

# Central Ohio Transit Authority

Financial Statements for the Years Ended  
December 31, 2008 and 2007, and Reports Issued  
Pursuant to OMB Circular A-133 for the Year Ended  
December 31, 2008





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, 2008 through December 31, 2008. 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

November 13, 2009

**This Page is Intentionally Left Blank.**

# CENTRAL OHIO TRANSIT AUTHORITY

## TABLE OF CONTENTS

---

INDEPENDENT AUDITORS' REPORT .....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	2-11
FINANCIAL STATEMENTS AND NOTES THERETO FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 .....	12-31
REPORTS ON THE AUDIT OF FEDERAL GRANTS AND CONTRACTS:	
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 <i>Government Auditing Standards</i> .....	32-33
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	34-35
Schedule of Expenditures of Federal Awards Year Ended December 31, 2008 .....	36
Notes to Schedule of Expenditures of Federal Awards .....	37
Schedule of Findings and Questioned Costs .....	38-39

## INDEPENDENT AUDITORS' REPORT

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

We have audited the balance sheets of Central Ohio Transit Authority (the "Authority") as of December 31, 2008 and 2007, 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 audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control 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, 2008 and 2007, 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 2-11 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 required 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 17, 2009, 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 17, 2009

## **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, 2008. 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 \$136.5 million. These net assets result from the difference between total assets of \$149.1 million and total liabilities of \$12.5 million.
- The Authority's net assets increased by \$36.7 million in 2008 due to an increase in Sales Tax Revenue of \$44.9 million from the additional .25% ten year temporary levy. 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.
- Current assets of \$54.8 million primarily consist of non-board designated cash and cash equivalents of \$16 million; sales tax receivables of \$24.1 million, inventory of \$2.5 million, and Board designated assets of \$9.1 million.
- Current liabilities of \$11.4 million primarily consist of accrued payroll and fringe benefits of \$5.3 million, and accounts payable of \$3.3 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.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2008**

---

The Statements of Revenues, Expenses and Changes in Net Assets, on page 14, 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 15-16 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 17-31.

**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](http://www.COTA.com)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2008**

**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:

<u>Description</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Assets</b>			
Current Assets	\$ 45,788,059	\$ 31,342,953	\$ 29,145,271
Board Designated Assets (current)	9,059,642	3,822,846	3,401,490
Restricted Assets (current)	-	-	-
Total Current Assets	<u>54,847,701</u>	<u>35,165,799</u>	<u>32,546,761</u>
Board Designated Assets (non-current)	14,427,603	10,584,131	10,597,104
Capital Assets (net of accumulated depreciation)	79,797,680	64,712,680	61,349,114
Total Non-Current Assets	<u>94,225,283</u>	<u>75,296,811</u>	<u>71,946,218</u>
<b>Total Assets</b>	<b>149,072,984</b>	<b>110,462,610</b>	<b>104,492,979</b>
<b>Liabilities</b>			
Current Liabilities	11,382,503	9,756,679	10,760,880
Non-Current Liabilities	1,143,037	888,572	766,456
Total Liabilities	<u>12,525,540</u>	<u>10,645,251</u>	<u>11,527,336</u>
<b>Net Assets</b>			
Net Assets Invested in Capital Assets	79,797,680	64,712,680	61,349,114
Net Assets Restricted for Capital Assets	-	-	-
Net Assets Unrestricted	56,749,764	35,104,679	31,616,529
Total Net Assets	<u>\$ 136,547,444</u>	<u>\$ 99,817,359</u>	<u>\$ 92,965,643</u>

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, 2008 amounts to \$79.8 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 2008 was \$15.1 million.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2008**

---

Major capital asset events during 2008 included the following:

- Purchase of (40) heavy duty transit buses
- Purchase of Administration Building at 33 N. High Street
- Upgrade network servers
- Purchase of (60) new transit shelters

Contributions to construction in progress including the following projects:

- Construction of New Paratransit Facility
- Renovation of Fields Avenue Facility
- Renovations to Downtown Administrative Offices

Additional information on the Authority's capital assets can be found in Note 4 in the Notes to the Financial Statements located on pages 17-31.

