007, the increase in State Capital Grant funding was predominantly used towards the purchase of 32 heavy duty transit buses. The decrease in State Capital Grants in 2006 was due to the discontinuation of the North Corridor Light Rail Project. The increase in State Capital Grants in 2005 was for reimbursement for the construction of the Easton Daycare Center, the implementation of the annunciator and automatic passenger counter projects, and the purchase of buses. In 2005, the increase is also attributable to reimbursement for the construction of the Near East Transit Center.

Investment Income is earned on invested funds. In 2007, the investment income is higher due to higher cash balances. The 2006 and 2005 investment income is significantly higher due to higher investment rates and higher cash balances.

Non-Transportation and Other Revenues consist of auxiliary transportation revenues and non-transportation revenues. Auxiliary transportation revenues represent fees collected for advertising placed in and on buses and bus shelters. From 2006 to 2007, the Authority experienced declining sales related to advertising on the outside of the buses, and therefore made a decision in late 2007 to discontinue this program going forward. Non-transportation revenues include other miscellaneous income items such as rent income which increased in 2007 over 2006 and 2005 due to full occupancy in COTA's Near East transit center and Easton Daycare. Non-transportation revenue also includes a gain on sale of fixed assets in 2007.

Expenses

Labor comprises nearly half of the total Authority expenses and includes hourly wages paid to union-represented employees (bus operators, mechanics and facility maintenance personnel), and salaries and wages paid to administrative staff (clerical, supervisory and management personnel). The 2007 labor increase of 3.5% was driven by contractual increases for the represented employees and merit increase for administrative employees. In 2006, reductions in service coupled with improved efficiency resulted in a 14% reduction in labor cost. During May 2005, COTA eliminated fifteen administrative positions as part of a reorganization of the Authority's administrative departments, thereby reducing labor expense.

Fringe Benefits consist primarily of vacation, sick and holiday pay, required Authority contributions to the Ohio Public Employees Retirement System (OPERS), and employee medical benefits. Required employer contributions to OPERS were made at the rate of 13.85% of total gross taxable wages.

In 2007, fringe benefit expense was relatively unchanged due to a modest increase in premiums offset by increased employee cost sharing. In 2006, fringe benefit expense was reduced by nearly 13% through a corresponding reduction in direct payroll costs and no growth in medical premiums. The increase in fringe benefits in 2005 is due to rising medical insurance costs and an increase in Workers' Compensation expense caused by a significant adjustment to the liability reserve to recognize future liabilities.

Materials and Supplies include the Authority's diesel fuel expense and parts used in the maintenance of buses and facilities. Similar to 2007, the authority was hard hit in the area of materials and supplies due to the increasing price of diesel fuel and the maintenance costs associated with an aging bus fleet with an average bus age over 8 years. In 2006, materials and supplies increased 7.5% from 2005 due to an increased fuel price per gallon of 21.4% and the impact of maintaining an aging bus fleet. The primary factor for the 2005 increase in expenses is a 44.2% increase in the average price per gallon of diesel fuel along with a slight increase in fuel consumption of approximately 36,000 gallons. Another factor that also increased expenses was the write-off of the ABI bus parts inventory.

Purchased Transportation expense is comprised of amounts paid to a private local contractor to provide the Authority's Project Mainstream service (door-to-door, service-on-demand in wheelchair lift-equipped minibuses for disabled riders). In 2007, COTA saw a significant increase in purchased transportation expense of 8.8%. This increase is a direct result of the increase in ridership of 7.9% over 2006. In 2006, purchased transportation expense increased by 1.7% over 2005 but was driven by an increase in ridership of 2.9%. For 2005, the total Project Mainstream ridership was only a slight increase of less than 1% as a result of challenges with scheduling that led to decreased productivity.

Services are provided by outside contractors to the Authority for a wide variety of professional, technical, consulting and maintenance needs. Services increased in 2007 by 9.6% as a result of increase subcontracting activity in the facility support area. These costs remained fairly constant from 2005 to 2006 with just a .4% increase.

Other Expenses consist primarily of utilities, taxes, interest, leases and rentals, claims and insurance and other miscellaneous expenses. In 2007, there was a decrease in other expenses of 9%. In 2006, other expenses increased 3% over 2005 primarily due to increase self-insurance claims from increased liability reserves. Real estate taxes are paid on non-exempt Authority property which includes transit center rental facilities and are partially reimbursed by the tenants. In 2005 and 2006 leases and rental expense included the downtown COTA Connection customer service center, the COTA Business Development Division office on Lake Shore Drive, the Project Mainstream paratransit offices on Phillipi Road, certain park-and-ride facilities, and miscellaneous equipment. Both the Lakeshore and Phillipi Road leases were terminated in 2006 and the Project Mainstream paratransit offices were moved to a COTA owned facility at Fields Avenue thereby eliminating leasing expense for these locations in 2007.

Analysis of 2007 Financial Results

COTA's financial results for the year ending 2007, demonstrate a dramatically improved financial condition. Despite recent market volatility resulting in dramatic increases in fuel costs as well as a challenging economic environment, both locally and nationally, the Authority has a balanced budget and a strong financial position. COTA ended the year with a $6.9 million increase in net assets. In 2006, management successfully undertook a series of arduous, yet prudent, measures to balance the budget and bring financial stability back to the Authority. The improved financial position permitted management to take advantage of additional Federal and State grant programs, resulting in a 108% increase in Federal and State capital revenue over 2006. This additional revenue coupled with an increase in sales and use tax of 4.8%, resulted in an operating surplus of $15 million (excluding depreciation) for the year, signaling a spirited turnaround and a robust financial position as we embark on a period of significant growth.

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets
December 31, 2007 and 2006

ASSETS	2007	2006
CURRENT ASSETS:		
Cash and cash equivalents	$ 13,117,239	$ 12,278,782
Receivables:		
Sales tax	13,107,164	12,735,719
Federal capital grants receivable	317,914	73,262
Federal operating assistance	397,302	44,218
State capital grants receivable	118,702	216,182
Other	1,082,518	444,973
Inventory of materials and supplies	2,751,701	2,327,942
Other	450,413	1,024,193
Total	31,342,953	29,145,271
Board designated:		
Cash and cash equivalents - capital grants	3,010,236	1,625,585
Cash and cash equivalents - self insurance	812,610	1,775,905
Total	3,822,846	3,401,490
Total current assets	35,165,799	32,546,761
NON-CURRENT ASSETS:		
Board designated:		
Cash and cash equivalents - self insurance	10,584,131	10,597,104
Property and equipment		
Cost	164,053,873	157,555,256
Less accumulated depreciation	(99,341,193)	(96,206,142)
Total	64,712,680	61,349,114
Total non-current assets	75,296,811	71,946,218
TOTAL ASSETS	$ 110,462,610	$ 104,492,979

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets (continued)
December 31, 2007 and 2006

LIABILITIES AND NET ASSETS	2007	2006
CURRENT LIABILITIES:		
Accrued payroll and fringe benefits	$ 4,947,709	$ 4,841,938
Accounts payable	1,916,258	2,187,297
Accrued payroll taxes	620,771	612,342
Estimated workers compensation claims	429,513	483,454
Estimated claims payable	383,097	1,292,451
Other current liabilities	1,459,331	1,343,398
Total current liabilitites	9,756,679	10,760,880
NON-CURRENT LIABILITIES:		
Accrued fringe benefits	508,697	409,675
Deferred revenue lease property	23,140	37,024
Estimated workers compensation claims	231,485	210,907
Estimated claims payable	125,250	108,850
Total non-current liabilitites	888,572	766,456
TOTAL LIABILITIES	10,645,251	11,527,336
NET ASSETS:		
Invested in capital assets	64,712,680	61,349,114
Unrestricted	35,104,679	31,616,529
TOTAL NET ASSETS	99,817,359	92,965,643
TOTAL LIABILITIES AND NET ASSETS	$ 110,462,610	$ 104,492,979

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Revenues, Expenses and Changes in Net Assets
Years ended December 31, 2007 and 2006

	2007	2006
OPERATING REVENUES:		
Passenger fares for transit service	$ 12,666,006	$ 12,816,845
Special transit fares	390,960	359,886
Auxiliary transportation revenue	237,929	243,138
Total	13,294,895	13,419,869
OPERATING EXPENSES OTHER THAN DEPRECIATION:		
Labor	28,498,141	27,522,282
Fringe benefits	18,334,414	18,476,176
Materials and supplies	10,085,202	9,236,317
Purchased transportation	5,015,657	4,608,078
Services	4,096,126	3,737,526
Utilities	1,501,736	1,435,646
Taxes	766,222	726,764
Leases and rentals	208,838	359,145
Claims and insurance, net of settlements	674,845	1,117,833
Advertising	99,638	122,695
Miscellaneous	486,116	348,897
Total	69,766,935	67,691,359
DEPRECIATION	8,227,145	8,564,858
Total operating expenses	77,994,080	76,256,217
OPERATING LOSS	(64,699,185)	(62,836,348)
NON-OPERATING REVENUES:		
Sales tax revenues	47,615,932	47,007,395
Federal operating grants and reimbursements	11,479,652	10,866,698
State operating grants, reimbursements and special fare assistance	1,416,616	1,455,882
Investment income	1,176,901	1,008,101
Nontransportation and other revenue	748,242	549,046
Total	62,437,343	60,887,122
Loss before capital grants & special item	(2,261,842)	(1,949,226)
CAPITAL GRANT REVENUES:		
Federal	7,923,838	3,215,213
State	2,136,637	1,608,175
Other	-	7,156
Total	10,060,475	4,830,544
SPECIAL ITEM -		
Loss on transfer of assets	-	(665,492)
Loss on project impairment	(946,917)	(17,471,064)
Total	(946,917)	(18,136,556)
CHANGES IN NET ASSETS	6,851,716	(15,255,238)
NET ASSETS, BEGINNING OF YEAR	92,965,643	108,220,881
NET ASSETS, END OF YEAR	$ 99,817,359	$ 92,965,643

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows
Years ended December 31, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 13,056,965	$ 13,176,731
Cash payments to suppliers for goods and services	(22,378,551)	(23,625,579)
Cash payments to employees for services	(28,300,882)	(27,706,365)
Cash payments for employees benefits	(18,360,243)	(18,527,440)
Cash payments for casualty and liability	(1,513,709)	(246,177)
Other receipts	348,626	1,225,486
Net cash used in operating activities	(57,147,794)	(55,703,344)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Sales taxes received	47,244,487	46,216,292
Federal operating assistance received	11,126,568	10,822,480
State operating and other assistance received	1,416,616	1,455,882
Net cash provided by non-capital financing activities	59,787,671	58,494,654
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal capital grants received	7,679,186	3,648,294
State capital grants received	2,234,117	1,542,437
Acquisition and construction of fixed assets	(12,546,371)	(5,155,015)
Proceeds from sale of fixed assets	63,130	-
Net cash provided by (used in) capital and related financing	(2,569,938)	35,716
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	1,176,901	1,008,101
Net cash provided by investing activities	1,176,901	1,008,101
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,246,840	3,835,127
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	26,277,376	22,442,249
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 27,524,216	$ 26,277,376

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows (continued)
Years ended December 31, 2007 and 2006

	2007	2006
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	$ (64,699,185)	$ (62,836,348)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	8,227,145	8,564,858
Inventory obsolescence reserve adjustments	(163,456)	(88,110)
Deferred Revenue	(13,884)	(13,884)
Other receipts	748,242	549,046
Change in assets and liabilities:		
(Increase) Decrease in other receivables	(637,545)	433,302
Increase in materials and supplies inventory	(260,303)	(502,077)
(Increase) decrease in other assets	573,780	(616,635)
Decrease in accounts payable, accrued compensation, self-insurance liabilities and other	(922,588)	(1,193,496)
Net cash used in operating activities	$ (57,147,794)	$ (55,703,344)
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Property purchases in accounts payable	$ 103,598	$ 50,962

See notes to financial statements.

(1) Organization and Reporting Entity

Organization

The Central Ohio Transit Authority (COTA or the Authority) is an independent, special purpose subdivision of the State of Ohio. The Authority was created on February 17, 1971, pursuant to Sections 306.30 through 306.53 of the Ohio Revised Code for the purpose of providing public transportation in Central Ohio, primarily Franklin County and surrounding areas. The Authority commenced operations on January 1, 1974. As a political subdivision, the Authority is distinct from, and is not an agency of, the State of Ohio or any other local government unit.

Under Ohio law, the Authority is authorized to levy a sales and use tax for transit purposes, including both capital improvement and operating expenses, in 0.25% increments up to a maximum rate of 1.5% if approved by a majority of the electors residing within the territorial boundaries of the Authority. Such a sales and use tax is in addition to the sales and use taxes levied by the State of Ohio and Franklin County. On November 5, 1999, the voters of Franklin County approved a permanent 0.25% sales and use tax. On November 2, 2006, the voters of Franklin County and surrounding counties within the COTA district approved a temporary 10 year additional 0.25% sales and use tax.

The Authority also has the power, under Section 306.40 of the Ohio Revised Code, to levy and collect both voted (after approval at an election) and unvoted ad valorem taxes on all the taxable property within the territorial boundaries of the Authority, in order to pay debt service on its bonds and notes issued in anticipation thereof. Ad valorem taxes were not levied during fiscal years 2007 and 2006.

The Authority is governed by a 13-member Board of Trustees. Members are appointed by the mayors of COTA's chartering municipal corporations and by the Franklin County Board of Commissioners and serve overlapping 3-year terms.

The Authority is not subject to federal or state income taxes.

(continued)

Reporting Entity

The accompanying financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. This statement requires that financial statements of the reporting entity include all of the organization, activities, functions and component units for which the reporting entity is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the reporting entity's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the reporting entity. COTA does not have financial accountability over any entities.

The City of Columbus (the City) is a related organization to COTA as the Mayor of the City, with the approval of City Council, appoints a voting majority of COTA's Board. However, the financial statements of COTA are not included within the City's "Reporting Entity" as the City cannot impose its will and there is no financial benefit or financial burden relationship between the City and COTA.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Pursuant to GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,* the Authority follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issues on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Authority also has the option of following subsequent private-sector guidance, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance as it relates to its operations.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased and deposits in the State Treasurer's Asset Reserve investment pool (STAR Ohio) to be cash equivalents.

(continued)

Grant and Assistance

The federal government, through the Federal Transit Administration (FTA), and the Ohio Department of Transportation, (ODOT) provides financial assistance and makes grants directly to the Authority for operations and the acquisition of property and equipment. Grants for operating assistance and preventative maintenance are recorded as revenues during the entitlement period to which the grants apply.

Investments

Pursuant to GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools,* investments are carried at fair value based on quoted market prices. Any unrealized gains or losses are recognized as adjustments to investment income. The Authority's policy is to hold investment securities to their scheduled maturities.

Inventory of Materials and Supplies

Inventory items are stated at cost using the weighted average method. Inventory generally consists of maintenance parts and supplies for transportation equipment and inventory items are expensed when consumed.

Board Designated Assets

These assets are designated for the payment of public liability claims under the Authority's self-insurance program and for future capital expenditures.

Designated for Capital Grant Expenditures

These assets are restricted under the Authority's capital grants for certain capital projects. The Authority also includes in designated capital grant asset amounts relating to its local share requirements for active capital grants.

Net Assets – Equity displayed in three components as follows:

<u>Invested in capital assets, net of related debt</u> – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

<u>Restricted</u> – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, and then use unrestricted resources when they are needed.

<u>Unrestricted</u> – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

(continued)

Classifications of Revenues

The Authority has classified its revenue as operating, non-operating or capital grant. Operating revenue includes activities that have the characteristics of exchange transactions including passenger fares and advertising. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as sales tax proceeds and most federal, state, or other reimbursement or donation for the acquisition of property and equipment.

Recognition of Revenue and Receivables

The federal government, through the Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT), provide financial assistance and make grants directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenues over the entitlement periods. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables and credited to non-operating revenues in the period operating expenditures are incurred. Capital grants received in advance of project costs being incurred are deferred.

When assets acquired with capital grant funds are disposed of before their useful life, the Authority is required to notify the granting federal agency. A proportional amount of the proceeds or fair market value, if any, of such property and equipment, may be used to acquire like-kind replacement vehicles or remitted to the granting federal agency.

Property and Depreciation

Property and equipment are stated at historical cost and include expenditures that substantially increase the useful lives of existing assets. Routine maintenance and repairs are expensed as incurred. An asset is capitalized if its value exceeds $2,000 and it has an economic life of greater than one year. The asset capitalization level for projects funded by grants is the full cost of the assets acquired regardless of the $2,000 threshold. The capitalization cost of a physical asset is defined to be the full cost of placing the asset into productive service.

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

Description	Years
Land and leasehold improvements	5-20
Buildings and improvements	20-40
Revenue vehicles	4-12
Transit shelters	5-8
Other equipment	1-10

(continued)

Property and Depreciation (continued)

Assets acquired with capital grants are included in property and equipment and depreciation on those assets is included in the Statement of Revenues, Expenses and Changes in Net Assets.

Estimated Claims Payable

The Authority has a self-insurance program for public liability, personal injury, property damage and worker's compensation (see Note 7). Claims are accrued in the year the expenses are incurred, based upon estimates of the claim liabilities made by management and the legal counsel of the Authority. Also provided for are estimates of claims incurred during the year but not yet reported. These estimates are based on past experience and current outstanding claims.

Compensated Absences

The Authority accrues vacation and sick pay benefits as earned by its employees. Non-current accrued fringe benefits are estimated based on the average vacation and sick expense from the previous five years.

	Current	Non-current
Compensated Absences Liability December 31, 2005	$ 3,493,885	$ 617,990
Vacation & Sick Liability Earned	3,177,283	-
Vacation & Sick Liability Paid	(3,193,640)	(208,315)
Compensated Absences Liability December 31, 2006	$ 3,477,528	$ 409,675
Vacation & Sick Liability Earned	3,306,191	-
Vacation & Sick Liability Paid	(3,397,679)	99,022
Compensated Absences Liability December 31, 2007	$ 3,386,040	$ 508,697

Passenger Fares

Passenger fares are recorded as revenue at the time services are performed.

Budgetary Accounting and Control

The Authority's annual budget is prepared on the accrual basis of accounting as permitted by law. The Authority maintains budgetary control by not allowing total expenditures to exceed total appropriations without approval of the Board of Trustees.

(continued)

Use of Estimates

The accounting and reporting policies of COTA conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results differ from those estimates.

Non-exchange Transactions

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include sales tax revenue and grants. On an accrual basis, revenue from sales taxes is recognized in the period when the underlying exchange transaction occurs. Therefore, taxes on items sold in 2007 will be recognized as revenue in 2007. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

New Accounting Pronouncements

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* This statement established standards for the measurement, recognitions, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of the state and local government employers. This statement will not be effective for the Authority until periods beginning after December 15, 2007, and as such, the Authority has not determined the impact that this statement will have on its financial statements.

(continued)

New Accounting Pronouncements (continued)

During December 2004, the GASB issued Statement No. 46, *Net Assets Restricted by Legislation, an amendment of GASB Statement No. 34.* This statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government, such as citizens, public interest groups, or the judiciary-can compel a government to honor. The Statement states that the legal enforceability of an enabling legislation restriction should be reevaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if a government has other cause for reconsideration. Although the determination that a particular restriction is not legally enforceable may cause a government to review the enforceability of other restrictions, it should not necessarily lead a government to the same conclusion for all enabling legislation restrictions. This statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation. The requirements of this statement are effective for the Authority for 2006, and as such, the Authority has determined that this statement has no impact on its financial statements.

In June 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits.* This statement provides accounting and reporting guidance for state and local governments that offer either voluntary termination benefits (e.g. early retirement incentives) or involuntary termination benefits (i.e., severance). The significant requirements of Statement 47 include the recognition in accrual basis financials as a liability and expense for involuntary termination benefits when (1) a termination plan has been approved by those with the authority to commit the government to the plan, (2) the plan has been communicated to the employees, and (3) the amount can be estimated. A liability and expense for voluntary termination benefits should be recognized when the offer is accepted and the amount can be estimated. Statement 47 also requires employers to disclose a description of the termination benefit arrangements, the cost of the termination benefits, and the significant methods and assumptions used to determine termination benefit liabilities. Statement 47 is effective for the Authority in 2006, and as such, the Authority has determined that there is no material impact on its financial statements.

In September 2006, GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* and Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* The requirements for these Statements become effective in fiscal years 2007 and 2008, respectively, and as such, the Authority has determined that there is no material impact on its financial statements.

Lastly, in May, 2007, GASB issued Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and No. 27.* The requirements for this statement become effective in fiscal year 2008. The Authority is in the process of determining the impact on the financial statements.

(continued)

(3) Cash and Investments

The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit the Authority to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's Asset Reserve investment pool (STAR Ohio), and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days. The Authority is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reserve purchase agreements.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities with a market value equal to 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Authority's name.

(continued)

Deposits With Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. Public depositories must give security for all public funds on deposit. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposit. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

At December 31, 2007, the carrying amount of the Authority's deposits with financial institutions was $5,486,642 and the bank balance was $5,701,019. The difference results mainly from outstanding checks. Based on criteria as described in GASB Statement No. 40, *"Deposit and Investment Risk Disclosure"*, as of December 31, 2007, $100,994 was covered by Federal Deposit Insurance. The $5,600,025 exposed to custodial risk was collateralized by a pool of securities maintained by the Authority's financial institutions but not in the Authority's name. In addition, the Authority had $5,220 of cash on hand

At December 31, 2006, the carrying amount of the Authority's deposits with financial institutions was $4,351,860 and the bank balance was $5,741,075. The difference results mainly from outstanding checks. Based on criteria as described in GASB Statement No. 40, *"Deposit and Investment Risk Disclosure"*, as of December 31, 2006, $100,789 was covered by Federal Deposit Insurance. The $5,640,286 exposed to custodial risk was collateralized by a pool of securities maintained by the Authority's financial institutions but not in the Authority's name. In addition, the Authority had $5,220 of cash on hand.

Investments and Other Deposits

As of December 31, 2007 and 2006, the Authority held equity of $22,032,354 and $21,920,296 respectively, in the STAR Ohio investment pool. As of March 2008, Star Ohio has maintained the highest Standard and Poors rating of AAA. This investment has not been categorized based on a custodial risk because it is not a security. The relationship between the Authority and the investment asset is a direct contractual relationship and the investments evidence ownership or creditorship.