The Authority's current assets at the end of 2008 are composed of cash and cash equivalents (35%), receivables (59%), inventory (5%), 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	2008	2007	2006
Transportation	\$ 45,197,904	\$ 39,534,403	\$ 38,352,438
Vehicle Maintenance	12,845,853	12,557,009	12,050,062
Facilities Maintenance	4,917,892	4,073,816	3,848,133
General & Administrative	15,172,404	13,616,182	13,469,858
Total	<u>\$ 78,134,053</u>	<u>\$ 69,781,410</u>	<u>\$ 67,720,491</u>

In accordance with NTDR guidelines, the 2008, 2007 and 2006 expenses include additional costs of \$44,953, \$34,751 and \$29,132 respectively, collected directly by the service provider from the Authority's customers for the Sedan Voucher Service for disabled passengers.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2008**

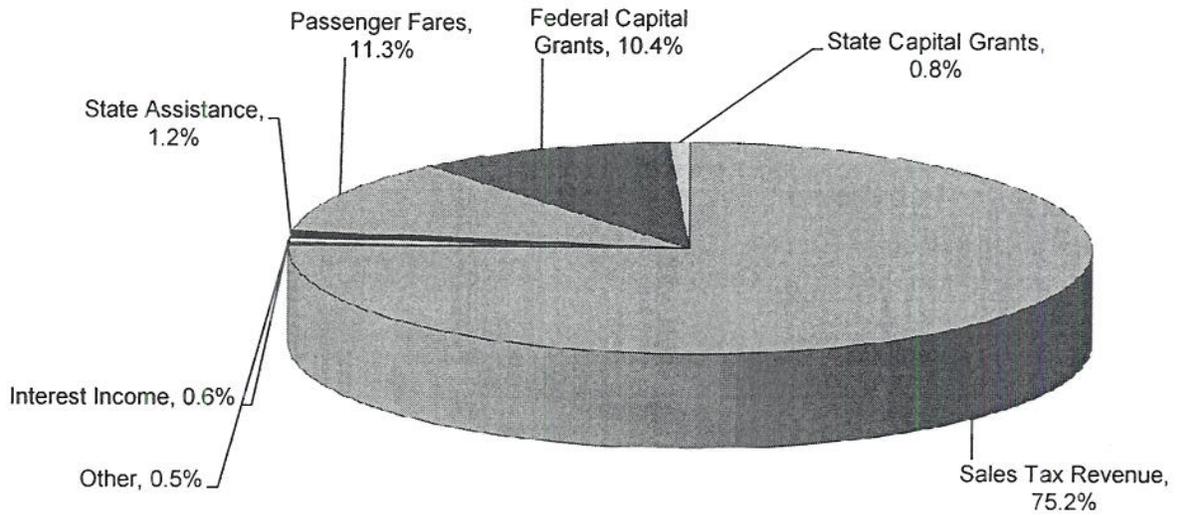
Condensed Summary of Revenues, Expenses and Changes in Net Assets:

Description	2008	2007	2006
Operating Revenues			
Passenger Fare Revenues	\$ 13,492,073	\$ 12,666,006	\$ 12,816,845
Special Services Revenue	486,200	390,960	359,886
Other: Auxiliary Transportation Revenues	64,408	237,929	243,138
Total Operating Revenues	<u>14,042,681</u>	<u>13,294,895</u>	<u>13,419,869</u>
Non-Operating Revenues			
Sales Tax Revenues	92,495,436	47,615,932	47,007,395
Federal Assistance	-	11,479,652	10,866,698
State Assistance	1,487,834	1,416,616	1,455,882
Investment Income	698,893	1,176,901	1,008,101
Non-transportation and Other Revenues	542,448	748,242	549,046
Total Non-Operating Revenues	<u>95,224,611</u>	<u>62,437,343</u>	<u>60,887,122</u>
Total Revenue before Capital Grants	<u>109,267,292</u>	<u>75,732,238</u>	<u>74,306,991</u>
Operating Expenses			
Labor	30,079,850	28,498,141	27,522,282
Fringe Benefits	18,929,623	18,334,414	18,476,176
Materials and Supplies	14,183,319	10,085,202	9,236,317
Purchased Transportation Services	6,070,681	5,015,657	4,608,078
Other Expenses	4,887,219	4,096,126	3,737,526
Other Expenses	4,200,217	3,737,395	4,110,980
Operating Expenses before Depreciation	<u>78,350,909</u>	<u>69,766,935</u>	<u>67,691,359</u>
Depreciation Expense	7,938,258	8,227,145	8,564,858
Total Operating Expenses	<u>86,289,167</u>	<u>77,994,080</u>	<u>76,256,217</u>
Gain (Loss) before Capital Grants and Special Item	<u>22,978,125</u>	<u>(2,261,842)</u>	<u>(1,949,226)</u>
Capital Grant Revenues:			
Federal	12,752,628	7,923,838	3,215,213
State	999,332	2,136,637	1,608,175
Other	-	-	7,156
Total Capital Grant Revenues	<u>13,751,960</u>	<u>10,060,475</u>	<u>4,830,544</u>
Special Item: Loss on Transfer of Assets	-	-	(665,492)
Special Item: Loss on Project Impairment	-	(946,917)	(17,471,064)
Total Special Item	<u>-</u>	<u>(946,917)</u>	<u>(18,136,556)</u>
Change in Net Assets during the Year	36,730,085	6,851,716	(15,255,238)
Net Assets, Beginning of Year	99,817,359	92,965,643	108,220,881
Net Assets, End of Year	<u>\$ 136,547,444</u>	<u>\$ 99,817,359</u>	<u>\$ 92,965,643</u>

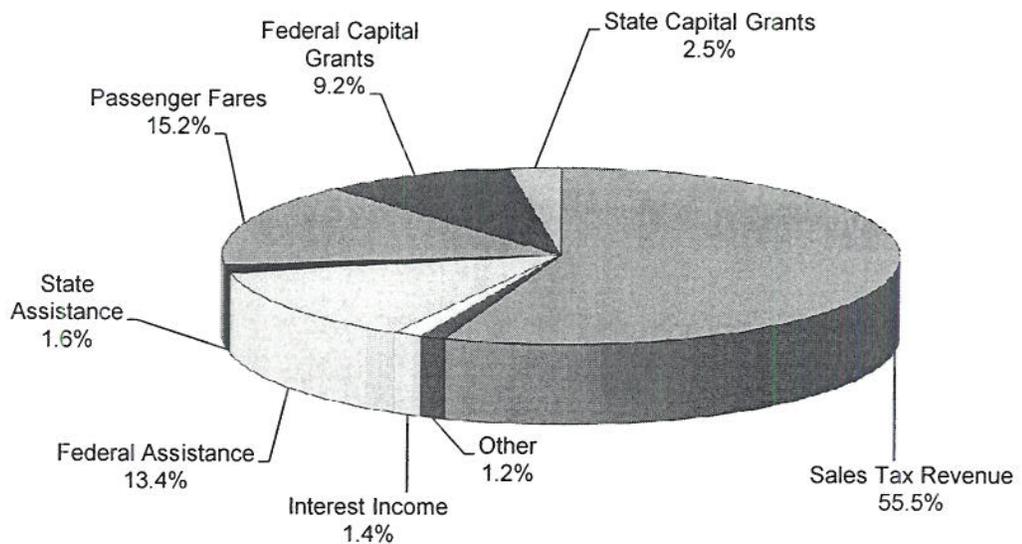
# CENTRAL OHIO TRANSIT AUTHORITY

## Revenues by Source

**2008 Total Revenues**  
**\$123,019,252**



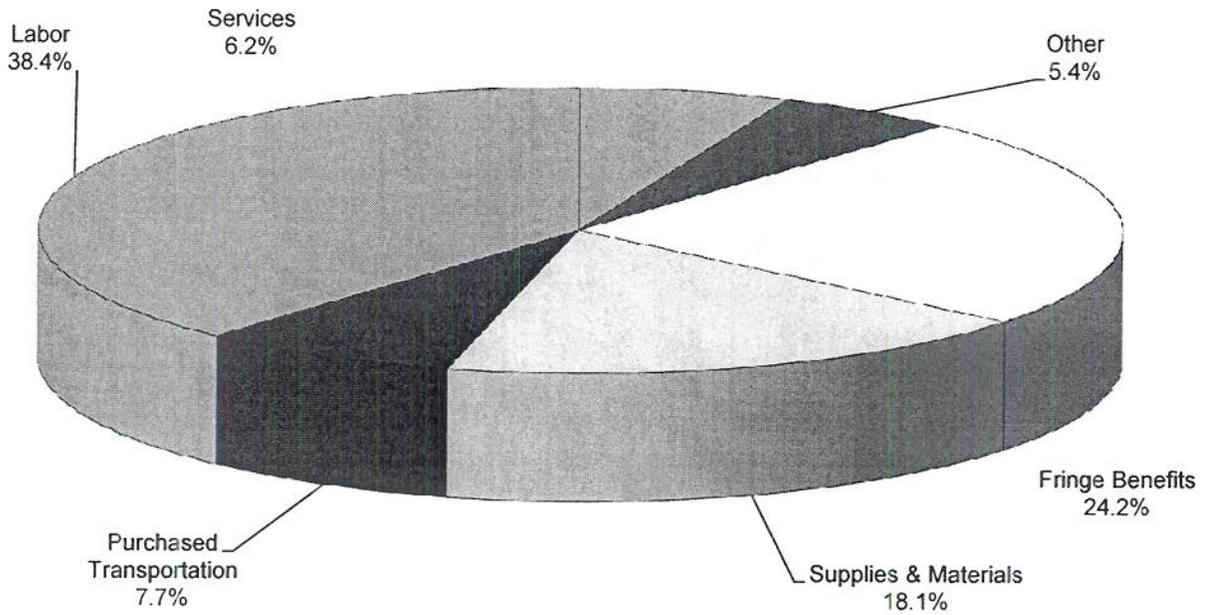
**2007 Total Revenues**  
**\$85,792,713**



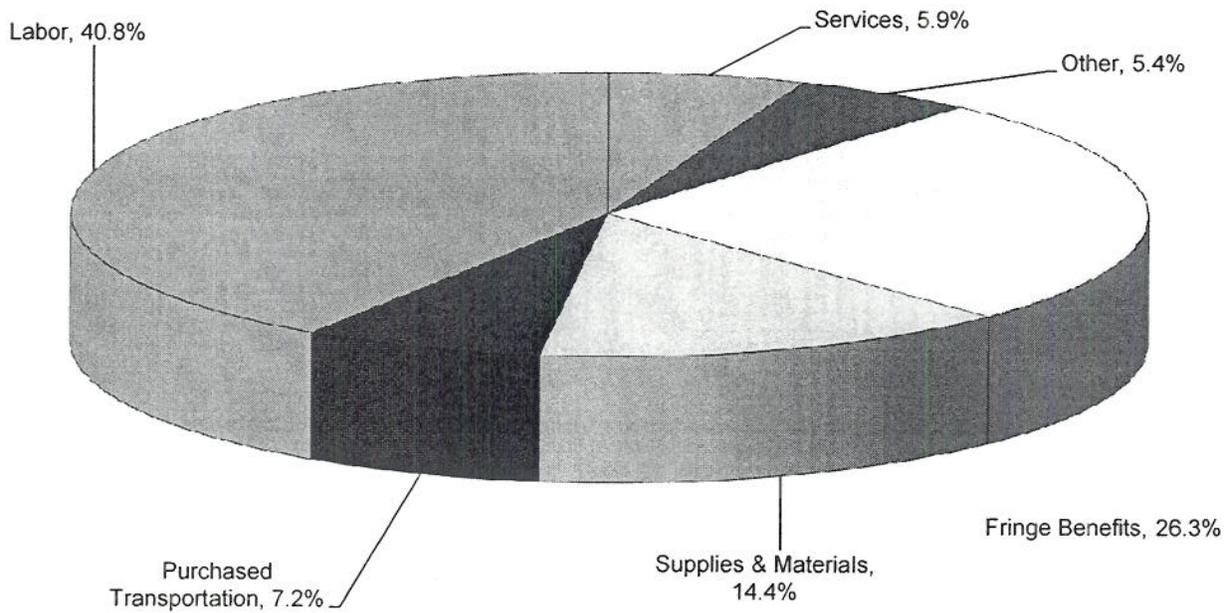
# CENTRAL OHIO TRANSIT AUTHORITY

Expense by Object Class  
(Excluding Depreciation)

2008 Total Expenses  
\$78,350,909



2007 Total Expenses  
\$69,766,935



# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Year Ended December 31, 2008

---

#### 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 2008 increase is due to an increase in ridership. 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 a temporary ¼% sales tax levy approved by voters in November 2006 applicable to the Authority's service area for a ten year period. The 2008 increase is due to the additional ¼% which the Authority began collecting in April, 2008. 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.