(continued)

(4) Capital Assets

Capital asset activities for the years ended December 31, 2007 and 2006 are as follows:

	January 1, 2007	Additions	Disposals	Transfers	December 31, 2007
Capital Assets Not Being Depreciated:					
Land	$ 5,448,906	$ -	$ -	$ 2	$ 5,448,908
CIP	2,231,236	247,676	(20,000)	(1,668,740)	790,172
Total	7,680,142	247,676	(20,000)	(1,668,738)	6,239,080
Capital Assets Being Depreciated:					
Land and leasehold improvements	8,787,442	25,305		25,150	8,837,897
Building and improvements	44,390,102	62,221	(926,918)	2,689,707	46,215,112
Revenue vehicles	67,577,630	11,181,646	(5,080,594)	834,552	74,513,234
Transit shelter	1,981,253	260,515	-	47,048	2,288,816
Other equipment	27,137,687	769,011	(19,245)	(1,927,719)	25,959,734
Total	149,874,114	12,298,698	(6,026,757)	1,668,738	157,814,793
Less Accumulated Depreciation:					
Land and leasehold improvements	(6,582,097)	(668,291)			(7,250,388)
Building and improvements	(18,980,484)	(1,316,961)			(20,297,445)
Revenue vehicles	(47,087,665)	(4,756,051)	4,675,397		(47,168,319)
Transit shelter	(1,161,561)	(441,630)			(1,603,191)
Other equipment	(22,394,335)	(1,032,276)	404,761		(23,021,850)
Total	(96,206,142)	(8,215,209)	5,080,158	-	(99,341,193)
Total Capital Assets Being Depreciated, Net	53,667,972	4,083,489	(946,599)	1,668,738	58,473,600
Total Capital Assets, Net	$ 61,348,114	$ 4,331,165	$ (966,599)	$ -	$ 64,712,680

(continued)

(4) Capital Assets (continued)

	January 1, 2006	Additions	Disposals	Transfers	December 31, 2006
Capital Assets Not Being Depreciated:					
Land	$ 5,445,576	$ -	$ -	$ 3,330	$ 5,448,906
CIP	19,693,961	4,312,465	(17,471,064)	(4,304,126)	2,231,236
Total	25,139,537	4,312,465	(17,471,064)	(4,300,796)	7,680,142
Capital Assets Being Depreciated:					
Land and leasehold improvements	9,097,046		(367,447)	57,843	8,787,442
Building and improvements	44,949,807	513,463		(1,073,168)	44,390,102
Revenue vehicles	69,326,152		(1,895,729)	147,207	67,577,630
Transit shelter	2,120,905		(1,214,842)	1,075,190	1,981,253
Other equipment	27,754,920	329,063	(5,039,020)	4,093,724	27,138,687
Total	153,248,830	842,526	(8,517,038)	4,300,796	149,875,114
Less Accumulated Depreciation:					
Land and leasehold improvements	(6,281,408)	(528,033)	227,344	-	(6,582,097)
Building and improvements	(17,628,582)	(1,351,902)	-	-	(18,980,484)
Revenue vehicles	(44,330,217)	(3,987,684)	1,230,236	-	(47,087,665)
Transit shelter	(2,094,689)	(281,714)	1,214,842	-	(1,161,561)
Other equipment	(25,157,934)	(2,415,525)	5,179,124	-	(22,394,335)
Total	(95,492,830)	(8,564,858)	7,851,546	-	(96,206,142)
Total Capital Assets Being Depreciated, Net	57,756,000	(7,722,332)	(665,492)	4,300,796	53,668,972
Total Capital Assets, Net	$ 82,895,537	$ (3,409,867)	$ (18,136,556)	$ -	$ 61,349,114

For discussion of the $665,492 transfer of revenue vehicles, see Note 10, Special Item in 2006.

(5) Leases

COTA leases certain property and office equipment under operating leases. Rental expense for all operating leases was approximately $221,902 in 2007 and $359,000 in 2006. No lease commitments exist after 2008 and the remaining minimum payments are $27,758 in 2008.

(continued)

(6) Grants, Reimbursements and Special Fare Assistance

Grants, reimbursements and special fare assistance included in the Statement of Revenues, Expenses and Changes in Net Assets for the years ended December 31, 2007 and 2006, consist of the following:

	2007	2006
Federal:		
FTA Operating Assistance	$ 11,479,652	$ 10,866,698
FTA Capital Assistance	7,923,838	3,215,213
Total	$ 19,403,490	$ 14,081,911
State:		
ODOT Elderly and Disabled Fare Assistance	$ 766,168	$ 817,978
ODOT Fuel Tax Reimbursement	647,028	627,351
ODOT Capital Assistance	2,136,637	1,608,175
Other Local Operating Assistance	3,420	17,709
Total	$ 3,553,253	$ 3,071,213

(7) Risk Management

COTA is exposed to various risks of loss related to torts, theft or destruction of assets, injuries to employees and natural disasters. The Authority purchases commercial insurance for employee bonding, flood, fire, property, crime, travel and general liability. There have been no reductions in coverage nor have there been any settlements exceeding insurance coverage for the past three years.

COTA is self-insured for all public liability, personal injury and property damage claims. The estimated liability for such claims of $508,347 at December 31, 2007, and $1,401,301 at December 31, 2006, are included in estimated claims payable in the accompanying balance sheets. At December 31, 2007, and 2006, $11,396,741 and $12,373,009, respectively, were restricted by the Board of Trustees to fund the self-insurance program. Such funds are included in board designated assets in the accompanying balance sheets.

Prior to June 30, 1998, COTA was insured through the State of Ohio Bureau of Workers' Compensation (BWC) for injuries to its employees. On July 1, 1998, the Authority entered into an agreement with the BWC to become self-insured for claims pertaining to work-related injuries to Authority employees occurring on or after that date. The BWC agreed to continue to administer and pay all compensation claims arising on or before June 30, 1998. The estimated liability for all such claims occurring since July 1, 1998, is $660,998 at December 31, 2007, and is included as a liability in the accompanying balance sheet.

(continued)

(7) Risk Management (continued)

The general claims liability was calculated by establishing reserves on a case-by-case basis after analysis by in-house counsel and outside attorneys. The workers' compensation liability was determined by analyzing claim lag information provided by COTA third party administrators. A summary of changes in self-insurance claims liability for the years ended December 31, 2006 and 2005 follows:

	General Liability	Workers' Compensation
Claims liability at December 31, 2005	547,428	520,954
Incurred claims, net of favorable settlements	1,100,050	719,317
Claims paid	(246,177)	(545,910)
Claims liability at December 31, 2006	1,401,301	694,361
Incurred claims, net of favorable settlements	620,255	585,430
Claims paid	(1,513,209)	(618,793)
Claims liability at December 31, 2007	$ 508,347	$ 660,998

(8) Pension Plan

COTA contributes to the Ohio Public Employees Retirement System (OPERS), which administers three separate pension plans as described below: the Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member Directed Plan (MD) – a defined contribution plan: and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the TP and CO plans; however, health care benefits are not statutorily guaranteed. Members of the MD plan do not qualify for ancillary benefits, including post-employment health care coverage. Chapter 145 of the Ohio Revised Code (ORC) assigns the authority to establish and amend benefit provisions to the OPERS Board of Trustees (Board).

The ORC provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. The 2007 member contribution rates were 9.5% of their annual covered salary and COTA is required to contribute an actuarially determined rate. In 2007, the employer contribution rate for local employers was 13.85% of annual covered payroll. In 2006, the employer contribution rate for local employers was 13.7% of annual covered payroll.

(continued)

(8) Pension Plan (continued)

The Authority's contributions to OPERS for the years ending December 31, 2007, 2006, and 2005 were approximately $4,513,000 $4,390,000, and $4,887,000 respectively, equal to the required contributions for each year. Required employer contributions are equal to 100% of the dollar amount extracted from the Authority's records.

The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2006. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5%. An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from .50% to 6.30%. Health care costs were assumed to increased at the projected wage inflation rate plus an additional factor ranging from 0.50% to 5.00% for the next 8 years. In subsequent years, (9 and beyond) health care costs were assumed to increases at 4.00% (the projected wage inflation rate).

OPEB is advance funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2006 was $12.0 billion. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at $30.7 billion and $18.7 billion, respectively.

OPERS' issues a stand-alone financial report that includes the financial statements. That report may be obtained by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215-4642, or by calling 1-614-222-5601 or 1-800-222-PERS (7377).

The postretirement health care coverage includes a medical plan, prescription drug program and Medicare Part B premium reimbursement to qualifying members. In order to qualify for post retirement health care coverage, age and service retirees under the TP and CO must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45, *"Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension."* A portion of each contribution to OPERS is set aside for the funding of post retirement health care.

(continued)

(8) Pension Plan (continued)

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Active members do not make contributions to the OPEB plan. OPERS Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The 2007 employer contribution rate for local employers was 13.85% of annual covered payroll. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30 2007 and July 1 through December 31 2007 was 5% and 6% of covered payroll respectively. For 2006, 4% was the portion that was used to fund health care for the year. COTA's contributions actually made to fund post-employment benefits totaled $1,792,000 in 2007, $1,282,000 in 2006, $1,443,000 in 2005.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

(9) Contingent Liabilities

Litigation

It is the Authority's policy to act as self-insurer for certain insurable risks consisting primarily of public liability and property damage. At December 31, 2007, COTA has been named in various public liability and property damage claims and suits, some of which seek significant damages. The ultimate outcome of the claims and suits cannot be determined; however, it is the opinion of management that any resulting liability to the Authority in excess of that provided for in the accompanying balance sheet will not have a material adverse effect on the Authority's financial position.

(continued)

Federal and State Grants

Under the terms of the Authority's various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At December 31, 2007, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of COTA's management, no material grant expenditures will be disallowed.

FTA grant stipulations also require the granter to retain assets acquired by FTA funds for the full estimated asset life (as determined by the FTA). If this provision is not met, the granter must refund FTA's un-depreciated basis in assets disposed.

(10) Special Item – Loss on transfer of assets

In 2001, the Authority purchased 38 low-floor 30-foot diesel powered buses from Advanced Bus Industries (ABI). In the fall of 2001, ABI filed for bankruptcy and the company's assets were liquidated. During the next three years, COTA experienced a multitude of equipment failures on the ABI buses including chassis structure cracks, passenger door controller problems, engine compartment seal defects, and premature brake wear. In 2003, the ABI buses were the costliest in the fleet to operate at $0.55 per mile. Service calls on ABI buses amounted to 23% of all fleet breakdowns. In June 2005, the Authority received permission from the FTA to transfer the remaining Federal interest in six of the ABI buses to other FTA grant recipient transit systems and the COTA Board of Trustees authorized the transfer of the Federal interest and title. The transfer of the remaining six ABI buses resulted in a $665,492 loss in 2006 of the remaining net book value of the buses. The Authority purchased new replacement buses in 2004 and 2005 with lower operating and maintenance costs.

(continued)

11) Special Item – Loss on project impairment

Since 2002, COTA staff has been working with the Federal Transit Administration (FTA), Mid Ohio Regional Planning Commission (MORPC), and the Ohio Department of Transportation (ODOT), consultants, local government officials, and the general public to study the feasibility of constructing a fixed guideway transit project in the North Corridor.

In 2003, the project scoping was completed and four (4) alternatives emerged for further analysis: (1) a "No build" alternative and three "Build" alternatives including (1) Bus Rapid Transit, (2) Streetcar, and (3) Light Rail Transit. COTA Staff, working in concert with the various stakeholders, conducted the Alternative Analysis (AA) and Preliminary Draft Environmental Impact Statement (DEIS) identifying the impacts, benefits, and cost effectiveness of the alternatives as outlined by the FTA criteria.

The financial feasibility of any North Corridor fixed guideway option relies upon a 50% contribution of federal funding. The FTA currently requires that projects have a Cost Effectiveness Index (CEI) lower than $23 per hour of user benefit in order to receive federal funding for construction. None of the fixed guideway options under consideration in the North Corridor achieved this standard. The corridor may be reconsidered for fixed guideway development at such time as there are significant changes in travel within the corridor, fuel costs, or FTA project evaluation criteria. At December 31, 2006, the Authority concluded that $13,785,824 of costs that have been capitalized as a result of the efforts mentioned above are impaired under GASB Statement No. 42. In addition, the Authority identified additional projects related to the North Corridor Project that were also impaired in the amount of $3,685,240 as of December 31, 2006.

At December 31, 2007, the Authority concluded that $946,917 of ITS project costs that had been capitalized were impaired under GASB Statement No. 42.

(concluded)

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

To the Board of Trustees of
Central Ohio Transit Authority:

We have audited the financial statements of Central Ohio Transit Authority (the "Authority") as of and for the year ended December 31, 2007 and 2006, and have issued our report thereon dated June 20, 2008. 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 Audit Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of the Authority in a separate letter dated June 20, 2008.

This report is intended solely for the information and use of management, the Board of Trustees, others within the Authority, and the Auditor of State of Ohio, and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

June 20, 2008

Deloitte.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees of
Central Ohio Transit Authority:

Compliance

We have audited the compliance of Central Ohio Transit Authority (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. 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. Compliance with requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2007-01.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirement of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of a federal program will not be prevented or detected by the Authority's internal control.

Our consideration of the internal control over compliance for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, and the Auditor of State of Ohio, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

June 20, 2008

CENTRAL OHIO TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2007

Grantor/Title:	CFDA #	Grant #	Total Grants Recognized
Federal Transit Cluster			
U.S. Department of Transportation— Federal Transit Administration (FTA): Direct Urbanized Area Formula Program and Capital Grants—	20.500	OH-03-0213	$ 7,040
	20.500	OH-04-0003	28,357
	20.500	OH-90-X402	2,251,506
	20.507	OH-90-X449	11,511
	20.507	OH-90-X522	100,882
	20.507	OH-90-X539	5,197,554
	20.507	OH-90-X599	10,621,062
Total Federal Transit Cluster			18,217,912
Federal Transit Administration	20.516	OH-37-X021	47,414
	20.516	OH-37-X029	545,681
	20.516	OH-37-X034	107,177
Total Federal Transit Administration			700,272
Total Federal Financial Assistance			$ 18,918,184

See notes to schedule of expenditures of federal awards.

CENTRAL OHIO TRANSIT AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2007

1. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting.

3. RELATIONSHIP OF FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

CENTRAL OHIO TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2007

Part I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unqualified			
Internal control over financial reporting: Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified not considered to be material weaknesses?	____	Yes	X	N/A
Noncompliance material to financial statements noted?	____	Yes	X	No

Federal Awards

Internal control over major programs: Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified not considered to be material weaknesses?	____	Yes	X	N/A
Type of auditors' report issued on compliance for major programs	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	X	Yes	____	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster Number
20.500 and 20.507	Federal Transit Cluster
20.516	Federal Transit JARC

Dollar threshold used to distinguish between Type A and Type B programs	$444,149			
Auditee qualified as low-risk auditee?	X	Yes	____	No

Part II—Financial Statements Findings

Findings relating to the financial statements, which are required to be reported in accordance with *Government Auditing Standards*

No matters are reportable.

Part III—Federal Award Findings and Questioned Costs

Finding 2007-01 U.S. Department of Transportation Federal Transit Administration Direct Urbanized Area Formula Program CFDA 20.500

Requirement and condition: The Authority bills the FTA monthly on a reimbursement basis for fringe benefits costs allowable under the maintenance grants. It was determined by the Authority that in 2007 in certain cases the Authority paid for medical coverage for terminated and existing employees.

Context and criteria: The Authority is permitted to bill and be reimbursed for certain allowable costs for fringe benefits for maintenance employees.

Effect: As a result of the overpayment for insurance premiums for certain terminated and existing employees the Authority billed for unallowable costs on an interim basis but by the end of the grant year all amounts billed were allowable due to the grant limits.

Cause: The Authority failed to properly execute an existing control process to pay proper health insurance premiums for both existing and terminated employees.

Recommendation: The Authority should provide all necessary training to administrative personnel involved in the verification and payment of monthly health insurance costs. In addition supervisory personnel should properly execute their oversight responsibilities of these calculations and payments.

Questions Costs: Ultimately there are no questioned costs as the total billings for the grant year are less than incurred allowable costs. However, the monthly billings until the final December billing were in excess of that month's allowable costs. Therefore the questioned cost would be the impact of billing in advance of incurred which would be an interest factor which would approximate less than $10,000.

Views of Responsible Official: See corrective action plan.

Finding: 2007-01

Planned Corrective Action: The Authority acknowledges this control weakness and is taking immediate steps to ensure the accuracy and policy compliance of health benefit program payments. Management is refining standard operating procedures which will require timely reconciliations to ensure that only allowable costs are submitted for reimbursement under Federal grant programs.

Anticipated Completion Date: December 31, 2008

Responsible Contact Person: Marion White
Vice President of Finance, Chief Financial Officer
614-275-5830

CENTRAL OHIO TRANSIT AUTHORITY

2007

COMPREHENSIVE ANNUAL FINANCIAL REPORT

COTA

For Fiscal Year Ended December 31, 2007

CENTRAL OHIO TRANSIT AUTHORITY
Franklin County, Ohio

Comprehensive Annual Financial Report
For the Fiscal Year Ended
December 31, 2007

Prepared by:
Finance Division
Marion White, CFO/Vice President of Finance

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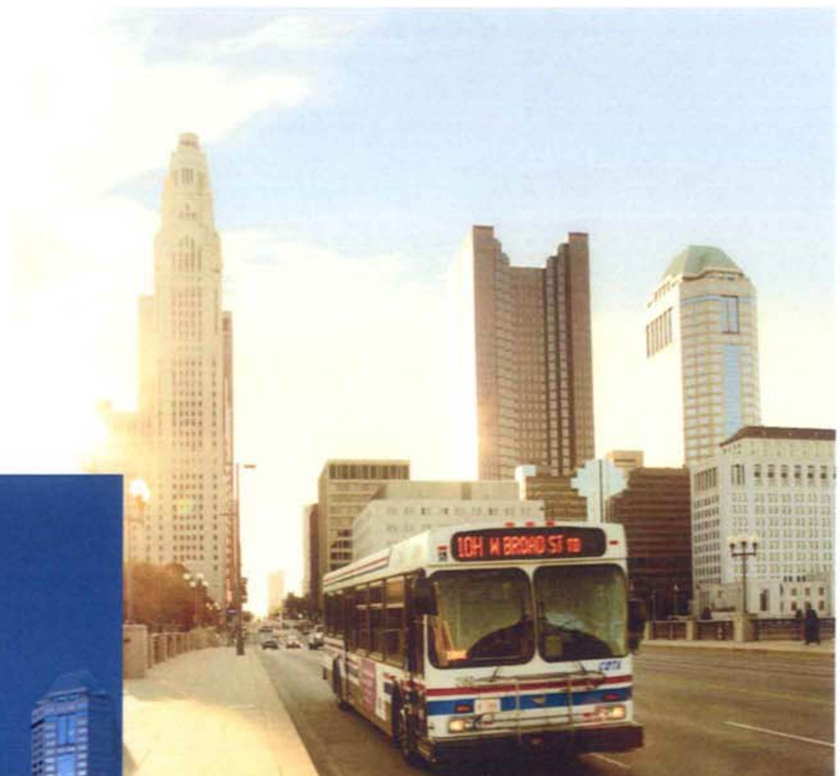
For the Fiscal Year Ended December 31, 2007

INTRODUCTORY SECTION



COTA
Central Ohio Transit Authority
Connecting Communities

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Wm. J. Lhota
President/CEO

June 20, 2008

Board of Trustees of the
Central Ohio Transit Authority
and
Residents of Central Ohio:

The Comprehensive Annual Financial Report (CAFR) of the Central Ohio Transit Authority (the Authority or COTA) for the fiscal year ended December 31, 2007, is hereby respectfully submitted. This CAFR was prepared by the Finance Division and represents the Authority's commitment to provide accurate, concise and high quality financial information to its Board of Trustees and interested parties.

The presentation of this CAFR contains financial statements and statistical data that provide full disclosure of all the material financial operations of the Authority. The financial statements, supplemental schedule, statistical information and all data contained herein are the representations of the Authority's management. The Authority's management bears the responsibility for the accuracy, completeness and fairness of the CAFR presentation.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Central Ohio Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2006. This was the eighth consecutive year that the Central Ohio Transit Authority has been recognized with this prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting the 2007 report to the GFOA to determine its eligibility for another certificate.

(continued)

REPORTING ENTITY

General

The Authority's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14 and 39. The financial statements contained within this CAFR include all of the organizations, activities, functions and component units for which the Authority is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either 1) the reporting entity's ability to impose its will over the component unit or 2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the reporting entity. On this basis, the Authority does not have financial accountability over any other entity, and no governmental units other than the Authority itself are included in the reporting entity. Furthermore, the Authority is not included as a component unit in the reporting entity of any other governmental unit's financial statements. A complete discussion of the Authority's reporting entity is included in Footnote 1 to the financial statements.

The Central Ohio Transit Authority is an independent political subdivision of the State of Ohio with its own taxing power. The Authority is not dependent upon appropriations from Franklin County, the City of Columbus, or any other political subdivision for local funding. The Authority is empowered by the Ohio Revised Code to issue general obligation debt secured by its own taxing power.

The Authority was created by an agreement executed on February 17, 1971, with Franklin County and the cities of Bexley, Columbus, Gahanna, Grandview Heights, Grove City, Hilliard, Reynoldsburg, Upper Arlington, Westerville, Whitehall and Worthington. The Authority's territorial boundaries are conterminous with Franklin County, except for a small portion of the Authority's territory in adjacent Delaware, Fairfield and Licking Counties.

Commencement of Operations

A purchase agreement was executed on June 29, 1973, providing terms for the transfer of the properties, rights and obligations of the Columbus Transit Company (a now-defunct subsidiary of the American Electric Power Company) to the Authority. An interim operating agreement permitted the Columbus Transit Company to continue to provide transit services until December 31, 1973. The Authority commenced operations on January 1, 1974.

The Central Ohio Transit Authority's vision and mission statements are respectively:

> *The Central Ohio Transit Authority will be the transportation provider for central Ohio with safe, reliable, convenient, affordable and user-friendly transportation for every resident and visitor.*
>
> *The Central Ohio Transit Authority is committed to excellence and will deliver superior transportation services and conduct our business courteously, safely, ethically and reliably. We will demonstrate leadership that is fiscally responsible and maintain a work environment that is safe and productive. All employees are expected to embrace and practice our values and standards to achieve the objectives of our vision.*
>
> These statements are the focus of all operations and support functions.