**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 21<sup>st</sup> 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 amount designated for Section 5307 funds was increased in 2008, therefore increasing the share allocated to the Authority which was used to purchase heavy duty transit vehicles. In 2008, the Authority did not use its Section 5307 funds for capitalized maintenance. In 2007 and 2006, the Authority 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.

**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 amount designated for Section 5307 funds was increased in 2008, therefore increasing the share allocated to the Authority by almost 6% which was used to purchase heavy duty transit vehicles. 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.

**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 2008 and 2007. In 2007, due to 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 over 2005 was due primarily to an increase in overall elderly and disabled passenger fare assistance program.

## CENTRAL OHIO TRANSIT AUTHORITY Management's Discussion and Analysis Year Ended December 31, 2008

---

**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. Due to the State's strained financial capacity, less grants were awarded in 2008 in comparison to 2007. 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.

**Investment Income** is earned on invested funds. Cash balances in 2008 were higher than the previous year, but a decline in the interest rate, reduced interest income over prior years. In 2007, the investment income is higher due to higher cash balances. The 2006 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 the external bus advertising portion of the program going forward resulting in reduced advertising revenue in 2008. Non-transportation revenues include other miscellaneous income items such as rent income which continued to increase in 2008 due to the acquisition of property which is partially rented. The increase in 2007 over 2006 was due to full occupancy in COTA's Near East transit center and Easton Daycare. In 2008, the gain on sale of fixed assets was offset against the loss from the sale of fixed assets. 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). An increase in 2008 of 5.5% was driven by contractual increases for the represented employees and merit increases for administrative employees. 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.

**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 14% 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.

## CENTRAL OHIO TRANSIT AUTHORITY Management's Discussion and Analysis Year Ended December 31, 2008

---

**Materials and Supplies** include the Authority's diesel fuel expense and parts used in the maintenance of buses and facilities. Consistent with previous years, the Authority experienced significant increases in the price of diesel fuel in 2008. In addition, costs increased in regards to materials and supplies associated with vehicle maintenance. 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.

**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). The Authority experienced an unprecedented increase in ridership during 2008 driving a 21% increase in purchased transportation expense over 2007. 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%.

**Services** are provided by outside contractors to the Authority for a wide variety of professional, technical, consulting and maintenance needs. In 2008, services increased by 19% mainly driven by a "like-new" bus painting program done on (38) 1995 revenue vehicles. 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 2008, there was an increase of 12% in other expense driven by increasing utility rates and property taxes. 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 2006, leases and rental expense included the downtown COTA Connection customer service center, 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 2008 Financial Results

COTA's financial results for the year ending 2008, demonstrate a continued trend of improvement and financial stability. As collections began on the additional ¼% sales tax revenue in April 2008, the additional \$44.8 million received in 2008, allowed the Authority to fund in full or match Federal and State grant programs in order to begin major facility renovations, construction of a new paratransit facility and continued revenue vehicle replacement. Despite the recent down turn in the economy including historic increases in fuel costs, the Authority has a balanced budget and a strong financial position substantiated by a \$36.7 million increase to net assets.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Balance Sheets**  
**December 31, 2008 and 2007**

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents.....	\$ 15,955,423	\$ 13,117,239
Receivables:		
Sales tax.....	24,125,773	13,107,164
Federal capital grants receivable.....	1,479,515	317,914
Federal operating assistance.....	-	397,302
State capital grants receivable.....	-	118,702
Other.....	1,181,372	1,082,518
Inventory of materials and supplies.....	2,515,734	2,751,701
Other.....	530,242	450,413
Total.....	<u>45,788,059</u>	<u>31,342,953</u>
Board designated:		
Cash and cash equivalents - capital grants.....	8,297,161	3,010,236
Cash and cash equivalents - self insurance.....	762,481	812,610
Total.....	<u>9,059,642</u>	<u>3,822,846</u>
Total current assets.....	<u>54,847,701</u>	<u>35,165,799</u>
<b>NON-CURRENT ASSETS:</b>		
Board designated:		
Cash and cash equivalents - self insurance.....	14,427,603	10,584,131
Property and equipment		
Cost.....	174,738,802	164,053,873
Less accumulated depreciation.....	<u>(94,941,122)</u>	<u>(99,341,193)</u>
Total.....	<u>79,797,680</u>	<u>64,712,680</u>
Total non-current assets.....	<u>94,225,283</u>	<u>75,296,811</u>
TOTAL ASSETS.....	<u>\$ 149,072,984</u>	<u>\$ 110,462,610</u>