Management – Board of Trustees

The Authority is managed by a Board of Trustees (the Board) vested by Ohio law with the powers necessary to manage the Authority. The legislation and agreements establishing the Authority provide for a 13-member Board serving overlapping three-year terms. Board membership is apportioned as follows: City of Columbus, seven members; Franklin County, two members; and one member each from the following groups of municipal corporations: Group A, Upper Arlington and Grandview Heights; Group B, Worthington, Gahanna and Westerville; Group C, Whitehall and Bexley; and Group D, Grove City, Reynoldsburg and Hilliard. When one Board member represents several cities, the appointments are made on a rotational basis. Members are appointed by the mayor of the appropriate municipal corporation with the consent of its city council. The Board of County Commissioners appoints the Franklin County representatives.

Administration

The President/CEO, who is appointed by the Board, directs the administration of the Authority, subject to the policies and supervision of the Board of Trustees. The President/CEO selects the senior administrative personnel. A Table of Organization depicting the key functional responsibilities is shown on Page 16 of this Introductory Section.

Transportation Services – Fixed-Route Bus Service

The Authority provides public transportation services within Franklin County, as well as portions of Delaware, Fairfield and Licking Counties that are included within the municipal corporation limits of Columbus, Westerville and Reynoldsburg. In 2007, this service included 54 fixed bus routes comprised of 16 local routes, one LINK route, eight cross-town routes, 28 express routes, and one route providing service to the Columbus Zoo during the summer season. The span of service provided on these fixed-routes was from 4:51 a.m. to 1:51 a.m. on weekdays, 5:16 a.m. to 1:51 a.m. on Saturdays, and 7:05 a.m. to 1:51 a.m. on Sundays and holidays. Bus route schedules can be obtained from the COTA Connection located at 60 East Broad Street in downtown Columbus, by calling (614) 228-1776 and also are available at www.cota.com. An itinerary planner to help plan a customer's bus trip may also be accessed at COTA's web site. Monthly, weekly and day passes to ride the buses may be purchased from the COTA Connection and other pass sales outlets throughout the community. Customers also can purchase adult day passes on the bus.

COTA makes changes and adjustments to its fixed route system three times a year. These changes occur in January, May and September of each year. Service changes are determined through an analysis of customer needs and the changing service area by COTA staff. Two public meetings are held to inform the community of the planned changes and invite comment prior to implementation of the route changes.

To address increasing customer needs for fixed-route bus service, service changes focus on four key areas of improvement: upgrades in service frequency; expanded service coverage area; expanded hours of operation; and decreased travel times. Expanding and modernizing the COTA fleet of coaches is an essential component toward initiating these improvements. COTA has entered into a 5 year contract for the purchase of 40 new buses each year. At the end of 2007, COTA had 234 buses in its fleet.

The Authority's intention is to nearly double its fixed-route service hours by 2030. Under the provisions described in COTA's comprehensive Long-Range Transit Plan (LRTP), adopted in July 2006, COTA intends to increase fixed-route service hours from 625,000 hours in 2006 to 1,230,000 hours in 2030.

Throughout 2007, COTA in collaboration with the Ohio Department of Transportation (ODOT) and the Mid-Ohio Regional Planning Commission (MOPRC) continued a pilot project to operate fixed-route buses on the freeway shoulders of I-70 East. This project allows COTA buses to use the freeway shoulder lane when traffic slowed to 35 mph. The main purpose was to maintain bus schedules and improve on-time performance. The pilot program is under review by federal and state authorities and an announcement on the results of the pilot project are expected in the first quarter of 2008.

Transportation Services – Paratransit Service

Project Mainstream is a demand response shared-ride paratransit service available to individuals whose disabilities prevent them from accessing COTA's fixed-route bus system. Project Mainstream provides transportation when a customer's origin and destination addresses are within ¾ of a mile of an operating fixed-route bus route. The contracted service for Project Mainstream operates during the same hours as the fixed-route bus service. Individuals wishing to use this service must complete an eligibility process and obtain an Americans with Disabilities Act (ADA) ID card. Certified customers must maintain their eligibility by re-certifying every three years. Once a customer is determined eligible, a reservation call center is available to assist in reserving and scheduling their trips. Reservations can be made one to seven days in advance. For more information or to request an application for Project Mainstream services, call (614) 275-5828 or send an e-mail to the web address paratransit@cota.com.

As described in the LRTP, Project Mainstream service hours are projected to increase by 50 percent during the same period.

In 2008, COTA is planning to begin construction of a new facility to house all Project Mainstream operations and services. The 92,000-square-foot building will be located on COTA-owned property across from COTA's Fields Avenue Facility, 1333 Fields Ave. The new facility will house up to 104 Paratransit vehicles, in accordance with COTA's goal, as explained in the LRTP, to double the size of the Project Mainstream fleet by 2030. The new facility will also house Administrative offices of the Project Mainstream program. COTA will be seeking LEED certification for the facility, meaning that its design will be environmentally friendly. Groundbreaking is planned for late 2008, with completion in 2010.

COTA continues to offer a Sedan Voucher Program utilizing transportation companies that provide optional services to eligible paratransit demand response program customers. Approximately 800 sedan vouchers are distributed monthly and are available on a first-come, first-served basis. With the Sedan Voucher Program, customers can travel by making a reservation less than 24 hours in advance.

Bike 'N Bus Program

COTA is also serving customers in its service area who choose to commute by bicycle. In 2004, the Authority launched its Bike 'N Bus Program. All of COTA's fixed-route buses have front-mounted bike racks, which hold two bicycles. There is no additional charge to the customer for this service. COTA records the bike usage through the onboard tracking system. The Authority is seeing increased use of this service. During 2007, 40,000 boardings were recorded which represents a 9% increase of the Bike 'N Bus Program over the previous year.

Facilities Owned

1600 McKinley Avenue was constructed in 1980 and is the site of the Authority's administrative headquarters and all fixed-route bus operations. The 390,000-square-foot facility also houses both heavy (major) and light (routine) bus maintenance operations, and has an indoor storage capacity for 240 buses.

1333 Fields Avenue opened in September 1984 is a 283,000-square-foot facility with storage for 200 buses and space for several light maintenance work areas and housed fixed-route bus and light vehicle maintenance operations until 2006. Currently, COTA's radio room and facilities maintenance operations are located at Fields. Fields is also currently used to house and operate Project Mainstream. The Fields facility is scheduled to be renovated in 2009 in anticipation of the return of fixed route bus operations.

Linden Transit Center is a 20,500-square-foot facility located at the corner of Cleveland and 11th Avenues that opened in October 1999. The transit center houses a Nationwide Children's Hospital medical center, a day care center, as well as other amenities. Five express routes and two local bus routes serve the transit center and the Linden LINK neighborhood circulator route, which provides neighborhood transportation and connections to COTA's fixed-route services. Express routes serving the Linden Transit Center also offer vital connections to job centers around the I-270 Outerbelt, such as the Polaris area located in Delaware County just north of I-71 and I-270, the Easton area near Morse Road and I-270, and the New Albany Business Park.

Easton Transit Center is a 1,350-square-foot facility that opened in May 2002. The facility includes an 8,950-square-foot overhead canopy with four bus bays, a 50 vehicle capacity park and ride lot, an adjacent 9,650-square-foot day care center, and other passenger amenities. Located north of Morse Road at the southeast corner of Transit Drive and Stelzer Road the transit center helps COTA serve commuters in northeastern Franklin County. One express route, one crosstown route, and one local bus route serve this terminal.

North Terminal is an outdoor facility located on Spring Street between High and Front Streets in downtown Columbus. This terminal has six bays for express routes. Currently eight express routes and one local bus route utilize the terminal to serve passengers in the north downtown area.

Near East Transit Center is a 9,600-square-foot facility located at the corner of East Main Street and Champion Avenue in the Columbus Empowerment Zone (an economically disadvantaged area with high unemployment) that opened in September 2005. The Near East Transit Center includes a Nationwide Children's Hospital "Close to Home" facility to provide neighborhood medical services. The building also contains leasable retail space.

Facilities Leased

City Center Terminal is a 41,000-square-foot facility opened in November 1989. The terminal is located in the downtown City Center Parking Garage between Rich and Main Streets. Elevators and escalators provide pedestrian and disabled access to the terminal from all floors in the City Center parking garage. Presently 19 express routes and one local bus route use this terminal.

60 East Broad Street in downtown Columbus houses the COTA Connection. The COTA Connection is the main customer service center as well as sales outlet for day, seven-day, and monthly passes. At this location, passengers may also obtain Senior Discount Cards, Key Cards and ADA Cards. The office provides route information through the distribution of published transit maps and timetables, and maintains a staff of service representatives (from 7:00 a.m. to 6:00 p.m. weekdays) as well as an interactive voice response system to assist customer queries on the Authority's telephone information line (614-228-1776). COTA's Customer Service Department call center is operated from this location.

ECONOMIC CONDITION AND OUTLOOK

Franklin County (the Authority's primary service area) is located in the central part of Ohio, and the City of Columbus (Ohio's largest city and the state capital) is located within its boundaries. The Columbus Metropolitan Statistical Area (MSA) consists of eight counties: Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway and Union. Based on data from the U.S. Census Bureau, this combined area's population is 1,725,570, with Franklin County's population of 1,095,662 making it the MSA's largest county in terms of population.

Franklin County is served by diverse transportation modes. Interstate Highway I-270 forms an Outerbelt surrounding Columbus, while Interstate Highways I-70 and I-71 intersect in the center of the county. Interstate Highway I-670 connects I-70 on the west side of Columbus with Port Columbus International Airport on the east side of the city. Four U.S. highways and 13 state highways are also located in the county. The major airport authority is the Columbus Regional Airport Authority comprising two large airports, an international airport and separate air-freight/cargo facility. Two small municipal airports also serve general and light aviation. Although growth slowed during the recession that occurred in the first half of this decade, Franklin County experienced rapid growth during the decade of the 1990's. Further commercial, office and residential development is occurring in northeastern Franklin County (Easton), northern Columbus (Polaris), southeastern Franklin County (Rickenbacker International Airport, multimodal facilities and industrial parks), and in the downtown and near downtown areas (primarily in the Arena District and Short North neighborhoods).

Population

Population in the Authority's primary service area since 1960 has been as follows:

Year	Columbus	Franklin County
1960	471,316	682,923
1970	540,025	833,249
1980	565,032	869,126
1990	632,910	961,437
2000	711,470	1,068,978

Source: U.S. Census Bureau

Employment

The following table shows average employment in Franklin County, and comparative unemployment statistics for Franklin County, the State of Ohio and the United States for the last five years:

	Average	Average Unemployment Rate		
Year	Labor Force in Franklin County	Franklin County	Ohio	U. S.
2003	601,000	4.9%	6.1%	6.0%
2004	603,900	5.4%	6.1%	5.5%
2005	604,400	5.3%	5.9%	5.1%
2006	609,700	4.7%	5.5%	4.6%
2007	618,800	4.7%	5.6%	4.6%

Source: Ohio Department of Job and Family Services

Housing and Building Permits

According to U.S. Bureau of Census figures, the median value in 2000 of owner-occupied homes in Franklin County was $116,200, compared with $103,700 for urban housing in Ohio and $119,600 in the United States. Between 1990 and 2000, the number of housing units in Franklin County increased 16.2%, from 405,418 to 471,016.

Economic Outlook

Columbus is the most populous city in Ohio and the only major municipality in the state experiencing population growth. Central Ohio enjoys a broad-based economy, in which no single industry dominates. The County's largest employers represent government, education, finance, retail trade, health care and manufacturing. The diversity of the key business sectors helps to insulate the region from many of the economic fluctuations experienced elsewhere. The economic climate of Franklin County directly affects COTA due to the reliance on sales and use tax receipts as the Authority's major source of revenue. Population growth is expected to continue into the future, with the MSA population projected to exceed 1.8 million by the year 2010.

2008 GOALS AND OBJECTIVES

In November 2006, voters approved a 10-year renewable ¼ percent sales tax levy (in addition to the permanent ¼ percent sales and use tax) to implement the LRTP. The Authority will begin receiving revenue from the renewable sales tax in April 2008. In early 2007, COTA developed a Short-Range Transit Plan (SRTP) that describes planned service improvements for the first five years of the LRTP, which identifies capital projects to support the planned service improvements, and summarizes COTA's financial plan for the next five years. During 2007, the Authority made service improvements, and embarked on capital projects in support of the service improvements, in accordance with both the SRTP and LRTP.

For 2008, COTA intends to aggressively pursue implementation of its Long-Range Transit Plan which includes the four components below:

Fixed-Route Bus Service - The LRTP's goal to provide safe, reliable, and convenient transportation includes adding 20,000 annualized service hours 3 times each year, acquiring 40 new fixed route coaches (additional and replacement) annually, and hiring and training new bus operators to meet the plan's service goals and the increased demand for transit service. COTA will also begin assessing the service the authority provides in depth. This includes examining the geographical coverage of bus routes and the hours of service including the frequency of local, crosstown, circulator and express route bus service. This ongoing analysis will allow COTA to consider fixed route variations to allow greater convenience and flexibility to customers.

Paratransit Bus Service – COTA is analyzing service options for Project Mainstream, the demand response service to meet the needs of riders under the Americans with Disabilities Act (ADA). In addition, COTA is exploring the possibility of expanding partnerships with community organizations to provide better demand response services for specific communities.

Intelligent Transportation Systems – COTA is considering technologies to improve customer service, quality of service and efficiency including real-time bus arrival information at busy bus stops.

Strategic Investments – COTA will identify and analyze corridors where future fixed guideway transit modes, such as bus rapid transit, streetcar, light rail transit, or commuter rail could complement fixed-route bus service and form the basis of a comprehensive regional transportation network.

Other Initiatives

Also in 2008, COTA will complete the Franklin County Transportation Coordination Plan to determine how existing transportation services could be better coordinated and how new funding and other resources should be used to improve transportation services in a coordinated fashion. In addition, this plan is intended to satisfy the requirements of a Coordinated Public Transit-Human Services Transportation Plan as laid out in federal law. By meeting these requirements, the plan will give Franklin County entities access to federal funds that can be used for the following transportation purposes:

- Access to jobs for low-income individuals (Job Access Reverse Commute, or JARC)
- Vehicles or other equipment for transporting seniors or people with disabilities (Specialized Transportation)
- New transportation services for people with disabilities (New Freedom).

The Coordinated Plan is being developed through a partnership of public and private entities with extensive data collection from transportation funders, providers and users. The Mid-Ohio Regional Planning Commission (MORPC) serves as the lead planning agency, providing direction and staff support to the effort. COTA is the fiscal agent responsible for handling and reporting on the federal funds being used to develop the plan.

FINANCIAL INFORMATION

Internal Control Structure

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

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

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

Basis of Accounting

The Authority's financial records are maintained on the accrual basis of accounting. The activities are accounted for in a single enterprise (proprietary-type) fund. Additional information on the Authority's accounting policies can be found in Note 2 in the Notes to the Financial Statements located on pages 37-42.

Budgetary Controls

The annual accrual basis operating and capital budgets are proposed by the Authority's management and adopted by the Board of Trustees in a public meeting usually held in the month preceding a new fiscal year. The annual budget is prepared using overall guidelines established after consideration of the Authority's long-range financial plan. This plan, updated annually, projects revenue sources over the next 10 years and establishes service levels and growth commensurate with such revenue limits.

Management control for the budget is maintained by not permitting total expenditures to exceed total appropriations without approval of the Board of Trustees. It is the responsibility of each department to administer its operations in such a manner as to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Trustees. Financial statements prepared on a budgetary basis in accordance with generally accepted accounting principles have been provided on page 53 to demonstrate budgetary compliance.

Retirement Plans

Full-time, permanent employees (current or retired) of the Authority are covered under the Ohio Public Employees Retirement System (OPERS), a statewide public retirement (including disability retirement) system.

Employees covered by OPERS contribute for the year 2007 at a statutory rate of 9.5% of earnable salary or compensation, and the Authority contributes 13.85% of the same base. These contribution rates are actuarially determined and statutorily mandated.

The Authority has a "pickup" (assume and pay) program with respect to all of the statutorily required contributions of the employees covered by OPERS. These "pickups" defer the employees' federal and state income taxes on those contributions at no extra cost to the Authority. OPERS is not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

OPERS was created by, and operates pursuant to, the Ohio Revised Code. The Ohio General Assembly could decide to amend the format of OPERS and could revise rates or methods of contributions to be made by the Authority into the pension fund and revise benefits or benefit levels.

Federal law requires Authority employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of taxable wages. Otherwise, Authority employees are not currently covered under the federal Social Security Act.

Debt Administration

Only capital projects are eligible for debt financing under the Ohio Revised Code. Management believes that existing cash and investment balances and projected cash flows of the Authority are adequate to cover future operating costs. As of December 31, 2007, the maximum annual debt service charges permitted by law for new, unvoted debt issuance was $28.3 million. However, the Authority currently intends to fund capital improvements through federal grants, state grants, and local sales tax revenues.

Cash Management and Investments

The Authority utilizes a cash management and investment policy intended to maximize financial return while minimizing risk of loss. Cash balances are invested at the best interest rates available in the money markets within the constraints imposed by the investment policy of the Authority and the Ohio Revised Code. In accordance with these provisions, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. These provisions also permit the Authority to invest its funds in certificates of deposit, savings accounts, money market accounts, the State Treasurer's Investment Pool (STAR OHIO), obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 days. Otherwise, investments in "derivatives" are forbidden.

As defined by the criteria developed by the Governmental Accounting Standards Board, most of the Authority's deposits are either uncollateralized, or are collateralized by securities held by the pledging financial institutions' trust department or agent (but not in the Authority's name). The Authority's deposits are, however, secured in compliance with the Ohio Revised Code. Because the Authority's deposits are held by large, financially sound banks, management believes that the security supporting the Authority's deposits is adequate.

Effective January 1, 1998, the Authority adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools.* Pursuant to Statement No. 31, at December 31, 2006, investments are carried at fair value, which is based on quoted market prices. Any unrealized gains or losses are recognized as adjustments to investment income. The Authority's policy is to hold investment securities to their scheduled maturity date.

Risk Management

The Authority is self-insured for public liability and property damage claims. Claims are normally paid with the operating revenues of the Authority. The Authority, by resolution of the Board of Trustees, designated assets in fiscal year 1987 to accumulate funds to satisfy catastrophic or extraordinary losses. The designated assets for self-insurance as of December 31, 2007, were approximately $11.4 million.

The Authority is under contract with an insurance carrier who provides fully-insured group coverage for employee general health and hospitalization benefits. Blanket insurance coverage is maintained for property and equipment. In addition, the Authority has insurance to protect against internal losses.

Prior to June 30, 1998, COTA was insured through the State of Ohio Bureau of Workers' Compensation (BWC) for injuries to its employees. On July 1, 1998, the Authority entered into an agreement with the BWC to become self-insured for claims pertaining to work-related injuries to Authority employees occurring on or after that date. The BWC agreed to continue to administer and pay all compensation claims arising on or before June 30, 1998. The estimated liability for all such claims occurring since July 1, 1998, was $660,998 at December 31, 2007, and is included as a liability in the accompanying balance sheet.

OTHER INFORMATION

Independent Audit

The Authority's independent certified public accounting firm of Deloitte & Touche LLP has rendered an unqualified audit report on the Authority's financial statements for the fiscal year ended December 31, 2007. This report is included in the financial section of this CAFR.

The Authority also participates in the federal single audit program, which consists of a single audit of all federally funded programs administered by the Authority. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including the Authority. The single audit performed by Deloitte & Touche LLP met the requirements set forth by the State of Ohio and the federal Single Audit Act of 1984 (including the Single Audit Act Amendments of 1996) and related Office of Management and Budget Circular A-133 (Revised).

It is the intention of the Authority's management to submit this and future CAFRs for review under the GFOA's "Certificate of Achievement for Excellence in Financial Reporting" program. Management believes the current report conforms to the program requirements, and expects that participation will result in continued improvement in the Authority's financial reporting in future years.

Acknowledgements

The publication of this report is a reflection of the level of excellence and professionalism the Authority has attained. It significantly improves the accountability of the Authority to its taxpayers and creditors.

This report would not have been possible without the hard work and high standards of the entire staff of the Finance Division. The Authority wishes to thank all who contributed to this project.

Wm J. Lhota
William J. Lhota
President / CEO

Marion White
Marion White
CFO / Vice President of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Central Ohio Transit Authority

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2006

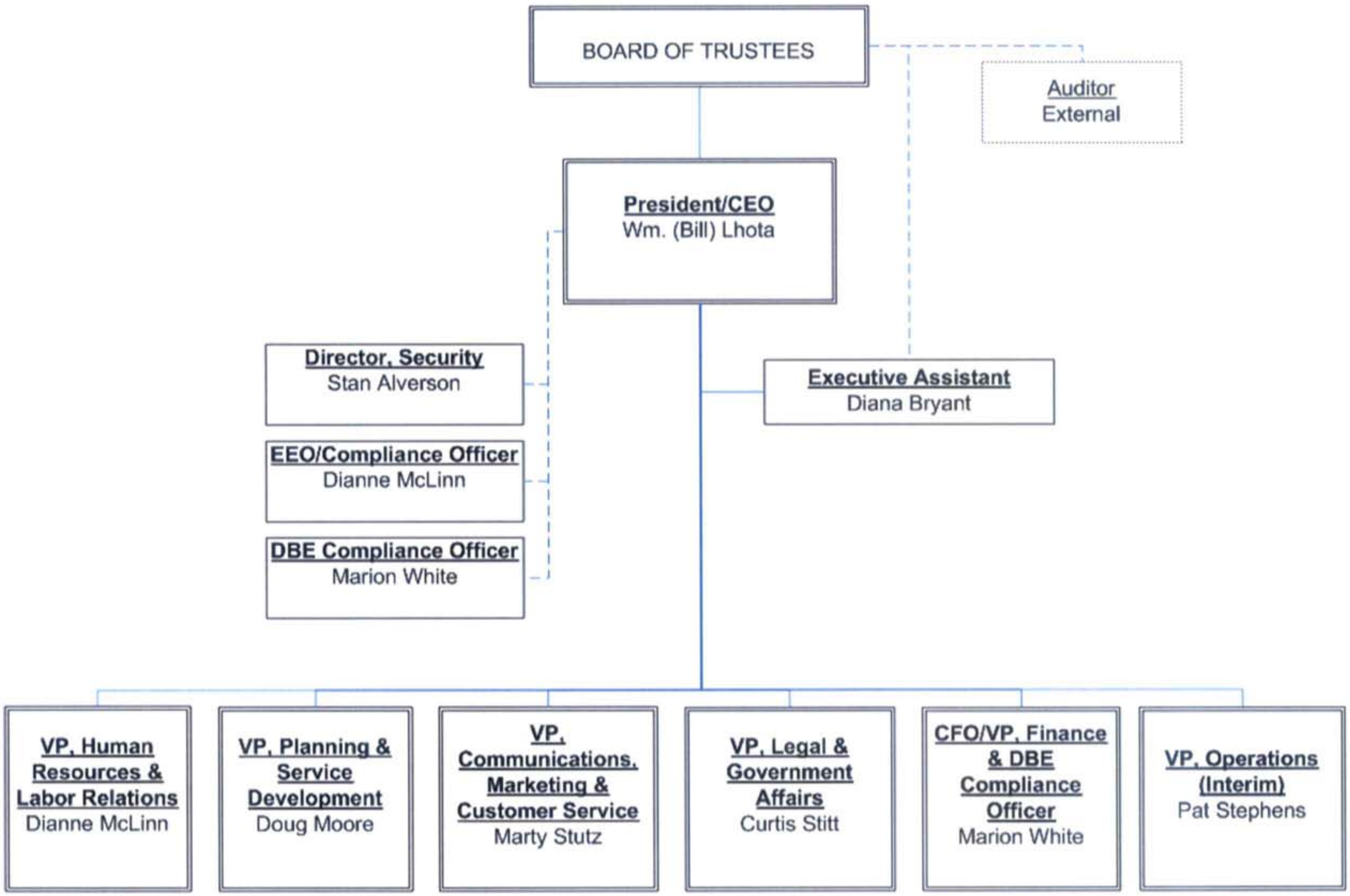
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

CENTRAL OHIO TRANSIT AUTHORITY
TABLE OF ORGANIZATION
As of December 2007



CENTRAL OHIO TRANSIT AUTHORITY
Board of Trustees and Administration

BOARD OF TRUSTEES

ADMINISTRATION

FINANCIAL SECTION

Deloitte.

Deloitte & Touche LLP
155 East Broad Street
Columbus, OH 43215-3611
USA

Tel: +1 614 221 1000
Fax: +1 614 229 4647
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Central Ohio Transit Authority
and Mary Taylor, Auditor of the State of Ohio
Columbus, Ohio

We have audited the balance sheets of Central Ohio Transit Authority (the "Authority") as of December 31, 2007 and 2006, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Authority as of December 31, 2007 and 2006, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 19-29 is not a required part of the basic financial statements but is supplementary information required by Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The supplemental schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Authority. The supplemental schedule is also the responsibility of Authority's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

The statistical data presented on pages 53–73 is presented for the purpose of additional analysis and is not a required part of the financial statements of the Authority. The statistical data is the responsibility of Authority management. Such additional information has not been subjected to the auditing procedures applied in our audits of the financial statements, and accordingly, we express no opinion on it.

Deloitte & Touche LLP

June 20, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Central Ohio Transit Authority (the Authority or COTA), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2007. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and identifying any significant changes in financial position. We encourage readers to consider the information presented here, in conjunction with the basic financial statements and notes to the financial statements, which follows this section and provides more specific detail.

Overview of Financial Highlights

- The Authority has net assets of $99.8 million. These net assets result from the difference between total assets of $110.4 million and total liabilities of $10.6 million.

- The Authority's net assets increased by $6.9 million in 2007 mainly due to an increase in Federal and State grant funding of $6 million. The Authority's net assets decreased by $15.3 million in 2006 mainly due to impairment of the North Corridor Project and the transfer of certain revenue vehicles to another transit system.

- Current assets of $35.2 million primarily consist of non-board designated cash and cash equivalents of $13.1 million; sales tax receivables of $13.1 million, inventory of $2.8 million, and Board designated assets of $3.8 million.

- Current liabilities of $9.8 million primarily consist of accrued payroll and fringe benefits of $4.9 million, and accounts payable of $1.9 million.

- The Authority has no long-term debt.

Basic Financial Statements and Presentation

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

The Balance Sheets present information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net assets decrease when expenses exceed revenues. A decrease in assets without a corresponding decrease to liabilities results in decreased net assets, which indicate a deteriorated financial position.

The Statements of Revenues, Expenses and Changes in Net Assets, on page 33, presents information showing how the Authority's net assets changed during the year. This statement summarizes operating revenues and expenses along with non-operating revenues and expenses. In addition, this statement lists capital grant revenues received from federal and state governments.

The Statements of Cash Flows on pages 34-35 allow financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statements are classified into four categories: 1) cash flows from operating activities, 2) cash flows from non-capital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 36-52.

Requests for Information

This financial report is designed to provide a general overview of the Central Ohio Transit Authority's financial status and performance. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Office of Chief Financial Officer
Central Ohio Transit Authority
1600 McKinley Avenue
Columbus, OH 43222-1093
www.COTA.com

Financial Analysis of the Authority

Condensed Summary of Net Assets

The Authority's comparative analysis of the condensed summary of Net Assets is as follows:

Description	2007	2006	2005
Assets			
Current Assets	$ 31,342,953	$ 29,145,271	$ 23,905,364
Board Designated Assets (current)	3,822,846	3,401,490	1,969,885
Restricted Assets (current)	-	-	649,631
Total Current Assets	35,165,799	32,546,761	26,524,880
Board Designated Assets (non-current)	10,584,131	10,597,104	11,535,204
Capital Assets (net of accumulated depreciation)	64,712,680	61,349,114	82,895,537
Total Non-Current Assets	75,296,811	71,946,218	94,430,741
Total Assets	110,462,610	104,492,979	120,955,621
Liabilities			
Current Liabilities	9,756,679	10,760,880	11,600,596
Non-Current Liabilities	888,572	766,456	1,134,144
Total Liabilities	10,645,251	11,527,336	12,734,740
Net Assets			
Net Assets Invested in Capital Assets	64,712,680	61,349,114	82,895,537
Net Assets Restricted for Capital Assets	-	-	649,631
Net Assets Unrestricted	35,104,679	31,616,529	24,675,713
Total Net Assets	$ 99,817,359	$ 92,965,643	$ 108,220,881

Most of the Authority's net assets reflect investment in capital assets such as buses, maintenance equipment, and operating facilities. The Authority uses these capital assets to provide public transportation services for Franklin County and portions of the cities of Columbus, Reynoldsburg, and Westerville that are located in counties adjacent to Franklin County. The Authority's investment in capital assets as of December 31, 2007 amounts to $64.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, revenue vehicles, transit centers, other equipment, and construction in progress. The total increase in COTA's investment in capital assets for 2007 was $3.4 million.

Major capital asset events during 2007 included the following:

- Purchase of (32) heavy duty transit buses
- Purchase of (12) paratransit buses
- Completion of the final phase of the roof replacement at 1600 McKinley Avenue Facility

Contributions to construction in progress including the following projects:

- Beginning phase of New Paratransit Facility Project
- Beginning phase of ITS Project for CAD/AVL System

Additional information on the Authority's capital assets can be found in Note 4 in the Notes to the Financial Statements located on pages 45-46.

The Authority's current assets at the end of 2007 are composed of cash and cash equivalents (42%), receivables (48%), inventory (9%), and other assets (1%) consisting predominately of prepaid expenses.

Expenses by Functional Category

The Statements of Revenues, Expenses and Changes in Net Assets are presented on the next page with explanations and analysis following. The Authority's expenses, excluding depreciation, can also be classified by functional category as defined by the Authority's National Transit Database Report (NTDR) and summarized in the following table:

EXPENSES BY FUNCTION (Excluding Depreciation)

Description	2007	2006	2005
Transportation	$ 39,534,403	$ 38,352,438	$ 42,942,412
Vehicle Maintenance	12,557,009	12,050,062	12,768,801
Facilities Maintenance	4,073,816	3,848,133	4,375,327
General & Administrative	13,616,182	13,469,858	13,752,089
Total	$ 69,781,410	$ 67,720,491	$ 73,838,629

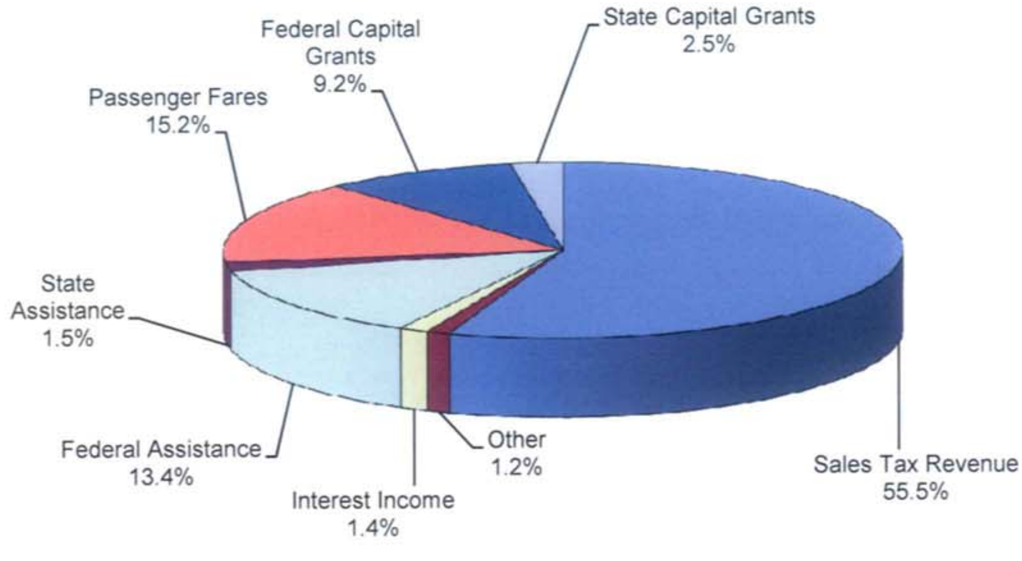
In accordance with NTDR guidelines, the 2007, 2006 and 2005 expenses include additional costs of $34,751, $29,132 and $25,908 respectively, collected directly by the service provider from the Authority's customers for the Sedan Voucher Service for disabled passengers.

Condensed Summary of Revenues, Expenses and Changes in Net Assets:

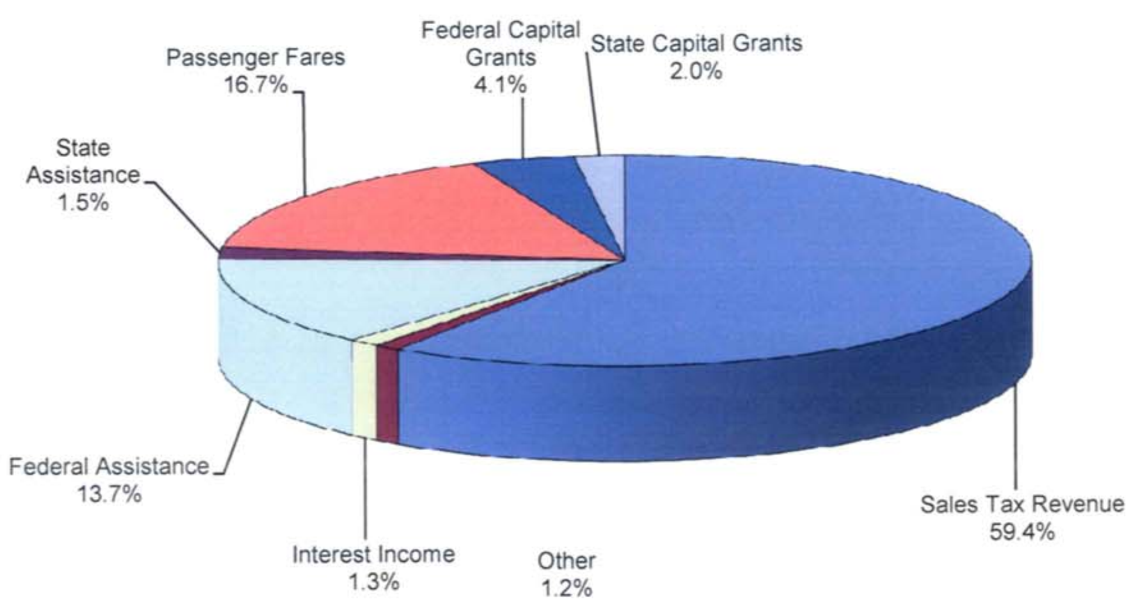
Description	2007	2006	2005
Operating Revenues			
Passenger Fare Revenues	$ 12,666,006	$ 12,816,845	$ 11,404,545
Special Services Revenue	390,960	359,886	337,661
Other: Auxiliary Transportation Revenues	237,929	243,138	371,971
Total Operating Revenues	13,294,895	13,419,869	12,114,177
Non-Operating Revenues			
Sales Tax Revenues	47,615,932	47,007,395	44,821,588
Federal Assistance	11,479,652	10,866,698	11,055,758
State Assistance	1,416,616	1,455,882	1,184,646
Investment Income	1,176,901	1,008,101	649,640
Non-transportation and Other Revenues	748,242	549,046	538,547
Total Non-Operating Revenues	62,437,343	60,887,122	58,250,179
Total Revenue before Capital Grants	75,732,238	74,306,991	70,364,356
Operating Expenses			
Labor	28,498,141	27,522,282	31,829,043
Fringe Benefits	18,334,414	18,476,176	21,155,637
Materials and Supplies	10,085,202	9,236,317	8,588,212
Purchased Transportation	5,015,657	4,608,078	4,530,514
Services	4,096,126	3,737,526	3,722,092
Other Expenses	3,737,395	4,110,980	3,987,223
Operating Expenses before Depreciation	69,766,935	67,691,359	73,812,721
Depreciation Expense	8,227,145	8,564,858	9,114,603
Total Operating Expenses	77,994,080	76,256,217	82,927,324
Loss before Capital Grants and Special Item	(2,261,842)	(1,949,226)	(12,562,968)
Capital Grant Revenues:			
Federal	7,923,838	3,215,213	6,302,087
State	2,136,637	1,608,175	2,783,162
Other	-	7,156	-
Total Capital Grant Revenues	10,060,475	4,830,544	9,085,249
Special Item: Loss on Transfer of Assets	-	(665,492)	(2,392,547)
Special Item: Loss on Project Impairment	(946,917)	(17,471,064)	-
Total Special Item	(946,917)	(18,136,556)	(2,392,547)
Change in Net Assets during the Year	6,851,716	(15,255,238)	(5,870,266)
Net Assets, Beginning of Year	92,965,643	108,220,881	114,091,147
Net Assets, End of Year	$ 99,817,359	$ 92,965,643	$ 108,220,881

CENTRAL OHIO TRANSIT AUTHORITY
Revenues by Source

2007 Total Revenues
$85,792,713



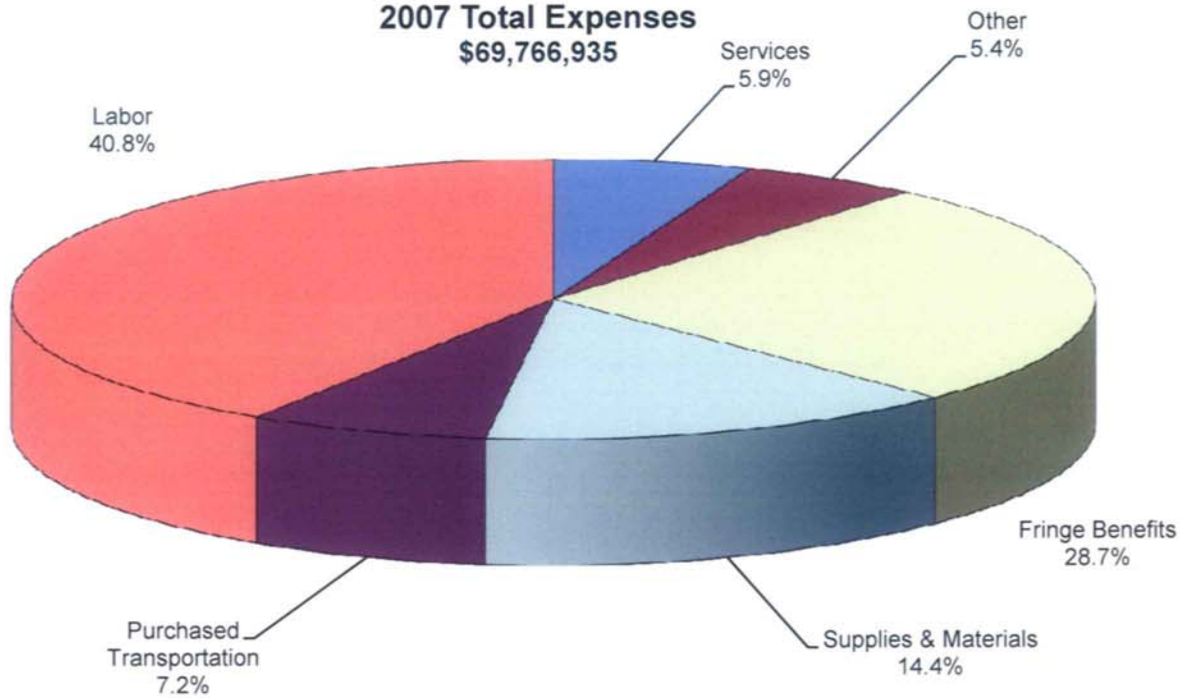
2006 Total Revenues
$79,137,535



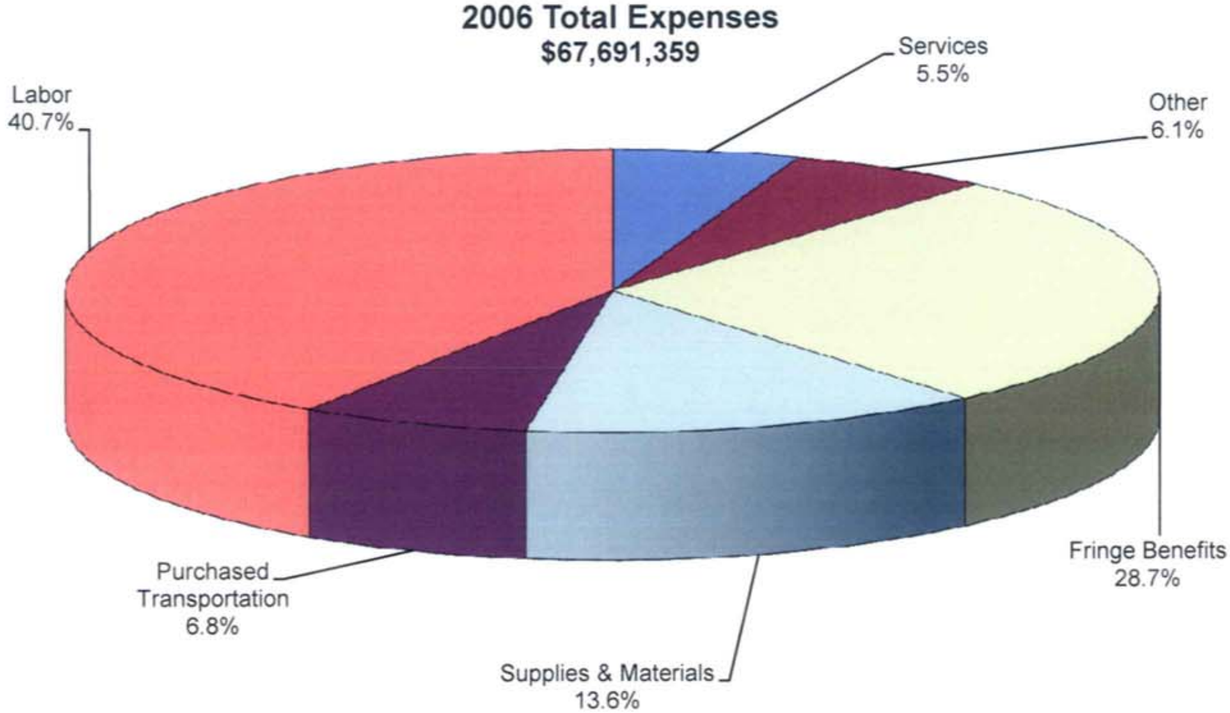
CENTRAL OHIO TRANSIT AUTHORITY

Expense by Object Class
(Excluding Depreciation)

2007 Total Expenses
$69,766,935



2006 Total Expenses
$67,691,359



Financial Operating Results

Revenues

For purposes of this presentation, the Authority groups its operating revenues into the following categories:

Passenger Fares are comprised of farebox revenues and special services revenues. The slight decrease in 2007 is due to flat ridership in comparison to 2006. The 2006 increase from 2005 is attributed to a fare increase in January 2006.

Sales Tax Revenues are received from a permanent ¼% sales tax levy approved by voters in November 1999 and applicable to the Authority's service area. The minimal 1.3% increase in sales tax revenue in 2007 is mainly due to limited economic growth in the Franklin County area. The increase of 4.8% in 2006 from 2005 is due in part to a one-time state sales tax amnesty program. The 2005 sales tax revenue was down due to slowing economic growth in COTA's taxing district.

Federal Assistance is received from the Federal Transit Administration (FTA) for general operating expenses and capital programs. With the passage of the Transportation Equity Act of the 21st Century (TEA-21), regional transit authorities were given the latitude to use their Section 5307 Federal Formula Assistance on the capitalization of maintenance instead of the purchase of capital assets. The Authority has elected to use its Section 5307 funds on vehicle maintenance, permitting the full use of this allocation each year, and freeing local funds for future capital projects. In 2007, the total allocation to all public transit agencies for Section 5307 funds as designated by Congress was increased, which in turn increased the amount designated for COTA. The decrease in Federal Assistance in 2006 was due to a reduction in TEA-21 due to funding requirements for Katrina recovery efforts. The increase in Federal Assistance in 2005 was due to an increase in funding the total allocation to all public transit agencies for Section 5307 funds by the Federal government.