See notes to financial statements.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Balance Sheets (continued)**  
**December 31, 2008 and 2007**

<u>LIABILITIES AND NET ASSETS</u>	<u>2008</u>	<u>2007</u>
<b>CURRENT LIABILITIES:</b>		
Accrued payroll and fringe benefits.....	\$ 5,284,943	\$ 4,947,709
Accounts payable.....	3,254,167	1,916,258
Accrued payroll taxes.....	655,662	620,771
Estimated workers compensation claims.....	428,141	429,513
Estimated claims payable .....	334,340	383,097
Other current liabilities.....	1,425,250	1,459,331
Total current liabilities.....	<u>11,382,503</u>	<u>9,756,679</u>
<b>NON-CURRENT LIABILITIES:</b>		
Accrued fringe benefits.....	641,746	508,697
Deferred revenue lease property.....	9,256	23,140
Estimated workers compensation claims.....	314,485	231,485
Estimated claims payable .....	177,550	125,250
Total non-current liabilities.....	<u>1,143,037</u>	<u>888,572</u>
<b>TOTAL LIABILITIES.....</b>	<u>12,525,540</u>	<u>10,645,251</u>
<b>NET ASSETS:</b>		
Invested in capital assets.....	79,797,680	64,712,680
Unrestricted.....	56,749,764	35,104,679
<b>TOTAL NET ASSETS.....</b>	<u>136,547,444</u>	<u>99,817,359</u>
<b>TOTAL LIABILITIES AND NET ASSETS.....</b>	<u>\$ 149,072,984</u>	<u>\$ 110,462,610</u>

See notes to financial statements.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**Years ended December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>OPERATING REVENUES:</b>		
Passenger fares for transit service.....	\$ 13,492,073	\$ 12,666,006
Special transit fares.....	486,200	390,960
Auxiliary transportation revenue.....	64,408	237,929
Total.....	<u>14,042,681</u>	<u>13,294,895</u>
<b>OPERATING EXPENSES OTHER THAN DEPRECIATION:</b>		
Labor.....	30,079,850	28,498,141
Fringe benefits.....	18,929,623	18,334,414
Materials and supplies.....	14,183,319	10,085,202
Purchased transportation.....	6,070,681	5,015,657
Services.....	4,887,219	4,096,126
Utilities.....	1,711,373	1,501,736
Taxes.....	817,434	766,222
Leases and rentals .....	223,095	208,838
Claims and insurance, net of settlements.....	508,536	674,845
Advertising.....	146,647	99,638
Miscellaneous.....	793,132	486,116
Total.....	<u>78,350,909</u>	<u>69,766,935</u>
DEPRECIATION.....	<u>7,938,258</u>	<u>8,227,145</u>
Total operating expenses.....	<u>86,289,167</u>	<u>77,994,080</u>
OPERATING LOSS.....	<u>(72,246,486)</u>	<u>(64,699,185)</u>
<b>NON-OPERATING REVENUES/EXPENSE:</b>		
Sales tax revenues.....	92,495,436	47,615,932
Federal operating grants and reimbursements .....	-	11,479,652
State operating grants, reimbursements and special fare assistance .....	1,487,834	1,416,616
Investment income.....	698,893	1,176,901
Nontransportation and other revenue.....	650,069	748,242
(Loss) on sale of fixed assets.....	(107,621)	-
Total.....	<u>95,224,611</u>	<u>62,437,343</u>
Gain (Loss) before capital grants & special item.....	<u>22,978,125</u>	<u>(2,261,842)</u>
<b>CAPITAL GRANT REVENUES:</b>		
Federal .....	12,752,628	7,923,838
State .....	999,332	2,136,637
Other .....	-	-
Total .....	<u>13,751,960</u>	<u>10,060,475</u>
<b>SPECIAL ITEM -</b>		
Loss on project impairment.....	-	(946,917)
Total .....	<u>-</u>	<u>(946,917)</u>
CHANGES IN NET ASSETS	36,730,085	6,851,716
NET ASSETS, BEGINNING OF YEAR.....	<u>99,817,359</u>	<u>92,965,643</u>
NET ASSETS, END OF YEAR.....	<u>\$ 136,547,444</u>	<u>\$ 99,817,359</u>