Federal Capital Grants are received from the FTA for capital projects and capital acquisitions. Federal Capital Grants reimburse the Authority in part for the purchase of new buses, equipment and facility enhancements. The increase in Federal Capital Grants in 2007 is mainly due to the purchase of 32 heavy duty transit buses. The reduction in Federal Capital Grants in 2006 is due to the discontinued North Corridor Light Rail Project. The reduction in Federal Capital Grants in 2005 is due to the completion of the Easton Daycare Center and the Near East Transit Center construction projects and a decrease in funding for the North Corridor Light-Rail project.

State Assistance is received from the Ohio Department of Transportation (ODOT) for elderly and disabled rider reduced-fare subsidies, and for reimbursement of State fuel taxes. COTA is required to remit State taxes on diesel fuel, but is refunded $0.27 of the $0.28 per gallon paid. The elderly and disabled rider reduced-fare subsidies amount for the entire program increased for 2007; however, because of changes in fare structures at other transit agencies within the state of Ohio, the amount allocated to COTA was down slightly over 2006. The increase for State Assistance in 2006 and 2005 was due primarily to an increase in overall elderly and disabled passenger fare assistance program.

State Capital Grants are received from ODOT for capital projects and capital acquisitions. State Capital Grants reimburse the Authority in part for the purchase of new buses and equipment. In 2007, the increase in State Capital Grant funding was predominantly used towards the purchase of 32 heavy duty transit buses. The decrease in State Capital Grants in 2006 was due to the discontinuation of the North Corridor Light Rail Project. The increase in State Capital Grants in 2005 was for reimbursement for the construction of the Easton Daycare Center, the implementation of the annunciator and automatic passenger counter projects, and the purchase of buses. In 2005, the increase is also attributable to reimbursement for the construction of the Near East Transit Center.

Investment Income is earned on invested funds. In 2007, the investment income is higher due to higher cash balances. The 2006 and 2005 investment income is significantly higher due to higher investment rates and higher cash balances.

Non-Transportation and Other Revenues consist of auxiliary transportation revenues and non-transportation revenues. Auxiliary transportation revenues represent fees collected for advertising placed in and on buses and bus shelters. From 2006 to 2007, the Authority experienced declining sales related to advertising on the outside of the buses, and therefore made a decision in late 2007 to discontinue this program going forward. Non-transportation revenues include other miscellaneous income items such as rent income which increased in 2007 over 2006 and 2005 due to full occupancy in COTA's Near East transit center and Easton Daycare. Non-transportation revenue also includes a gain on sale of fixed assets in 2007.

Expenses

Labor comprises nearly half of the total Authority expenses and includes hourly wages paid to union-represented employees (bus operators, mechanics and facility maintenance personnel), and salaries and wages paid to administrative staff (clerical, supervisory and management personnel). The 2007 labor increase of 3.5% was driven by contractual increases for the represented employees and merit increase for administrative employees. In 2006, reductions in service coupled with improved efficiency resulted in a 14% reduction in labor cost. During May 2005, COTA eliminated fifteen administrative positions as part of a reorganization of the Authority's administrative departments, thereby reducing labor expense.

Fringe Benefits consist primarily of vacation, sick and holiday pay, required Authority contributions to the Ohio Public Employees Retirement System (OPERS), and employee medical benefits. Required employer contributions to OPERS were made at the rate of 13.85% of total gross taxable wages.

In 2007, fringe benefit expense was relatively unchanged due to a modest increase in premiums offset by increased employee cost sharing. In 2006, fringe benefit expense was reduced by nearly 13% through a corresponding reduction in direct payroll costs and no growth in medical premiums. The increase in fringe benefits in 2005 is due to rising medical insurance costs and an increase in Workers' Compensation expense caused by a significant adjustment to the liability reserve to recognize future liabilities.

Materials and Supplies include the Authority's diesel fuel expense and parts used in the maintenance of buses and facilities. Similar to 2007, the authority was hard hit in the area of materials and supplies due to the increasing price of diesel fuel and the maintenance costs associated with an aging bus fleet with an average bus age over 8 years. In 2006, materials and supplies increased 7.5% from 2005 due to an increased fuel price per gallon of 21.4% and the impact of maintaining an aging bus fleet. The primary factor for the 2005 increase in expenses is a 44.2% increase in the average price per gallon of diesel fuel along with a slight increase in fuel consumption of approximately 36,000 gallons. Another factor that also increased expenses was the write-off of the ABI bus parts inventory.

Purchased Transportation expense is comprised of amounts paid to a private local contractor to provide the Authority's Project Mainstream service (door-to-door, service-on-demand in wheelchair lift-equipped minibuses for disabled riders). In 2007, COTA saw a significant increase in purchased transportation expense of 8.8%. This increase is a direct result of the increase in ridership of 7.9% over 2006. In 2006, purchased transportation expense increased by 1.7% over 2005 but was driven by an increase in ridership of 2.9%. For 2005, the total Project Mainstream ridership was only a slight increase of less than 1% as a result of challenges with scheduling that led to decreased productivity.

Services are provided by outside contractors to the Authority for a wide variety of professional, technical, consulting and maintenance needs. Services increased in 2007 by 9.6% as a result of increase subcontracting activity in the facility support area. These costs remained fairly constant from 2005 to 2006 with just a .4% increase.

Other Expenses consist primarily of utilities, taxes, interest, leases and rentals, claims and insurance and other miscellaneous expenses. In 2007, there was a decrease in other expenses of 9%. In 2006, other expenses increased 3% over 2005 primarily due to increase self-insurance claims from increased liability reserves. Real estate taxes are paid on non-exempt Authority property which includes transit center rental facilities and are partially reimbursed by the tenants. In 2005 and 2006 leases and rental expense included the downtown COTA Connection customer service center, the COTA Business Development Division office on Lake Shore Drive, the Project Mainstream paratransit offices on Phillipi Road, certain park-and-ride facilities, and miscellaneous equipment. Both the Lakeshore and Phillipi Road leases were terminated in 2006 and the Project Mainstream paratransit offices were moved to a COTA owned facility at Fields Avenue thereby eliminating leasing expense for these locations in 2007.

Analysis of 2007 Financial Results

COTA's financial results for the year ending 2007, demonstrate a dramatically improved financial condition. Despite recent market volatility resulting in dramatic increases in fuel costs as well as a challenging economic environment, both locally and nationally, the Authority has a balanced budget and a strong financial position. COTA ended the year with a $6.9 million increase in net assets. In 2006, management successfully undertook a series of arduous, yet prudent, measures to balance the budget and bring financial stability back to the Authority. The improved financial position permitted management to take advantage of additional Federal and State grant programs, resulting in a 108% increase in Federal and State capital revenue over 2006. This additional revenue coupled with an increase in sales and use tax of 4.8%, resulted in an operating surplus of $15 million (excluding depreciation) for the year, signaling a spirited turnaround and a robust financial position as we embark on a period of significant growth.

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets
December 31, 2007 and 2006

ASSETS	2007	2006
CURRENT ASSETS:		
Cash and cash equivalents	$ 13,117,239	$ 12,278,782
Receivables:		
Sales tax	13,107,164	12,735,719
Federal capital grants receivable	317,914	73,262
Federal operating assistance	397,302	44,218
State capital grants receivable	118,702	216,182
Other	1,082,518	444,973
Inventory of materials and supplies	2,751,701	2,327,942
Other	450,413	1,024,193
Total	31,342,953	29,145,271
Board designated:		
Cash and cash equivalents - capital grants	3,010,236	1,625,585
Cash and cash equivalents - self insurance	812,610	1,775,905
Total	3,822,846	3,401,490
Total current assets	35,165,799	32,546,761
NON-CURRENT ASSETS:		
Board designated:		
Cash and cash equivalents - self insurance	10,584,131	10,597,104
Property and equipment		
Cost	164,053,873	157,555,256
Less accumulated depreciation	(99,341,193)	(96,206,142)
Total	64,712,680	61,349,114
Total non-current assets	75,296,811	71,946,218
TOTAL ASSETS	$ 110,462,610	$ 104,492,979

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets (continued)
December 31, 2007 and 2006

LIABILITIES AND NET ASSETS	2007	2006
CURRENT LIABILITIES:		
Accrued payroll and fringe benefits	$ 4,947,709	$ 4,841,938
Accounts payable	1,916,258	2,187,297
Accrued payroll taxes	620,771	612,342
Estimated workers compensation claims	429,513	483,454
Estimated claims payable	383,097	1,292,451
Other current liabilities	1,459,331	1,343,398
Total current liabilitites	9,756,679	10,760,880
NON-CURRENT LIABILITIES:		
Accrued fringe benefits	508,697	409,675
Deferred revenue lease property	23,140	37,024
Estimated workers compensation claims	231,485	210,907
Estimated claims payable	125,250	108,850
Total non-current liabilitites	888,572	766,456
TOTAL LIABILITIES	10,645,251	11,527,336
NET ASSETS:		
Invested in capital assets	64,712,680	61,349,114
Unrestricted	35,104,679	31,616,529
TOTAL NET ASSETS	99,817,359	92,965,643
TOTAL LIABILITIES AND NET ASSETS	$ 110,462,610	$ 104,492,979

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Revenues, Expenses and Changes in Net Assets
Years ended December 31, 2007 and 2006

	2007	2006
OPERATING REVENUES:		
Passenger fares for transit service	$ 12,666,006	$ 12,816,845
Special transit fares	390,960	359,886
Auxiliary transportation revenue	237,929	243,138
Total	13,294,895	13,419,869
OPERATING EXPENSES OTHER THAN DEPRECIATION:		
Labor	28,498,141	27,522,282
Fringe benefits	18,334,414	18,476,176
Materials and supplies	10,085,202	9,236,317
Purchased transportation	5,015,657	4,608,078
Services	4,096,126	3,737,526
Utilities	1,501,736	1,435,646
Taxes	766,222	726,764
Leases and rentals	208,838	359,145
Claims and insurance, net of settlements	674,845	1,117,833
Advertising	99,638	122,695
Miscellaneous	486,116	348,897
Total	69,766,935	67,691,359
DEPRECIATION	8,227,145	8,564,858
Total operating expenses	77,994,080	76,256,217
OPERATING LOSS	(64,699,185)	(62,836,348)
NON-OPERATING REVENUES:		
Sales tax revenues	47,615,932	47,007,395
Federal operating grants and reimbursements	11,479,652	10,866,698
State operating grants, reimbursements and special fare assistance	1,416,616	1,455,882
Investment income	1,176,901	1,008,101
Nontransportation and other revenue	748,242	549,046
Total	62,437,343	60,887,122
Loss before capital grants & special item	(2,261,842)	(1,949,226)
CAPITAL GRANT REVENUES:		
Federal	7,923,838	3,215,213
State	2,136,637	1,608,175
Other	-	7,156
Total	10,060,475	4,830,544
SPECIAL ITEM -		
Loss on transfer of assets	-	(665,492)
Loss on project impairment	(946,917)	(17,471,064)
Total	(946,917)	(18,136,556)
CHANGES IN NET ASSETS	6,851,716	(15,255,238)
NET ASSETS, BEGINNING OF YEAR	92,965,643	108,220,881
NET ASSETS, END OF YEAR	$ 99,817,359	$ 92,965,643

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows
Years ended December 31, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 13,056,965	$ 13,176,731
Cash payments to suppliers for goods and services	(22,378,551)	(23,625,579)
Cash payments to employees for services	(28,300,882)	(27,706,365)
Cash payments for employees benefits	(18,360,243)	(18,527,440)
Cash payments for casualty and liability	(1,513,709)	(246,177)
Other receipts	348,626	1,225,486
Net cash used in operating activities	(57,147,794)	(55,703,344)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Sales taxes received	47,244,487	46,216,292
Federal operating assistance received	11,126,568	10,822,480
State operating and other assistance received	1,416,616	1,455,882
Net cash provided by non-capital financing activities	59,787,671	58,494,654
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal capital grants received	7,679,186	3,648,294
State capital grants received	2,234,117	1,542,437
Acquisition and construction of fixed assets	(12,546,371)	(5,155,015)
Proceeds from sale of fixed assets	63,130	-
Net cash provided by (used in) capital and related financing	(2,569,938)	35,716
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	1,176,901	1,008,101
Net cash provided by investing activities	1,176,901	1,008,101
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,246,840	3,835,127
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	26,277,376	22,442,249
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 27,524,216	$ 26,277,376

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows (continued)
Years ended December 31, 2007 and 2006

	2007	2006
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	$ (64,699,185)	$ (62,836,348)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	8,227,145	8,564,858
Inventory obsolescence reserve adjustments	(163,456)	(88,110)
Deferred revenue	(13,884)	(13,884)
Other receipts	748,242	549,046
Change in assets and liabilities:		
(Increase) decrease in other receivables	(637,545)	433,302
Increase in materials and supplies inventory	(260,303)	(502,077)
(Increase) decrease in other assets	573,780	(616,635)
Decrease in accounts payable, accrued compensation, self-insurance liabilities and other	(922,588)	(1,193,496)
Net cash used in operating activities	$ (57,147,794)	$ (55,703,344)
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Property purchases in accounts payable	$ 103,598	$ 50,962

See notes to financial statements.

(1) Organization and Reporting Entity

Organization

The Central Ohio Transit Authority (COTA or the Authority) is an independent, special purpose subdivision of the State of Ohio. The Authority was created on February 17, 1971, pursuant to Sections 306.30 through 306.53 of the Ohio Revised Code for the purpose of providing public transportation in Central Ohio, primarily Franklin County and surrounding areas. The Authority commenced operations on January 1, 1974. As a political subdivision, the Authority is distinct from, and is not an agency of, the State of Ohio or any other local government unit.

Under Ohio law, the Authority is authorized to levy a sales and use tax for transit purposes, including both capital improvement and operating expenses, in 0.25% increments up to a maximum rate of 1.5% if approved by a majority of the electors residing within the territorial boundaries of the Authority. Such a sales and use tax is in addition to the sales and use taxes levied by the State of Ohio and Franklin County. On November 5, 1999, the voters of Franklin County approved a permanent 0.25% sales and use tax. On November 2, 2006, the voters of Franklin County and surrounding counties within the COTA district approved a temporary 10 year additional 0.25% sales and use tax.

The Authority also has the power, under Section 306.40 of the Ohio Revised Code, to levy and collect both voted (after approval at an election) and unvoted ad valorem taxes on all the taxable property within the territorial boundaries of the Authority, in order to pay debt service on its bonds and notes issued in anticipation thereof. Ad valorem taxes were not levied during fiscal years 2007 and 2006.

The Authority is governed by a 13-member Board of Trustees. Members are appointed by the mayors of COTA's chartering municipal corporations and by the Franklin County Board of Commissioners and serve overlapping 3-year terms.

The Authority is not subject to federal or state income taxes.

(continued)

Reporting Entity

The accompanying financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. This statement requires that financial statements of the reporting entity include all of the organization, activities, functions and component units for which the reporting entity is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the reporting entity's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the reporting entity. COTA does not have financial accountability over any entities.

The City of Columbus (the City) is a related organization to COTA as the Mayor of the City, with the approval of City Council, appoints a voting majority of COTA's Board. However, the financial statements of COTA are not included within the City's "Reporting Entity" as the City cannot impose its will and there is no financial benefit or financial burden relationship between the City and COTA.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Pursuant to GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,* the Authority follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issues on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Authority also has the option of following subsequent private-sector guidance, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance as it relates to its operations.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased and deposits in the State Treasurer's Asset Reserve investment pool (STAR Ohio) to be cash equivalents.

(continued)

Grant and Assistance

The federal government, through the Federal Transit Administration (FTA), and the Ohio Department of Transportation, (ODOT) provides financial assistance and makes grants directly to the Authority for operations and the acquisition of property and equipment. Grants for operating assistance and preventative maintenance are recorded as revenues during the entitlement period to which the grants apply.

Investments

Pursuant to GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools,* investments are carried at fair value based on quoted market prices. Any unrealized gains or losses are recognized as adjustments to investment income. The Authority's policy is to hold investment securities to their scheduled maturities.

Inventory of Materials and Supplies

Inventory items are stated at cost using the weighted average method. Inventory generally consists of maintenance parts and supplies for transportation equipment and inventory items are expensed when consumed.

Board Designated Assets

These assets are designated for the payment of public liability claims under the Authority's self-insurance program and for future capital expenditures.

Designated for Capital Grant Expenditures

These assets are restricted under the Authority's capital grants for certain capital projects. The Authority also includes in designated capital grant asset amounts relating to its local share requirements for active capital grants.

Net Assets – Equity displayed in three components as follows:

Invested in capital assets, net of related debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, and then use unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

(continued)

Classifications of Revenues

The Authority has classified its revenue as operating, non-operating or capital grant. Operating revenue includes activities that have the characteristics of exchange transactions including passenger fares and advertising. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as sales tax proceeds and most federal, state, or other reimbursement or donation for the acquisition of property and equipment.

Recognition of Revenue and Receivables

The federal government, through the Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT), provide financial assistance and make grants directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenues over the entitlement periods. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables and credited to non-operating revenues in the period operating expenditures are incurred. Capital grants received in advance of project costs being incurred are deferred.

When assets acquired with capital grant funds are disposed of before their useful life, the Authority is required to notify the granting federal agency. A proportional amount of the proceeds or fair market value, if any, of such property and equipment, may be used to acquire like-kind replacement vehicles or remitted to the granting federal agency.

Property and Depreciation

Property and equipment are stated at historical cost and include expenditures that substantially increase the useful lives of existing assets. Routine maintenance and repairs are expensed as incurred. An asset is capitalized if its value exceeds $2,000 and it has an economic life of greater than one year. The asset capitalization level for projects funded by grants is the full cost of the assets acquired regardless of the $2,000 threshold. The capitalization cost of a physical asset is defined to be the full cost of placing the asset into productive service.

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

Description	Years
Land and leasehold improvements	5-20
Buildings and improvements	20-40
Revenue vehicles	4-12
Transit shelters	5-8
Other equipment	1-10

(continued)

Property and Depreciation (continued)

Assets acquired with capital grants are included in property and equipment and depreciation on those assets is included in the Statement of Revenues, Expenses and Changes in Net Assets.

Estimated Claims Payable

The Authority has a self-insurance program for public liability, personal injury, property damage and worker's compensation (see Note 7). Claims are accrued in the year the expenses are incurred, based upon estimates of the claim liabilities made by management and the legal counsel of the Authority. Also provided for are estimates of claims incurred during the year but not yet reported. These estimates are based on past experience and current outstanding claims.

Compensated Absences

The Authority accrues vacation and sick pay benefits as earned by its employees. Non-current accrued fringe benefits are estimated based on the average vacation and sick expense from the previous five years.

	Current	Non-current
Compensated Absences Liability December 31, 2005	$ 3,493,885	$ 617,990
Vacation & Sick Liability Earned	3,177,283	-
Vacation & Sick Liability Paid	(3,193,640)	(208,315)
Compensated Absences Liability December 31, 2006	$ 3,477,528	$ 409,675
Vacation & Sick Liability Earned	3,306,191	-
Vacation & Sick Liability Paid	(3,397,679)	99,022
Compensated Absences Liability December 31, 2007	$ 3,386,040	$ 508,697

Passenger Fares

Passenger fares are recorded as revenue at the time services are performed.

Budgetary Accounting and Control

The Authority's annual budget is prepared on the accrual basis of accounting as permitted by law. The Authority maintains budgetary control by not allowing total expenditures to exceed total appropriations without approval of the Board of Trustees.

(continued)

Use of Estimates

The accounting and reporting policies of COTA conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results differ from those estimates.

Non-exchange Transactions

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include sales tax revenue and grants. On an accrual basis, revenue from sales taxes is recognized in the period when the underlying exchange transaction occurs. Therefore, taxes on items sold in 2007 will be recognized as revenue in 2007. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

New Accounting Pronouncements

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* This statement established standards for the measurement, recognitions, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of the state and local government employers. This statement will not be effective for the Authority until periods beginning after December 15, 2007, and as such, the Authority has not determined the impact that this statement will have on its financial statements.

(continued)

New Accounting Pronouncements (continued)

During December 2004, the GASB issued Statement No. 46, *Net Assets Restricted by Legislation, an amendment of GASB Statement No. 34.* This statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government, such as citizens, public interest groups, or the judiciary-can compel a government to honor. The Statement states that the legal enforceability of an enabling legislation restriction should be reevaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if a government has other cause for reconsideration. Although the determination that a particular restriction is not legally enforceable may cause a government to review the enforceability of other restrictions, it should not necessarily lead a government to the same conclusion for all enabling legislation restrictions. This statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation. The requirements of this statement are effective for the Authority for 2006, and as such, the Authority has determined that this statement has no impact on its financial statements.

In June 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits.* This statement provides accounting and reporting guidance for state and local governments that offer either voluntary termination benefits (e.g. early retirement incentives) or involuntary termination benefits (i.e., severance). The significant requirements of Statement 47 include the recognition in accrual basis financials as a liability and expense for involuntary termination benefits when (1) a termination plan has been approved by those with the authority to commit the government to the plan, (2) the plan has been communicated to the employees, and (3) the amount can be estimated. A liability and expense for voluntary termination benefits should be recognized when the offer is accepted and the amount can be estimated. Statement 47 also requires employers to disclose a description of the termination benefit arrangements, the cost of the termination benefits, and the significant methods and assumptions used to determine termination benefit liabilities. Statement 47 is effective for the Authority in 2006, and as such, the Authority has determined that there is no material impact on its financial statements.

In September 2006, GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* and Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* The requirements for these Statements become effective in fiscal years 2007 and 2008, respectively, and as such, the Authority has determined that there is no material impact on its financial statements.

Lastly, in May, 2007, GASB issued Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and No. 27.* The requirements for this statement become effective in fiscal year 2008. The Authority is in the process of determining the impact on the financial statements.

(continued)

(3) Cash and Investments

The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit the Authority to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's Asset Reserve investment pool (STAR Ohio), and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days. The Authority is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reserve purchase agreements.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities with a market value equal to 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Authority's name.

(continued)

Deposits With Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. Public depositories must give security for all public funds on deposit. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposit. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

At December 31, 2007, the carrying amount of the Authority's deposits with financial institutions was $5,486,642 and the bank balance was $5,701,019. The difference results mainly from outstanding checks. Based on criteria as described in GASB Statement No. 40, *"Deposit and Investment Risk Disclosure"*, as of December 31, 2007, $100,994 was covered by Federal Deposit Insurance. The $5,600,025 exposed to custodial risk was collateralized by a pool of securities maintained by the Authority's financial institutions but not in the Authority's name. In addition, the Authority had $5,220 of cash on hand

At December 31, 2006, the carrying amount of the Authority's deposits with financial institutions was $4,351,860 and the bank balance was $5,741,075. The difference results mainly from outstanding checks. Based on criteria as described in GASB Statement No. 40, *"Deposit and Investment Risk Disclosure"*, as of December 31, 2006, $100,789 was covered by Federal Deposit Insurance. The $5,640,286 exposed to custodial risk was collateralized by a pool of securities maintained by the Authority's financial institutions but not in the Authority's name. In addition, the Authority had $5,220 of cash on hand.

Investments and Other Deposits

As of December 31, 2007 and 2006, the Authority held equity of $22,032,354 and $21,920,296 respectively, in the STAR Ohio investment pool. As of March 2008, Star Ohio has maintained the highest Standard and Poors rating of AAA. This investment has not been categorized based on a custodial risk because it is not a security. The relationship between the Authority and the investment asset is a direct contractual relationship and the investments evidence ownership or creditorship.

(continued)

(4) Capital Assets

Capital asset activities for the years ended December 31, 2007 and 2006 are as follows:

	January 1, 2007	Additions	Disposals	Transfers	December 31, 2007
Capital Assets Not Being Depreciated:					
Land	$ 5,448,906	$ -	$ -	$ 2	$ 5,448,908
CIP	2,231,236	247,676	(20,000)	(1,668,740)	790,172
Total	7,680,142	247,676	(20,000)	(1,668,738)	6,239,080
Capital Assets Being Depreciated:					
Land and leasehold improvements	8,787,442	25,305		25,150	8,837,897
Building and improvements	44,390,102	62,221	(926,918)	2,689,707	46,215,112
Revenue vehicles	67,577,630	11,181,646	(5,080,594)	834,552	74,513,234
Transit shelter	1,981,253	260,515	-	47,048	2,288,816
Other equipment	27,137,687	769,011	(19,245)	(1,927,719)	25,959,734
Total	149,874,114	12,298,698	(6,026,757)	1,668,738	157,814,793
Less Accumulated Depreciation:					
Land and leasehold improvements	(6,582,097)	(668,291)			(7,250,388)
Building and improvements	(18,980,484)	(1,316,961)			(20,297,445)
Revenue vehicles	(47,087,665)	(4,756,051)	4,675,397		(47,168,319)
Transit shelter	(1,161,561)	(441,630)			(1,603,191)
Other equipment	(22,394,335)	(1,032,276)	404,761		(23,021,850)
Total	(96,206,142)	(8,215,209)	5,080,158	-	(99,341,193)
Total Capital Assets Being Depreciated, Net	53,667,972	4,083,489	(946,599)	1,668,738	58,473,600
Total Capital Assets, Net	$ 61,348,114	$ 4,331,165	$ (966,599)	$ -	$ 64,712,680

(continued)

(4) Capital Assets (continued)

	January 1, 2006	Additions	Disposals	Transfers	December 31, 2006
Capital Assets Not Being Depreciated:					
Land	$ 5,445,576	$ -	$ -	$ 3,330	$ 5,448,906
CIP	19,693,961	4,312,465	(17,471,064)	(4,304,126)	2,231,236
Total	25,139,537	4,312,465	(17,471,064)	(4,300,796)	7,680,142
Capital Assets Being Depreciated:					
Land and leasehold improvements	9,097,046		(367,447)	57,843	8,787,442
Building and improvements	44,949,807	513,463		(1,073,168)	44,390,102
Revenue vehicles	69,326,152		(1,895,729)	147,207	67,577,630
Transit shelter	2,120,905		(1,214,842)	1,075,190	1,981,253
Other equipment	27,754,920	329,063	(5,039,020)	4,093,724	27,138,687
Total	153,248,830	842,526	(8,517,038)	4,300,796	149,875,114
Less Accumulated Depreciation:					
Land and leasehold improvements	(6,281,408)	(528,033)	227,344	-	(6,582,097)
Building and improvements	(17,628,582)	(1,351,902)	-	-	(18,980,484)
Revenue vehicles	(44,330,217)	(3,987,684)	1,230,236	-	(47,087,665)
Transit shelter	(2,094,689)	(281,714)	1,214,842	-	(1,161,561)
Other equipment	(25,157,934)	(2,415,525)	5,179,124	-	(22,394,335)
Total	(95,492,830)	(8,564,858)	7,851,546	-	(96,206,142)
Total Capital Assets Being Depreciated, Net	57,756,000	(7,722,332)	(665,492)	4,300,796	53,668,972
Total Capital Assets, Net	$ 82,895,537	$ (3,409,867)	$ (18,136,556)	$ -	$ 61,349,114

For discussion of the $665,492 transfer of revenue vehicles, see Note 10, Special Item in 2006.

(5) Leases

COTA leases certain property and office equipment under operating leases. Rental expense for all operating leases was approximately $221,902 in 2007 and $359,000 in 2006. No lease commitments exist after 2008 and the remaining minimum payments are $27,758 in 2008.

(6) Grants, Reimbursements and Special Fare Assistance

Grants, reimbursements and special fare assistance included in the Statement of Revenues, Expenses and Changes in Net Assets for the years ended December 31, 2007 and 2006, consist of the following:

	2007	2006
Federal:		
FTA Operating Assistance	$ 11,479,652	$ 10,866,698
FTA Capital Assistance	7,923,838	3,215,213
Total	$ 19,403,490	$ 14,081,911
State:		
ODOT Elderly and Disabled Fare Assistance	$ 766,168	$ 817,978
ODOT Fuel Tax Reimbursement	647,028	627,351
ODOT Capital Assistance	2,136,637	1,608,175
Other Local Operating Assistance	3,420	17,709
Total	$ 3,553,253	$ 3,071,213

(7) Risk Management

COTA is exposed to various risks of loss related to torts, theft or destruction of assets, injuries to employees and natural disasters. The Authority purchases commercial insurance for employee bonding, flood, fire, property, crime, travel and general liability. There have been no reductions in coverage nor have there been any settlements exceeding insurance coverage for the past three years.

COTA is self-insured for all public liability, personal injury and property damage claims. The estimated liability for such claims of $508,347 at December 31, 2007, and $1,401,301 at December 31, 2006, are included in estimated claims payable in the accompanying balance sheets. At December 31, 2007, and 2006, $11,396,741 and $12,373,009, respectively, were restricted by the Board of Trustees to fund the self-insurance program. Such funds are included in board designated assets in the accompanying balance sheets.

Prior to June 30, 1998, COTA was insured through the State of Ohio Bureau of Workers' Compensation (BWC) for injuries to its employees. On July 1, 1998, the Authority entered into an agreement with the BWC to become self-insured for claims pertaining to work-related injuries to Authority employees occurring on or after that date. The BWC agreed to continue to administer and pay all compensation claims arising on or before June 30, 1998. The estimated liability for all such claims occurring since July 1, 1998, is $660,998 at December 31, 2007, and is included as a liability in the accompanying balance sheet.

(continued)

(7) Risk Management (continued)

The general claims liability was calculated by establishing reserves on a case-by-case basis after analysis by in-house counsel and outside attorneys. The workers' compensation liability was determined by analyzing claim lag information provided by COTA third party administrators. A summary of changes in self-insurance claims liability for the years ended December 31, 2006 and 2005 follows:

	General Liability	Workers' Compensation
Claims liability at December 31, 2005	547,428	520,954
Incurred claims, net of favorable settlements	1,100,050	719,317
Claims paid	(246,177)	(545,910)
Claims liability at December 31, 2006	1,401,301	694,361
Incurred claims, net of favorable settlements	620,255	585,430
Claims paid	(1,513,209)	(618,793)
Claims liability at December 31, 2007	$ 508,347	$ 660,998

(8) Pension Plan

COTA contributes to the Ohio Public Employees Retirement System (OPERS), which administers three separate pension plans as described below: the Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member Directed Plan (MD) – a defined contribution plan: and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the TP and CO plans; however, health care benefits are not statutorily guaranteed. Members of the MD plan do not qualify for ancillary benefits, including post-employment health care coverage. Chapter 145 of the Ohio Revised Code (ORC) assigns the authority to establish and amend benefit provisions to the OPERS Board of Trustees (Board).

The ORC provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. The 2007 member contribution rates were 9.5% of their annual covered salary and COTA is required to contribute an actuarially determined rate. In 2007, the employer contribution rate for local employers was 13.85% of annual covered payroll. In 2006, the employer contribution rate for local employers was 13.7% of annual covered payroll.

(continued)

(8) Pension Plan (continued)

The Authority's contributions to OPERS for the years ending December 31, 2007, 2006, and 2005 were approximately $4,513,000 $4,390,000, and $4,887,000 respectively, equal to the required contributions for each year. Required employer contributions are equal to 100% of the dollar amount extracted from the Authority's records.

The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2006. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5%. An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from .50% to 6.30%. Health care costs were assumed to increased at the projected wage inflation rate plus an additional factor ranging from 0.50% to 5.00% for the next 8 years. In subsequent years, (9 and beyond) health care costs were assumed to increases at 4.00% (the projected wage inflation rate).

OPEB is advance funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2006 was $12.0 billion. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at $30.7 billion and $18.7 billion, respectively.

OPERS' issues a stand-alone financial report that includes the financial statements. That report may be obtained by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215-4642, or by calling 1-614-222-5601 or 1-800-222-PERS (7377).

The postretirement health care coverage includes a medical plan, prescription drug program and Medicare Part B premium reimbursement to qualifying members. In order to qualify for post retirement health care coverage, age and service retirees under the TP and CO must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45, *"Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension."* A portion of each contribution to OPERS is set aside for the funding of post retirement health care.

(continued)

(8) Pension Plan (continued)

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Active members do not make contributions to the OPEB plan. OPERS Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The 2007 employer contribution rate for local employers was 13.85% of annual covered payroll. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30 2007 and July 1 through December 31 2007 was 5% and 6% of covered payroll respectively. For 2006, 4% was the portion that was used to fund health care for the year. COTA's contributions actually made to fund post-employment benefits totaled $1,792,000 in 2007, $1,282,000 in 2006, $1,443,000 in 2005.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

(9) Contingent Liabilities

Litigation

It is the Authority's policy to act as self-insurer for certain insurable risks consisting primarily of public liability and property damage. At December 31, 2007, COTA has been named in various public liability and property damage claims and suits, some of which seek significant damages. The ultimate outcome of the claims and suits cannot be determined; however, it is the opinion of management that any resulting liability to the Authority in excess of that provided for in the accompanying balance sheet will not have a material adverse effect on the Authority's financial position.

(continued)

Federal and State Grants

Under the terms of the Authority's various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At December 31, 2007, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of COTA's management, no material grant expenditures will be disallowed.

FTA grant stipulations also require the granter to retain assets acquired by FTA funds for the full estimated asset life (as determined by the FTA). If this provision is not met, the granter must refund FTA's un-depreciated basis in assets disposed.

(10) Special Item – Loss on transfer of assets

In 2001, the Authority purchased 38 low-floor 30-foot diesel powered buses from Advanced Bus Industries (ABI). In the fall of 2001, ABI filed for bankruptcy and the company's assets were liquidated. During the next three years, COTA experienced a multitude of equipment failures on the ABI buses including chassis structure cracks, passenger door controller problems, engine compartment seal defects, and premature brake wear. In 2003, the ABI buses were the costliest in the fleet to operate at $0.55 per mile. Service calls on ABI buses amounted to 23% of all fleet breakdowns. In June 2005, the Authority received permission from the FTA to transfer the remaining Federal interest in six of the ABI buses to other FTA grant recipient transit systems and the COTA Board of Trustees authorized the transfer of the Federal interest and title. The transfer of the remaining six ABI buses resulted in a $665,492 loss in 2006 of the remaining net book value of the buses. The Authority purchased new replacement buses in 2004 and 2005 with lower operating and maintenance costs.

(continued)

11) Special Item – Loss on project impairment

Since 2002, COTA staff has been working with the Federal Transit Administration (FTA), Mid Ohio Regional Planning Commission (MORPC), and the Ohio Department of Transportation (ODOT), consultants, local government officials, and the general public to study the feasibility of constructing a fixed guideway transit project in the North Corridor.

In 2003, the project scoping was completed and four (4) alternatives emerged for further analysis: (1) a "No build" alternative and three "Build" alternatives including (1) Bus Rapid Transit, (2) Streetcar, and (3) Light Rail Transit. COTA Staff, working in concert with the various stakeholders, conducted the Alternative Analysis (AA) and Preliminary Draft Environmental Impact Statement (DEIS) identifying the impacts, benefits, and cost effectiveness of the alternatives as outlined by the FTA criteria.

The financial feasibility of any North Corridor fixed guideway option relies upon a 50% contribution of federal funding. The FTA currently requires that projects have a Cost Effectiveness Index (CEI) lower than $23 per hour of user benefit in order to receive federal funding for construction. None of the fixed guideway options under consideration in the North Corridor achieved this standard. The corridor may be reconsidered for fixed guideway development at such time as there are significant changes in travel within the corridor, fuel costs, or FTA project evaluation criteria. At December 31, 2006, the Authority concluded that $13,785,824 of costs that have been capitalized as a result of the efforts mentioned above are impaired under GASB Statement No. 42. In addition, the Authority identified additional projects related to the North Corridor Project that were also impaired in the amount of $3,685,240 as of December 31, 2006.

At December 31, 2007, the Authority concluded that $946,917 of ITS project costs that had been capitalized were impaired under GASB Statement No. 42.

CENTRAL OHIO TRANSIT AUTHORITY
Supplemental Schedule of Revenues, Expenses and Changes in Net Assets - Budget vs. Actual (Accrual Basis)
Year ended December 31, 2007

	BUDGET	ACTUAL	(OVER)/ UNDER VARIANCE
OPERATING REVENUES	$ 12,082,279	$ 13,294,895	$ 1,212,616
OPERATING EXPENSES OTHER THAN DEPRECIATION:			
Labor	33,448,291	28,498,141	4,950,150
Fringe benefits	14,107,617	18,334,414	(4,226,797)
Materials and supplies	10,449,898	10,085,202	364,696
Purchased transportation	5,153,476	5,015,657	137,819
Services	4,214,931	4,096,126	118,805
Utilities	1,622,498	1,501,736	120,762
Taxes	830,157	766,222	63,935
Leases and rentals	246,552	208,838	37,714
Claims and insurance, net of settlements	668,934	674,845	(5,911)
Advertising	115,840	99,638	16,202
Miscellaneous	502,191	486,116	16,075
Total	71,360,385	69,766,935	1,593,450
DEPRECIATION	10,458,767	8,227,145	2,231,622
Total operating expenses	81,819,152	77,994,080	3,825,072
OPERATING LOSS	(69,736,873)	(64,699,185)	5,037,688
NON-OPERATING REVENUES (EXPENSES):			
Sales tax revenues	46,701,551	47,615,932	914,381
Federal operating grants and reimbursements	10,568,398	11,479,652	911,254
State operating grants, reimbursements and special fare assistance	1,143,095	1,416,616	273,521
Investment income	889,902	1,176,901	286,999
Nontransportation and other revenues	130,125	748,242	618,117
Total	59,433,071	62,437,343	3,004,272
Loss before capital grants	(10,303,802)	(2,261,842)	8,041,960
CAPITAL GRANT REVENUE:			
Federal	13,537,602	7,923,838	(5,613,764)
State	2,202,741	2,136,637	(66,104)
Other	421,000	-	(421,000)
Total	16,161,343	10,060,475	(6,100,868)
SPECIAL ITEM			
Loss on project impairment	-	(946,917)	(946,917)
CHANGE IN NET ASSETS	5,857,541	6,851,716	994,175
NET ASSETS, BEGINNING OF YEAR	92,965,643	92,965,643	-
NET ASSETS, END OF YEAR	$ 98,823,184	$ 99,817,359	$ 994,175

See accompanying Independent Auditors' report.

STATISTICAL SECTION

This part of COTA's comprehensive annual financial report contains detailed information presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Condition Reporting: The Statistical Section. These schedules provide additional details to better understand the financial statements, notes and required supplemental information.

CENTRAL OHIO TRANSIT AUTHORITY
NET ASSETS/FUND BALANCES BY COMPONENT
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
NET ASSETS/FUND BALANCES										
Invested in Capital Assets	$ 58,126,142	$ 66,159,491	$ 68,831,622	$ 89,926,186	$ 82,073,263	$ 82,306,157	$ 82,607,843	$ 82,895,537	$ 61,349,114	$ 64,712,680
Restricted for Capital Assets	855,498	4,664,089	5,419,271	2,154,730	149,287	437,146	536,110	649,631	-	-
Unrestricted	26,255,381	27,156,889	27,898,967	35,895,926	38,136,331	33,470,610	30,947,554	24,675,713	31,616,529	35,104,679
TOTAL NET ASSETS/FUND BALANCES	$ 85,237,021	$ 97,980,469	$ 102,149,860	$ 127,976,842	$ 120,358,881	$ 116,213,913	$ 114,091,507	$ 108,220,881	$ 92,965,643	$ 99,817,359

Source: Central Ohio Transit Authority's Financial Statements

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Revenues, Expenses and Changes in Net Assets
Last Ten Fiscal Years
(in thousands)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
OPERATING REVENUES:										
Passenger fares for transit service	$ 12,680	$ 12,795	$ 12,779	$ 12,762	$ 12,773	$ 12,013	$ 11,421	$ 11,405	$ 12,817	$ 12,666
Special transit fares	431	385	476	433	291	374	347	326	360	391
Charter service revenue	24	22	30	21	18	23	34	12	-	-
Auxiliary transportation revenue	939	983	880	887	730	568	515	372	243	238
Total operating revenues	14,074	14,184	14,166	14,103	13,811	12,978	12,317	12,115	13,420	13,295
OPERATING EXPENSES OTHER THAN DEPRECIATION										
Labor	26,551	28,518	31,218	34,037	32,590	32,752	32,053	31,829	27,522	28,498
Fringe Benefits	12,790	14,233	14,694	18,504	18,769	19,934	20,776	21,156	18,476	18,334
Services	2,913	5,003	6,184	4,714	3,765	3,808	3,952	3,722	3,738	4,096
Materials and Supplies	2,538	2,690	3,350	3,572	3,364	4,177	3,869	4,224	4,319	4,759
Fuel	1,317	1,621	2,793	2,713	2,119	2,478	2,990	4,364	4,917	5,326
Utilities	892	970	1,137	1,369	1,173	1,337	1,307	1,571	1,436	1,502
Claims and Insurance	99	224	276	440	337	390	275	595	1,118	675
Taxes	594	635	649	696	621	654	692	743	727	766
Purchased transportation	3,023	3,268	3,912	4,077	3,877	4,257	4,411	4,531	4,608	5,016
Leases and rentals	151	132	285	399	558	523	517	570	359	209
Miscellaneous	1,275	1,392	1,578	1,255	677	781	624	508	471	586
Total	52,143	58,686	66,077	71,776	67,850	71,091	71,466	73,813	67,691	69,767
Depreciation	7,750	8,252	8,635	10,851	13,644	10,939	9,860	9,114	8,565	8,227
Total Operating Expenses	59,893	66,938	74,711	82,627	81,494	82,030	81,326	82,927	76,256	77,994
OPERATING LOSS	(45,819)	(52,753)	(60,545)	(68,524)	(67,683)	(69,052)	(69,009)	(70,812)	(62,836)	(64,699)
NON-OPERATING REVENUES(EXPENSES)										
Sales Tax Revenues	36,804	39,701	41,854	41,748	41,245	43,774	44,985	44,821	47,007	47,616
Federal operating grants and reimbursements	1,920	9,727	11,211	11,389	12,400	10,874	10,688	11,056	10,867	11,480
State operating grants, reimbursements and special fare assistance	3,655	3,342	3,919	2,136	860	722	942	1,185	1,456	1,416
Investment income	1,686	1,528	1,781	1,310	900	423	293	650	1,008	1,177
Nontransportation and other revenue	185	142	252	400	1,184	440	402	538	549	748
Experience refund from Bureau of Workers' Compensation (BWC)	2,022	-	-	-	-	-	-	-	-	-
Interest Expense		(140)	(53)							
Planning study expense		(37)	(21)							
Planning study assistance revenues	55	30	17	-	-	-	-	-	-	-
Total non-operating revenues	46,327	54,292	58,960	56,983	56,589	56,233	57,310	58,250	60,887	62,437
Gain(Loss) before capital grants and special item	508	1,539	(1,585)	(11,542)	(11,094)	(12,819)	(11,699)	(12,562)	(1,949)	(2,262)
CAPITAL GRANT REVENUES										
Federal	3,312	9,386	5,138	23,475	3,125	6,399	8,323	6,302	3,215	7,924
State	34	876	617	2,850	351	2,275	2,690	2,783	1,608	2,137
Other									7	
Donated Capital	-	942	-	-	-	-	367	-	-	
Total	3,346	11,204	5,755	26,325	3,476	8,674	11,380	9,085	4,830	10,061
SPECIAL ITEM										
Loss on transfer of assets							(1,804)	(2,393)	(666)	
Loss on project impairment									(17,471)	(947)
Total	-	-	-	-	-	-	(1,804)	(2,393)	(18,137)	(947)
CHANGES IN NET ASSETS	3,854	12,743	4,170	14,784	(7,618)	(4,145)	(2,123)	(5,870)	(15,255)	6,852
NET ASSETS, BEGINNING OF YEAR	81,383	85,237	97,980	113,192	127,977	120,359	116,214	114,091	108,221	92,966
NET ASSETS, END OF YEAR	$ 85,237	$ 97,980	$ 102,150	$ 127,977	$ 120,359	$ 116,214	$ 114,091	$ 108,221	$ 92,966	$ 99,817

Amounts are presented in accordance with generally accepted accounting principles, on an accrual basis

Source: The Authority's independently audited annual financial statements

(1) Sales Tax Revenues are restated prior to 2001 due to changes in the recording of the revenue when earned, rather when payment is received.