See notes to financial statements.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Cash Flows**  
**Years ended December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers.....	\$ 13,978,268	\$ 13,056,965
Cash payments to suppliers for goods and services.....	(28,258,209)	(22,378,551)
Cash payments to employees for services.....	(29,650,304)	(28,300,882)
Cash payments for employees benefits.....	(18,807,257)	(18,360,243)
Cash payments for casualty and liability.....	(471,505)	(1,513,709)
Other receipts.....	615,623	348,626
Net cash used in operating activities.....	<u>(62,593,384)</u>	<u>(57,147,794)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Sales taxes received.....	81,476,827	47,244,487
Federal operating assistance received.....	397,302	11,126,568
State operating and other assistance received.....	1,487,834	1,416,616
Net cash provided by non-capital financing activities.....	<u>83,361,963</u>	<u>59,787,671</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Federal capital grants received.....	11,591,027	7,679,186
State capital grants received.....	1,118,034	2,234,117
Acquisition and construction of fixed assets.....	(22,407,326)	(12,546,371)
Proceeds from sale of fixed assets.....	149,245	63,130
Net cash provided by (used in) capital and related financing activities.....	<u>(9,549,020)</u>	<u>(2,569,938)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received from investments.....	698,893	1,176,901
Net cash provided by investing activities.....	<u>698,893</u>	<u>1,176,901</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>11,918,452</b>	<b>1,246,840</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....</b>	<b><u>27,524,216</u></b>	<b><u>26,277,376</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR.....</b>	<b><u>\$ 39,442,668</u></b>	<b><u>\$ 27,524,216</u></b>

See notes to financial statements.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Cash Flows (continued)**  
**Years ended December 31, 2008 and 2007**

	2008	2007
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating Loss.....	\$ (72,246,486)	\$ (64,699,185)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation.....	7,938,258	8,227,145
Inventory obsolescence reserve adjustments.....	(14,903)	(163,456)
Deferred revenue.....	(13,884)	(13,884)
Other receipts.....	650,069	748,242
Change in assets and liabilities:		
Increase in other receivables.....	(98,854)	(637,545)
(Increase) decrease in materials and supplies inventory.....	250,870	(260,303)
(Increase) decrease in other assets.....	(79,829)	573,780
Increase (decrease) in accounts payable, accrued compensation, self-insurance liabilities and other.....	1,021,375	(922,588)
Net cash used in operating activities.....	\$ (62,593,384)	\$ (57,147,794)
 <b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY</b>		
Property purchases in accounts payable	\$ 976,396	\$ 103,598

See notes to financial statements.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

**(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 2008 and 2007.

The Authority is governed by a 13-member Board of Trustees; seven (7) members are appointed by the Mayor of Columbus; two (2) members are appointed by the Franklin County Commissioners; and four (4) members are appointed on a rotating basis by the cities of Bexley, Dublin, Gahanna, Grandview Heights, Grove City, Hilliard, Reynoldsburg, Upper Arlington, Westerville, Whitehall and Worthington.

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

---

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

***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)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

***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 fuel 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)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

***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 if the net book value of the asset exceeds \$5,000 at the time of disposal. 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; and if not replaced, 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 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:

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

---

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

***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 8). 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. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates. Non-current accrued fringe benefits are estimated based on the average vacation and sick expense from the previous five years.

	<u>Current</u>	<u>Non-current</u>
Compensated Absences Liability December 31, 2006	\$ 3,477,528	\$ 409,675
Vacation & Sick Liability Earned	3,306,191	99,022
Vacation & Sick Liability Paid	<u>(3,397,679)</u>	<u>-</u>
Compensated Absences Liability December 31, 2007	\$ 3,386,040	\$ 508,697
Vacation & Sick Liability Earned	3,303,615	133,049
Vacation & Sick Liability Paid	<u>(3,395,926)</u>	<u>-</u>
Compensated Absences Liability December 31, 2008	<u>\$ 3,293,729</u>	<u>\$ 641,746</u>

Payment of vacation and sick leave is dependent on many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and sick leave when such payments become due.