CENTRAL OHIO TRANSIT AUTHORITY
Revenues by Source
Last Ten Fiscal Years
(in thousands)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
OPERATING REVENUES:										
Passenger fares for transit service	$ 12,680	$ 12,795	$ 12,779	$ 12,762	$ 12,773	$ 12,013	$ 11,421	$ 11,405	$ 12,817	$ 12,666
Special transit fares	431	385	476	433	291	374	347	326	360	391
Charter service revenue	24	22	30	21	18	23	34	12	0	0
Auxiliary transportation revenue	939	983	880	887	730	568	515	372	243	238
Total operating revenues	14,074	14,185	14,165	14,103	13,812	12,978	12,317	12,115	13,420	13,295
NON-OPERATING REVENUES:										
Sales tax revenues	36,804 (1)	40,911 (1)	41,543 (1)	41,748 (1)	41,245	43,774	44,985	44,821	47,007	47,616
Federal operating grants and reimbursements	1,920	9,727	11,211	11,389	12,400	10,874	10,688	11,056	10,867	11,480
State operating grants, reimbursements and special fare assistance	3,655	3,342	3,920	2,136	860	722	942	1,185	1,456	1,416
Investment income	1,686	1,528	1,781	1,310	900	423	293	650	1,008	1,177
Nontransportation and other revenues	185	142	252	400	1,184	440	402	538	549	748
Experience Refund from Bureau of Workers' Compensation (BWC)	2,022	-	-	-	-	-	-	-	-	-
Planning study assistance revenues	55	30	17	-	-	-	-	-	-	-
Total nonoperating revenues before capital gifts and grants	46,327	55,680	58,724	56,983	56,589	56,233	57,310	58,250	60,887	62,437
Capital gifts and grants:										
Federal capital grants	3,312	9,386	5,138	23,475	3,125	6,399	8,323	6,302	3,215	7,924
State and other capital grants	34	876	617	2,850	351	2,275	2,690	2,783	1,615	2,137
Transfer of local share on capital funding earned	-	-	-	-	-	-	-	-	-	
Donated capital	-	942	-	-	-	-	367	-	-	
Total non-operating revenues	49,673	66,884	64,479	83,308	60,065	64,907	68,690	67,335	65,717	72,498
TOTAL REVENUES	$ 63,747	$ 81,069	$ 78,644	$ 97,411	$ 73,877	$ 77,885	$ 81,007	$ 79,450	$ 79,137	$ 85,793

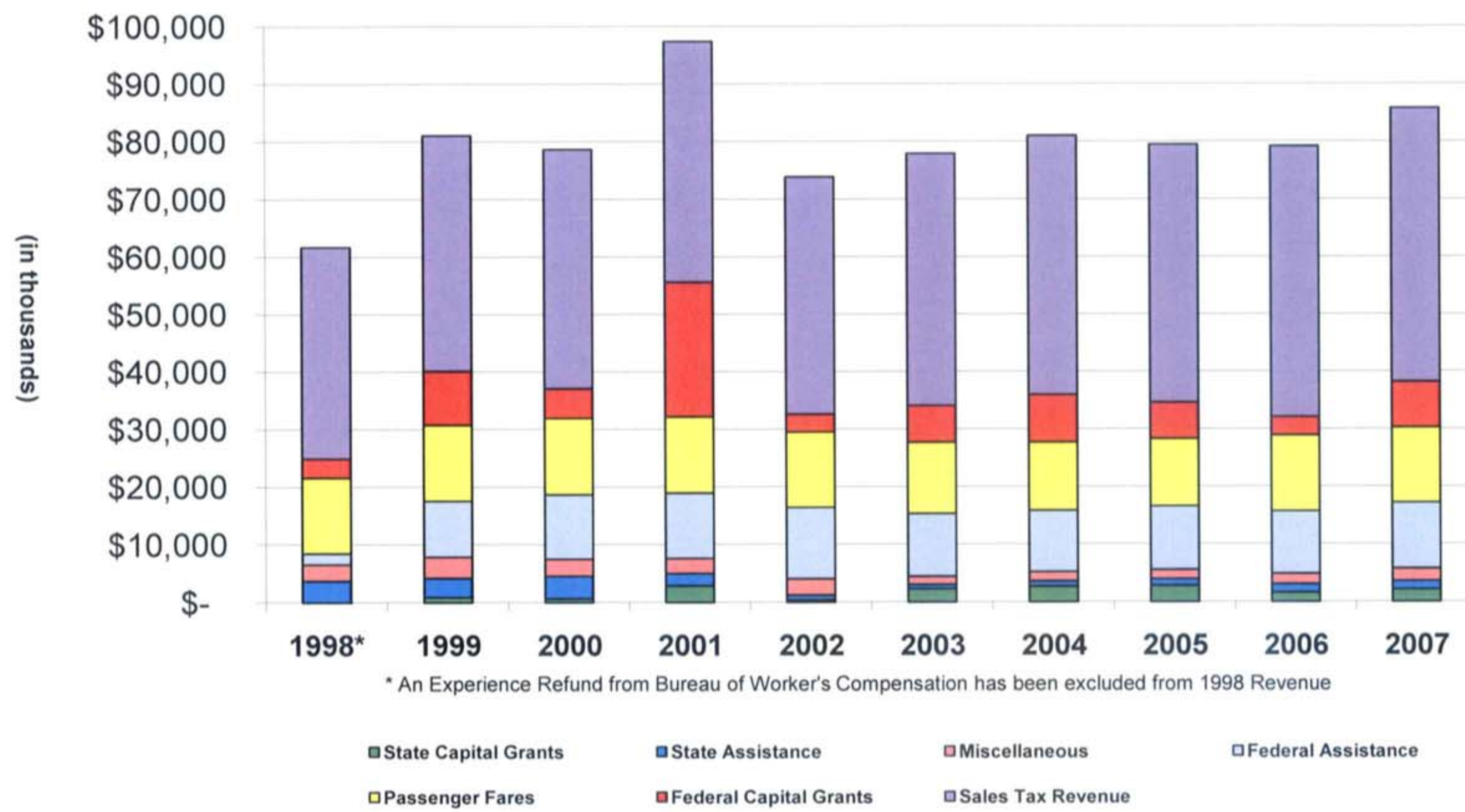
Amounts are presented in accordance with generally accepted accounting principles, on an accrual basis

Source: The Authority's independently audited annual financial statements

(1) Sales Tax Revenues are restated prior to 2001 due to changes in the recording of the revenue when earned, rather than when payment is received.

CENTRAL OHIO TRANSIT AUTHORITY

Revenues by Source
Last Ten Fiscal Years



* An Experience Refund from Bureau of Worker's Compensation has been excluded from 1998 Revenue

CENTRAL OHIO TRANSIT AUTHORITY
Revenues and Operating Assistance - Comparison to Industry Trend Data
Last Ten Fiscal Years

TRANSPORTATION INDUSTRY (1)

	OPERATING AND OTHER REVENUE			OPERATING ASSISTANCE			TOTAL
YEAR	PASSENGER	OTHER	TOTAL	STATE & LOCAL	FEDERAL	TOTAL	ALL REVENUES
1998	40.8	15.2	56.0	40.1	3.9	44.0	100.0
1999	37.3	16.4	53.7	42.4	3.9	46.3	100.0
2000	36.1	17.4	53.5	42.4	4.1	46.5	100.0
2001	35.2	14.1	49.3	46.2	4.5	50.7	100.0
2002	32.5	17.3	49.8	45.3	4.9	50.2	100.0
2003	32.6	18.1	50.7	43.5	5.8	49.3	100.0
2004	32.9	16.7	49.6	43.4	7.0	50.4	100.0
2005	32.4	15.7	48.1	44.6	7.3	51.9	100.0
2006	*	*	*	*	*	*	*
2007	*	*	*	*	*	*	*

CENTRAL OHIO TRANSIT AUTHORITY (2)

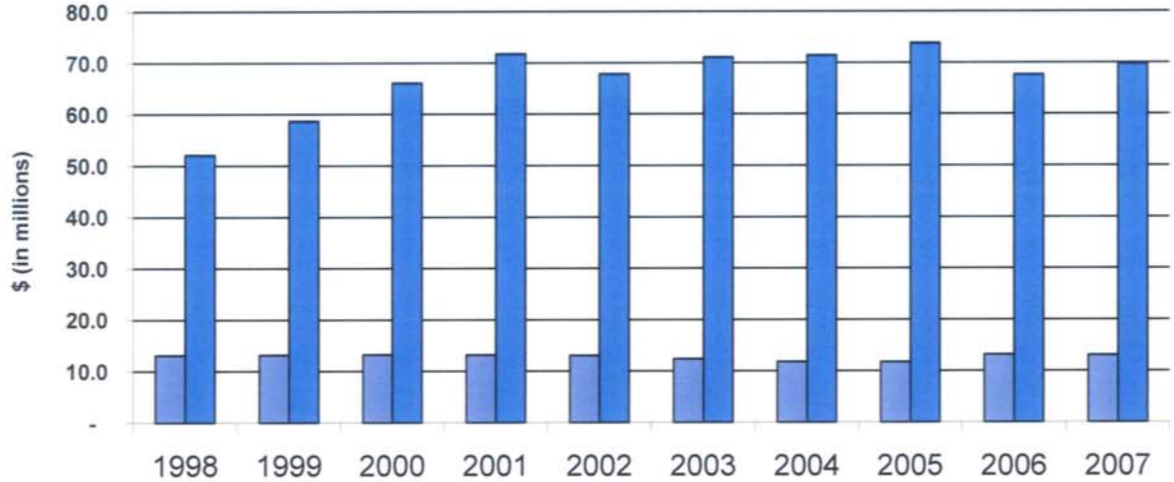
	OPERATING AND OTHER REVENUE			OPERATING ASSISTANCE			TOTAL
YEAR	PASSENGER	OTHER (3)	TOTAL	STATE & LOCAL (5)	FEDERAL	TOTAL	ALL REVENUES
1998	21.3	10.1 (4)	31.4	65.5	3.1	68.6	100.0
1999	16.3	17.1	33.4	54.6	12.0	66.6	100.0
2000	16.9	11.0	27.9	57.8	14.3	72.1	100.0
2001	13.6	29.7	43.3	45.0	11.7	56.7	100.0
2002	17.7	8.5	26.2	57.0	16.8	73.8	100.0
2003	15.9	13.0	28.9	57.1	14.0	71.1	100.0
2004	14.6	15.5	30.1	56.7	13.2	69.9	100.0
2005	14.8	13.4	28.2	57.9	13.9	71.8	100.0
2006	16.7	8.4	25.1	61.2	13.7	74.9	100.0
2007	15.2	14.2	29.4	57.2	13.4	70.6	100.0

* Information not available

(1) Source: The American Public Transit Association, *APTA Transit Fact Book*
(2) Percentages are derived from the Authority's independently audited annual financial statements, restated prior to 2001 due to changes in the recording of local sales tax revenue and the recognition of capital grants and gifts as revenues
(3) Includes auxiliary transportation revenues, interest income, planning study assistance revenue, nontransportation, other revenues and capital grants
(4) Excludes experience refund from the Bureau of Workers' Compensation (BWC)
(5) Includes local sales tax revenues, and state operating grants, reimbursements, and special fare assistance

CENTRAL OHIO TRANSIT AUTHORITY

Farebox Revenues vs. Operating Expenses
Last Ten Fiscal Years

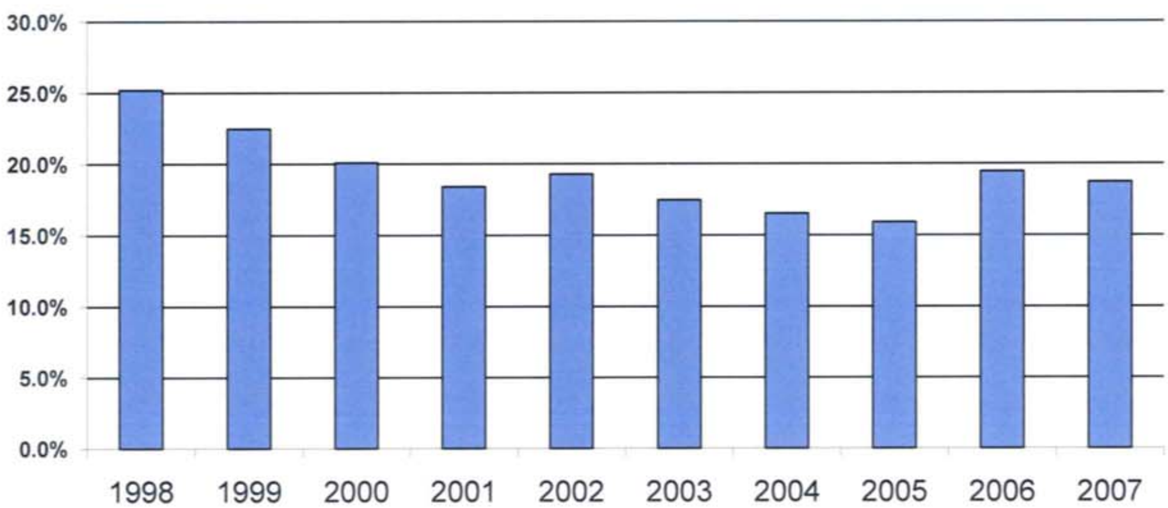


Farebox revenues include passenger, special transit, and charter revenues; operating expenses exclude depreciation

Farebox Revenues ■ Operating Expenses

CENTRAL OHIO TRANSIT AUTHORITY

Farebox Recovery Ratio
Last Ten Fiscal Years



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

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

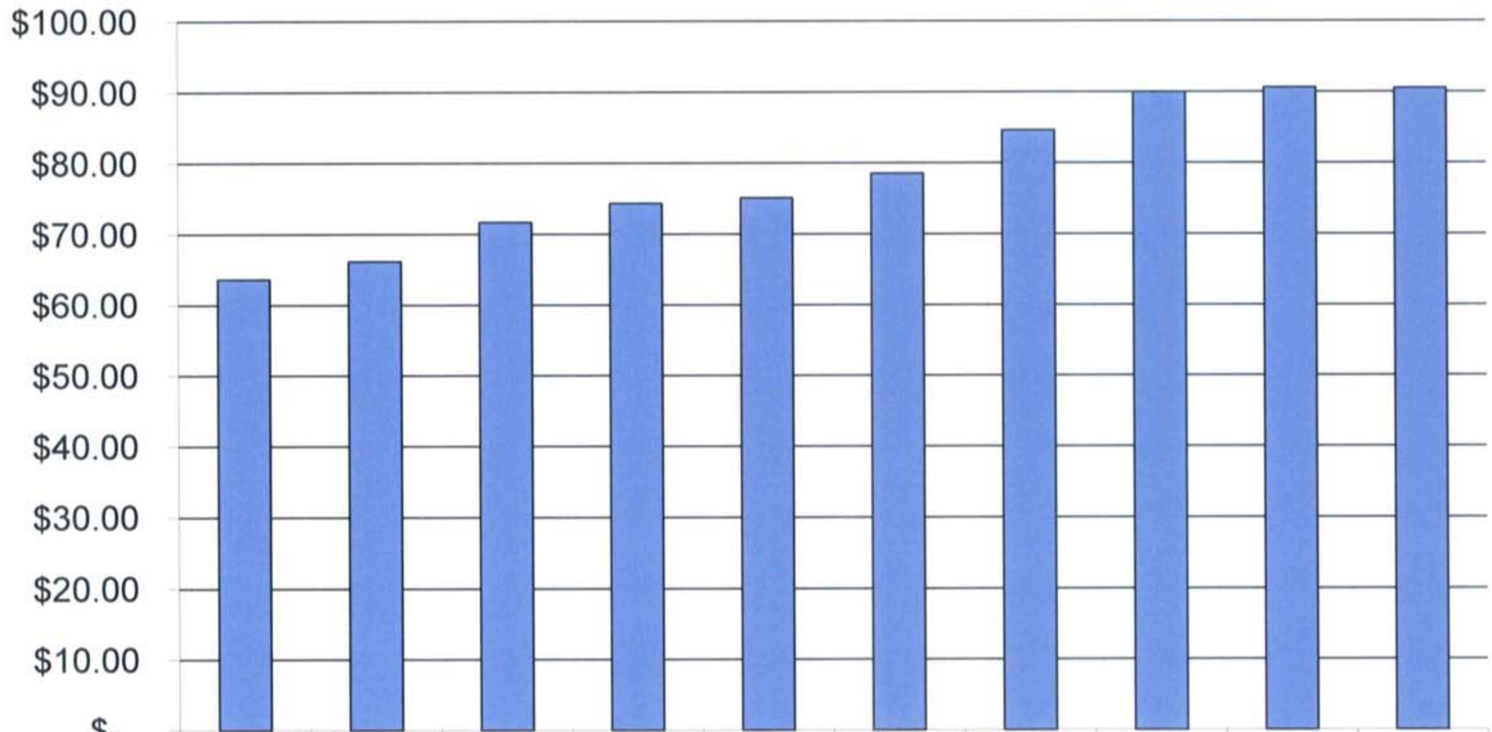
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
OPERATING EXPENSES OTHER THAN DEPRECIATION:										
Labor	$ 26,551	$ 28,518	$ 31,218	$ 34,037	$ 32,590	$ 32,752	$ 32,053	$ 31,829	$ 27,522	$ 28,498
Fringe benefits	12,790	14,233	14,694	18,504	18,769	19,934	20,776	21,156	18,476	18,334
Services	2,913	5,003	6,184	4,714	3,765	3,808	3,952	3,722	3,738	4,096
Materials and supplies	2,538	2,690	3,350	3,572	3,364	4,177	3,869	4,224	4,319	4,759
Fuel	1,317	1,621	2,793	2,713	2,119	2,478	2,990	4,364	4,917	5,326
Utilities	892	970	1,137	1,369	1,173	1,337	1,307	1,571	1,436	1,502
Claims and insurance	99	224	276	440	337	390	275	595	1,118	675
Taxes	594	635	649	696	621	654	692	743	727	766
Purchased transportation	3,023	3,268	3,912	4,077	3,877	4,257	4,411	4,531	4,608	5,016
Leases and rentals	151	132	285	399	558	523	517	570	359	209
Miscellaneous	1,275	1,392	1,578	1,255	677	781	624	508	471	586
Total	52,143	58,686	66,076	71,776	67,850	71,091	71,466	73,813	67,691	69,767
DEPRECIATION	7,750	8,252	8,635	10,851	13,644	10,939	9,860	9,114	8,565	8,227
Total operating expenses	59,893	66,938	74,711	82,627	81,494	82,030	81,326	82,927	76,256	77,994
NONOPERATING EXPENSES:										
Interest expense	221	140	53	0	0	0	0	0	0	0
Planning study expense	68	37	21	0	0	0	0	0	0	0
TOTAL EXPENSES	$ 60,182	$ 67,115	$ 74,785	$ 82,627	$ 81,494	$ 82,030	$ 81,326	$ 82,927	$ 76,256	$ 77,994

Amounts are presented in accordance with generally accepted accounting principles, on an accrual basis

Source: The Authority's independently audited annual financial statements

CENTRAL OHIO TRANSIT AUTHORITY

Operating Expenses per Vehicle Hour
Last Ten Fiscal Years



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Expense per Vehicle Hour	$63.65	$66.18	$71.71	$74.37	$75.14	$78.58	$84.63	$89.97	$90.63	$90.53

Operating expenses exclude depreciation

CENTRAL OHIO TRANSIT AUTHORITY
Operating Expenses - Comparison to Industry Trend Data
Last Ten Fiscal Years

TRANSPORTATION INDUSTRY (1)

YEAR	LABOR AND FRINGES	SERVICES	MATERIALS AND SUPPLIES	UTILITIES	CLAIMS AND INSURANCE	PURCHASED TRANS-PORTATION	OTHER	TOTAL OPERATING EXPENSES
1998	71.7%	6.0%	9.4%	3.5%	2.4%	10.1%	(3.1%)	100.0%
1999	70.9%	5.9%	9.2%	3.3%	2.2%	11.5%	(3.0%)	100.0%
2000	69.8%	5.7%	10.0%	3.2%	2.2%	12.2%	(3.1%)	100.0%
2001	69.5%	5.9%	10.0%	3.3%	2.1%	12.6%	(3.4%)	100.0%
2002	70.2%	6.2%	9.2%	3.1%	2.5%	12.0%	(3.2%)	100.0%
2003	69.1%	6.0%	9.0%	3.0%	2.6%	13.4%	(3.1%)	100.0%
2004	68.7%	5.8%	9.1%	3.0%	2.6%	13.4%	(2.6%)	100.0%
2005	66.9%	5.8%	10.1%	3.2%	2.5%	13.8%	(2.3%)	100.0%
2006	*	*	*	*	*	*	*	*
2007	*	*	*	*	*	*	*	*

CENTRAL OHIO TRANSIT AUTHORITY (3)

YEAR	LABOR AND FRINGES	SERVICES	MATERIALS AND SUPPLIES	UTILITIES	CLAIMS AND INSURANCE	PURCHASED TRANS-PORTATION	OTHER	TOTAL OPERATING EXPENSES (2)
1998	75.4%	5.6%	7.4%	1.7%	0.2%	5.8%	3.9%	100.0%
1999	72.8%	8.5%	7.3%	1.7%	0.4%	5.6%	3.7%	100.0%
2000	69.5%	9.4%	9.3%	1.7%	0.4%	5.9%	3.8%	100.0%
2001	73.2%	6.6%	8.7%	1.9%	0.6%	5.7%	3.3%	100.0%
2002	75.7%	5.5%	8.2%	1.7%	0.5%	5.7%	2.7%	100.0%
2003	74.1%	5.4%	9.3%	1.9%	0.5%	6.0%	2.8%	100.0%
2004	73.9%	5.5%	9.6%	1.8%	0.4%	6.2%	2.6%	100.0%
2005	71.9%	5.0%	11.6%	2.1%	0.8%	6.1%	2.5%	100.0%
2006	67.1%	5.9%	14.5%	2.2%	1.0%	7.2%	2.2%	100.0%
2007	67.1%	5.9%	14.5%	2.2%	1.0%	7.2%	2.2%	100.0%

* Information not available

(1) Source: The American Public Transit Association, *APTA Transit Fact Book*

(2) Total operating expenses exclude depreciation

(3) Percentages are derived from the Authority's independently audited annual financial statements

CENTRAL OHIO TRANSIT AUTHORITY
LEGAL DEBT MARGIN
DECEMBER 31, 2007
(IN THOUSANDS)

CALCULATION OF LEGAL OVERALL DEBT MARGIN:

Total assessed property valuation of Authority (2006 tax year valuation) (1)	$ 28,259,014
Multiplied by: Legal overall debt limitation (%)	5.00%
Equals: Total legal voted and unvoted debt limitation	$ 1,412,951
Less: Nonexempt general obligation debt (voted and unvoted) (2)	$ -
Equals: Legal overall debt margin (maximum amount permitted for new voted and unvoted nonexempt general obligation debt issuances)	$ 1,412,951

CALCULATION OF LEGAL UNVOTED DEBT MARGIN:

Total assessed property valuation of Franklin County (2007 tax year valuation) (1)	$ 28,259,014
Multiplied by: Legal unvoted debt limitation (%)	0.10%
Equals: Legal unvoted debt limitation	$ 28,259
Less: Maximum aggregate amounts of principal and interest payable in any one calendar year (2)	$ -
Equals: Legal unvoted debt margin (maximum annual debt service charges permitted for new unvoted nonexempt general obligation debt issuances)	$ 28,259

Sources

(1) Franklin County Auditor's Office

(2) The Authority's independently audited annual financial statements

CENTRAL OHIO TRANSIT AUTHORITY
Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt per Capita
Last Ten Fiscal Years

YEAR	POPULATION		ASSESSED VALUE (3)		GENERAL BONDED DEBT (4)	RATIO OF BONDED DEBT TO ASSESSED VALUE	BONDED DEBT PER CAPITA
1998	1,067,002 (2)	$	18,607,708,184	$	2,640,000	0.01%	$2.47
1999	1,079,204 (2)	$	21,032,111,000	$	1,360,000	0.01%	$1.26
2000	1,068,978 (1)	$	22,321,127,505	$	-	0.00%	$0.00
2001	1,071,524 (1)	$	22,705,244,424	$	-	0.00%	$0.00
2002	1,086,814 (1)	$	25,447,191,720	$	-	0.00%	$0.00
2003	1,088,944 (1)	$	25,474,792,681	$	-	0.00%	$0.00
2004	1,088,971 (1)	$	26,007,315,683	$	-	0.00%	$0.00
2005	1,112,880 (1)	$	29,101,151,990	$	-	0.00%	$0.00
2006	1,095,662 (2)	$	29,193,651,687	$	-	0.00%	$0.00
2007	1,153,932 (2)	$	28,259,014,070	$	-	0.00%	$0.00

Sources:

(1) U. S. Department of Commerce - Bureau of the Census

(2) Mid-Ohio Regional Planning Commission estimate for year ended

(3) Franklin County Auditor's Office

(4) The Authority's independently audited annual financial statements

CENTRAL OHIO TRANSIT AUTHORITY
Long-Term Debt Coverage
Last Ten Fiscal Years

YEAR	REVENUES (1)	CAPITAL GRANTS	EXPENSES (2)	NET REVENUE OVER EXPENSES AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS (3) PRINCIPAL	INTEREST	TOTAL	DEBT COVERAGE RATIO
1998	$63,747,021 (4)	$3,346,323	$52,212,282	$8,188,416	$1,200,000	$254,400	$1,454,400	5.63
1999	$81,068,790 (4)	$11,204,322	$58,723,178	$11,141,290	$1,280,000	$174,900	$1,454,900	7.66
2000	$78,643,939 (4)	$5,754,983	$66,098,090	$6,790,866	$1,360,000	$52,557	$1,412,557	4.81
2001	$97,411,440	$26,326,019	$71,775,532	($690,111)	$ -	$ -	$ -	N/A
2002	$73,876,513	$3,476,162	$67,850,330	$2,550,021	$ -	$ -	$ -	N/A
2003	$77,884,781	$8,673,569	$71,091,115	($1,879,903)	$ -	$ -	$ -	N/A
2004	$81,007,011	$11,380,457	$71,466,007	($1,839,453) (5)	$ -	$ -	$ -	N/A
2005	$79,449,605	$9,085,249	$73,812,721	($3,448,365) (5)	$ -	$ -	$ -	N/A
2006	$79,137,535	$4,830,544	$67,691,359	$6,615,632	$ -	$ -	$ -	N/A
2007	$85,792,713	$10,060,475	$69,766,935	$5,965,303	$ -	$ -	$ -	N/A

Source: The Authority's independently audited financial statements

(1) Revenues include all operating revenues, nonoperating revenues, capital grant revenues, and an Experience Refund from the Bureau of Workers Compensation (1998)

(2) Total expenses exclude depreciation and interest expense

(3) Excludes principal and interest paid on capital lease obligations

(4) Revenues are restated prior to 2001 due to changes in the recording of sales tax revenue and the recognition of capital grants as revenue

(5) Excludes Special Item (2004, 2005, and 2006)

CENTRAL OHIO TRANSIT AUTHORITY
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2007

Political Subdivision	General Obligation	--Applicable to the Authority-- Percentage	Amount
COTA	$ -	100.00%	$ -
Franklin County	243,805,000	100.00%	243,805,000
Cities wholly within COTA	1,446,761,204	100.00%	1,446,761,204
Cities with Overlapping:			
City of Dublin	41,648,331	84.02%	34,994,927
City of Pickerington	13,067,500	0.35%	45,683
Villages wholly within COTA	6,985,000	100.00%	6,985,000
Villages with Overlapping:			
Village of Canal Winchester	3,690,764	90.13%	3,326,551
Townships wholly within COTA	3,359,998	100.00%	3,359,998
Townships with Overlapping:			
Washington Township	2,374,999	84.44%	2,005,470
School Districts wholly within COTA	639,792,025	100.00%	639,792,025
School Districts with Overlapping:			
Canal Winchester Local S.D.	63,248,346	76.04%	48,092,693
Dublin City S.D.	182,306,182	79.80%	145,486,369
Hilliard City S.D.	166,455,745	100.00%	166,447,727
Licking Heights Local S.D.	57,894,017	55.10%	60,936,472
Olentangy Local S.D.	313,416,825	0.07%	227,574
Pickerington Local S.D.	157,879,130	1.27%	1,997,979
Plain Local S.D.	73,270,274	99.99%	73,264,809
South-Western City S.D.	110,594,989	99.85%	110,425,594
Teays Valley Local S.D.	38,969,830	0.09%	33,644
Westerville City S.D.	105,764,586	64.46%	68,171,280
Delaware County Joint Vocational S.D.	-	0.05%	-
Eastland Joint Vocational S.D.	-	61.81%	-
Licking County Joint Vocational S.D.	29,715,000	7.46%	2,217,336
Special District with Overlapping:			
Delaware County District Library	575,000	0.05%	261
New Albany/Plain Jnt Park District	4,304,992	99.99%	4,304,560
Total			$ 3,062,682,156

Source: Ohio Municipal Advisory Council database

Notes Percentage applicable to COTA equals the Franklin County value of the political subdivision divided by the total valuation. 2007 values are used.

CENTRAL OHIO TRANSIT AUTHORITY
Operating Statistics
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
SYSTEM RIDERSHIP										
Motor bus	18,326,115	18,790,187	18,742,704	18,388,361	16,193,336	15,626,090	14,543,962	14,625,379	14,841,320	14,787,666
Demand responsive	106,398	120,959	132,083	145,472	144,149	159,047	159,044	164,167	168,899	182,181
AVERAGE WEEKDAY SYSTEM RIDERSHIP										
Motor bus	62,410	64,152	64,195	62,727	55,388	53,564	49,524	50,035	50,649	503,737
Demand responsive	377	430	448	494	491	545	533	556	559	591
VEHICLE MILES OPERATED										
Motor bus	10,192,042	10,857,075	11,071,394	11,733,569	10,841,703	10,436,511	10,020,080	9,791,598	8,866,548	9,017,363
Demand responsive	1,612,679	1,657,429	1,972,276	2,261,162	2,300,019	2,425,583	2,390,622	2,503,071	2,425,008	2,499,539
AVERAGE WEEKDAY VEHICLE MILES OPERATED										
Motor bus	34,667	36,554	37,611	39,685	36,773	35,334	33,560	32,819	29,465	30,085
Demand responsive	5,648	5,812	6,815	7,658	7,827	8,211	7,938	8,452	8,001	8,229
REVENUE MILES										
Motor bus	8,323,748	8,837,544	8,976,194	9,613,569	8,969,438	8,673,312	8,270,619	8,026,651	7,157,710	7,292,170
Demand responsive	1,314,432	1,376,978	1,794,407	1,910,178	1,840,470	1,974,203	2,019,314	2,135,309	2,133,486	2,248,932
PASSENGER MILES										
Motor bus	73,676,286	77,630,395	74,871,624	73,620,822	66,760,008	59,179,326	48,218,184	58,685,850	59,508,735	56,130,167
Demand responsive	993,803	1,197,628	1,137,037	1,210,873	1,167,147	1,233,606	1,475,482	1,596,026	1,677,786	1,802,332

Source: The Authority's annual *National Transit Database Report*, filed with the Federal Transit Administration

(continued on next page)

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
VEHICLE HOURS OPERATED (1)										
Motor bus	727,710	793,260	806,190	838,841	776,011	759,778	714,525	692,438	623,987	635,828
Demand responsive	91,490	96,238	116,232	126,211	127,016	136,795	129,909	127,981	124,675	134,796
VEHICLE REVENUE HOURS (1)										
Motor bus	654,377	713,514	723,458	754,911	704,603	691,262	649,005	628,815	566,343	577,336
Demand responsive	79,515	83,043	100,346	108,908	103,217	112,263	110,153	109,141	106,225	116,211
DIESEL & BIODIESEL FUEL USAGE (IN GALLONS) (2)	2,511,320	2,818,479	2,539,085	2,780,251	2,665,189	2,607,032	2,460,343	2,496,363	2,092,315	2,396,400
FLEET REQUIREMENTS (DURING PEAK HOURS) (1)										
Motor bus	258	266	277	282	250	247	230	228	195	195
Demand responsive	32	36	36	36	38	43	43	47	46	46
TOTAL REVENUE VEHICLES DURING PERIOD (1)										
Motor bus	312	321	322	346	299	308	276	274	234	234
Demand responsive	38	43	43	43	43	58	58	57	55	60
NUMBER OF EMPLOYEES (1)	747	796	815	843	775	757	722	690	616	669

Source:

(1) The Authority's annual *National Transit Database Report*, filed with the Federal Transit Administration

(2) The Authority's Ohio Motor Fuel Tax Refund Claim for Transit Buses filed with the Ohio Department of Taxation

CENTRAL OHIO TRANSIT AUTHORITY
Fare Rate Structure
December 31, 2007

CASH OR TICKET FARES:		
Express	$	2.00
Local and crosstown		1.50
Project Mainstream ADA Trip (1)		2.25
Project Mainstream Non-ADA Trip (1)		3.00
COTA LINK (2)		0.50
Transfer		Free
DAY PASSES (3):		
Adult (4)	$	3.50
Human Service Agency (5)		3.00
Children over 48" and under 12 years old, Senior Discount Card (6), or Key Card (7)		1.75
Seven-Day Pass		18.00
MONTHLY PASSES:		
Express	$	62.00
Local		45.00
Project Mainstream (1)		70.00
Senior Discount Card (6), or Key Card (7)		22.00
SPECIAL FARES:		
Children over 48" and under 12 years old, Senior Discount Card (6), or Key Card (7)	$	0.75
Children under 48" tall		Free
All ADA Card (8) recipients on fixed-route bus service only		Free

(1) Door-to-door service on demand, in wheelchair lift-equipped paratransit mini-buses, for eligible disabled riders holding an "ADA" card. ADA Trips are defined as trips originating 3/4 of a mile or less from an existing fixed-route bus line that is in operation within the time of day and day of the week. All other trips are considered a Non-ADA Trip.

(2) Shuttle-type service available in the Linden area during weekdays only

(3) Good for unlimited travel on all local/crosstown routes from time of validation until midnight

(4) Additional $0.50 required for express service

(5) Distributed by approved nonprofit service agencies for use by their clientele

(6) Photo identification card, for riders aged 65 and over

(7) Photo identification card, for eligible disabled riders

(8) Photo identification card, for physically or mentally disabled riders eligible for Project Mainstream service

CENTRAL OHIO TRANSIT AUTHORITY

Demographic Statistics

Last Ten Fiscal Years

YEAR	POPULATION (1)		PER CAPITA INCOME (3)	MEDIAN AGE (4)		K - 12 SCHOOL ENROLLMENT (6)	UNEMPLOYMENT RATE (7)
1998	1,067,002		$29,425	32.9	(5)	166,618	2.5%
1999	1,079,204		$30,214	32.9		168,495	2.5%
2000	1,068,978	(2)	$31,908	32.5		170,708	2.4%
2001	1,071,524		$32,169	*		175,121	2.8%
2002	1,086,814	(2)	$33,294	*		175,391	4.4%
2003	1,088,944	(2)	$33,576	*		177,666	4.9%
2004	1,088,971	(3)	$34,664	*		185,678	5.4%
2005	1,112,880	(3)	$36,135	*		186,756	5.3%
2006	1,095,662		$37,492	*		188,737	4.9%
2007	1,153,932		*	34.5	(8)	189,072	4.7%

Note: All information presented is for Franklin County

* Information not available

Sources:

(1) Mid-Ohio Regional Planning Commission estimate for the year ended

(2) U. S. Department of Commerce - Bureau of the Census

(3) U. S. Department of Commerce - Bureau of Economic Analysis

(4) "Survey of Buying Power", special issue published annually by "Sales and Marketing Management" magazine

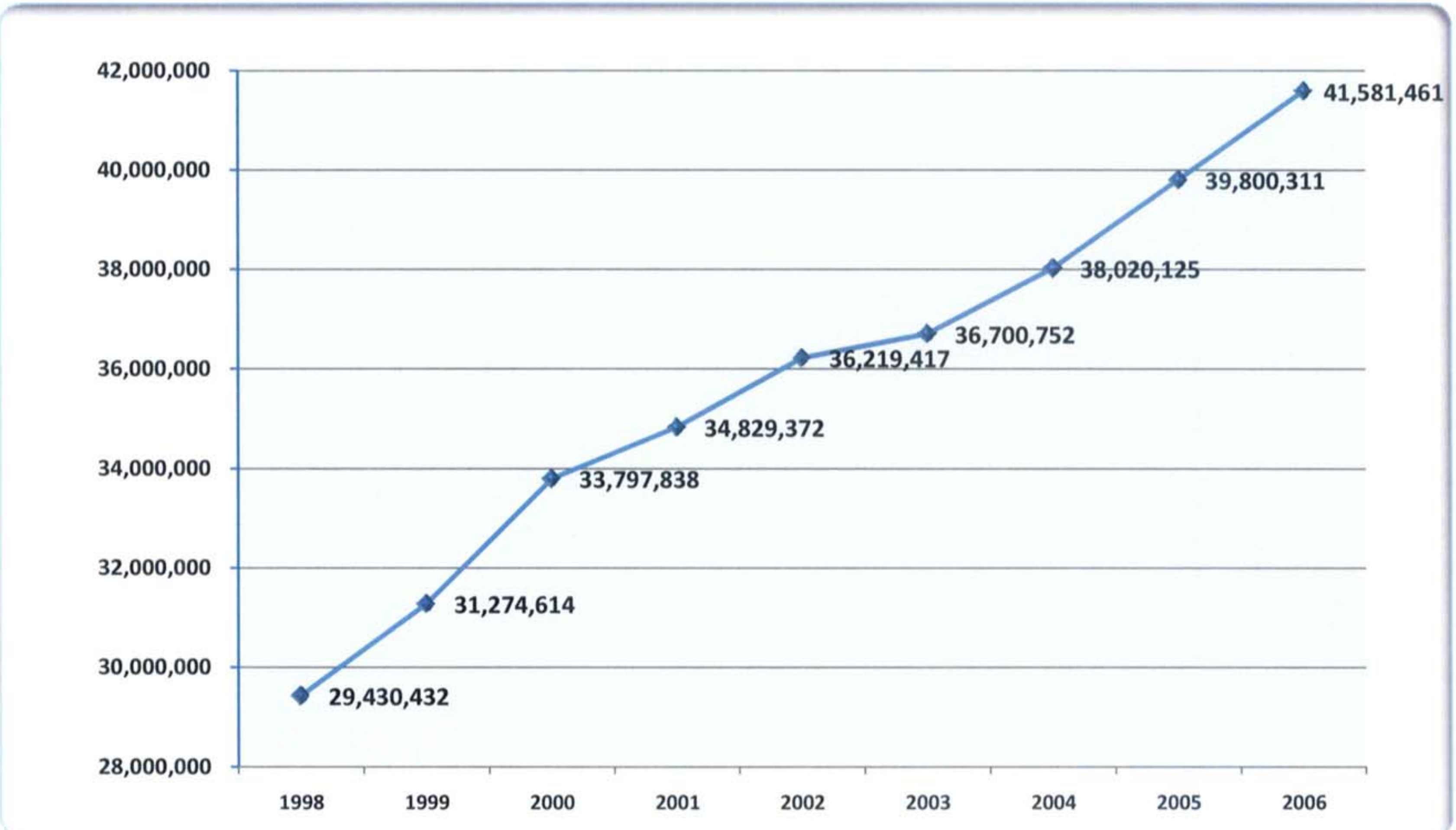
(5) "Sourcebook of County Demographics", 10th & 11th ed., published by CACI Marketing Systems, Arlington, VA

(6) Ohio Department of Education - Division of Information Management Services

(7) Ohio Department of Job and Family Services

(8) U.S. Census Bureau

CENTRAL OHIO TRANSIT AUTHORITY
PERSONAL INCOME OF FRANKLIN COUNTY, OHIO
1998 - 2006



CENTRAL OHIO TRANSIT AUTHORITY
COLUMBUS CHAMBER OF COMMERCE - FACT SHEET
GREATER COLUMBUS – 40 LARGEST EMPLOYERS, 2006

	Company/organization	Sector	Local full-time employment
1	The State of Ohio*	Government	26,613
2	The Ohio State University*	Government Education	19,919
3	United States Government/United States Postal Service[1]	Government	10,477
*	Defense Finance & Accounting Service Center	Government	2,400
*	Defense Supply Center	Government	2,269
4	JP Morgan Chase & Co	Financial Activities	14,276
5	Nationwide*	Financial Activities	11,834
6	OhioHealth*	Health Care	9,413
7	City of Columbus*	Government	8,106
8	Columbus Public Schools*	Government Education	7,432
9	Limited Brands*	Corp. Mgt/Retail Trade	7,200
10	Honda of America Manufacturing Inc.	Manufacturing	6,900
11	Wal-Mart Stores	Retail Trade	6,449
12	Franklin County*	Government	6,164
13	Mount Carmel Health*	Health Care	4,660
14	American Electric Power*	Utilities	4,128
15	Huntington Bancshares Inc.*	Financial Activities	4,000
16	Kroger Co.	Retail Trade	3,626
17	Children's Hospital Inc.*	Health Care	3,307
18	AT&T Ohio	Utilities	3,000
19	Battelle*	Professional Services	2,478
20	Medco Health Solutions Inc.	Health Care/Wholesale Trade	2,470
21	South-western City Schools	Government Education	2,454
22	Cardinal Health Inc.*	Health Care/Wholesale Trade	2,000
23	Dispatch Printing Co.*	Information	2,000
24	Ross Products, Div. of Abbott Labs*	Manufacturing	1,958
25	United Parcel Service	Transportation	1,898
26	State Farm	Financial Activities	1,893
27	Retail Ventures Inc.	Corp. Mgt/Retail Trade	1,892
28	Hilliard City Schools*	Government Education	1,852
29	Alliance Data Systems	Information	1,800
30	ARC Industries Inc.*	Manufacturing	1,800
31	Teleperformance	Professional and Business Services	1,797
32	Big Lots Inc.*	Corp. Mgt/Retail Trade	1,778
33	McDonalds Corp.*	Corp. Mgt/Retail Trade	1,755
34	Emerson Network Power/Liebert Corp.	Manufacturing	1,743
35	National City Corp.	Financial Activities	1,680
36	Dublin City Schools*	Government Education	1,600
37	TS Tech North America	Manufacturing	1,568
38	Westerville City Schools*	Government Education	1,532
39	Owens Corning	Manufacturing	1,531
40	NetJets	Transportation/Financial Activities	1,500

Notes: 1. Total includes subset branches/divisions shown below.
2. Source: U.S. Bureau of Labor Statistics. *Headquartered locally.

Source: *Business First of Columbus*, except where noted.

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

CLASSIFICATION	1998	1999	2000	1999	2001	2002	2003	2004	2005	2006	2007
VEHICLE OPERATIONS	486	535	527	535	538	494	488	469	451	394	450
VEHICLE MAINTENANCE	119	125	129	125	142	128	125	114	112	102	101
NON-VEHICLE MAINTENANCE	35	36	39	36	42	35	36	40	38	30	25
GENERAL ADMINISTRATION	107	100	120	100	121	118	98	99	89	90	93
TOTAL OPERATING LABOR	747	796	815	796	843	775	747	722	690	616	669
TOTAL CAPITAL LABOR	0	0	0	0	0	0	0	0	0	0	0
TOTAL LABOR	**747**	**796**	**815**	**796**	**843**	**775**	**747**	**722**	**690**	**616**	**669**

CENTRAL OHIO TRANSIT AUTHORITY

Miscellaneous Statistics

For the Year ended December 31, 2007

Date of creation of Authority by local county and municipal governments	February 17, 1971
Date of acquisition of assets of Columbus Transit Company (C.T.C.)	June 29, 1973
Date of commencement of Authority operations	January 1, 1974
Form of government	Board of Trustees, with fulltime President/CEO
Number of Trustees	13
County in which Authority operates	Franklin County and small portions of adjacent Delaware, Fairfield and Licking Counties, Ohio
Type of tax support	Service Area Sales Tax - 1/4% (permanent)
Size of Authority	562 square miles
Miles of route	936.8
Number of routes	53
Number of bus stop locations	4,255
Number of bus stop passenger shelters	376
Number of Park-and-Ride facilities	26
Parking capacity, all Park-and-Ride facilities	2,166 automobiles
Number of active fleet buses	234
Average bus vehicle age	7.47 years
Average fixed-route system speed	14.18 miles per hour
Average fixed-route system fuel economy	4.39 miles per gallon
Number of customer information calls received	1,011,319

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CENTRAL OHIO TRANSIT AUTHORITY
Columbus, Ohio

Mary Taylor, CPA
Auditor of State

CENTRAL OHIO TRANSIT AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 12, 2008

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