***Passenger Fares***

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

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

***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.

***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 2008 will be recognized as revenue in 2008. 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 is effective for the Authority for periods beginning after December 15, 2007. The Authority has determined that this statement has no 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 impact on its financial statements.

In May, 2007, GASB issued Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and No. 27*. The Authority has included disclosure of post retirement health care obligations in Note 9 - Pension Plan.

---

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

***New Accounting Pronouncements (continued)***

Lastly, in June, 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* which becomes effective for the Authority in fiscal year 2010. The Authority is in the process of determining the impact to the financial statements.

**(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, 2008 and 2007.

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)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

***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, 2008, the carrying amount of the Authority's deposits with financial institutions was \$2,731,096 and the bank balance was \$3,618,833. The difference results from outstanding checks. Based on criteria as described in GASB Statement No. 40, "*Deposit and Investment Risk Disclosure*", as of December 31, 2008, \$250,000 was covered by Federal Deposit Insurance. The \$3,368,833 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 \$4,650 of cash on hand

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

***Investments and Other Deposits***

As of December 31, 2008 and 2007, the Authority held equity of \$36,706,922 and \$22,032,354 respectively, in the STAR Ohio investment pool. As of March 2009, 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)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

**(4) Commitments**

The Authority has several active construction projects as of December 31, 2008. The projects include the renovation of the maintenance facility located at 1333 Fields Avenue, the construction of a new Para Transit Facility, as well as a contractual obligation to purchase heavy duty revenue vehicles. At year-end, the Authority's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Construction of Para-Transit Facility	\$ 1,087,638	\$ 2,819,302
Renovation of Fields Ave Facility	1,204,522	14,566,565
CAD/AVL System Replacement	100,030	224,517
(18) New Para-Transit Vehicles	-	977,382
Bus Lift Replacement	368,775	2,104,951
(7) New Hybrid Non-Revenue Vehicles	-	170,142
(40) New Transit Buses	-	13,426,399
Total	<u>\$ 2,760,965</u>	<u>\$ 34,289,258</u>

**(5) Capital Assets**

Capital asset activities for the years ended December 31, 2008 and 2007 are as follow:

	January 1, 2008	Additions	Disposals	Transfers	December 31, 2008
Capital Assets Not Being Depreciated:					
Land	\$ 5,448,908	\$ 5,985	\$ (500)	\$ -	\$ 5,454,393
CIP	790,172	3,500,883	-	-	4,291,055
Total	<u>6,239,080</u>	<u>3,506,868</u>	<u>(500)</u>	<u>-</u>	<u>9,745,448</u>
Capital Assets Being Depreciated:					
Land and leasehold improvements	8,837,897	-	(72,417)	-	8,765,480
Building and improvements	46,215,112	4,598,851	(424,377)	-	50,389,586
Revenue vehicles	74,513,234	13,084,551	(7,124,292)	-	80,473,493
Transit shelter	2,288,816	256,296	(1,076,648)	-	1,468,464
Other equipment	25,959,734	1,833,558	(3,896,961)	-	23,896,331
Total	<u>157,814,793</u>	<u>19,773,256</u>	<u>(12,594,695)</u>	<u>-</u>	<u>164,993,354</u>
Less Accumulated Depreciation:					
Land and leasehold improvements	(7,250,388)	(376,190)	55,706	-	(7,570,872)
Building and improvements	(20,297,445)	(1,518,082)	281,479	-	(21,534,048)
Revenue vehicles	(47,168,319)	(4,612,225)	7,049,350	-	(44,731,194)
Transit shelter	(1,603,191)	(128,795)	1,076,648	-	(655,338)
Other equipment	(23,021,850)	(1,302,966)	3,875,146	-	(20,449,670)
Total	<u>(99,341,193)</u>	<u>(7,938,258)</u>	<u>12,338,329</u>	<u>-</u>	<u>(94,941,122)</u>
Total Capital Assets Being Depreciated, Net	<u>58,473,600</u>	<u>11,834,998</u>	<u>(256,366)</u>	<u>-</u>	<u>70,052,232</u>
Total Capital Assets, Net	<u>\$ 64,712,680</u>	<u>\$ 15,341,866</u>	<u>\$ (256,866)</u>	<u>\$ -</u>	<u>\$ 79,797,680</u>

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

**(5) Capital Assets (continued)**

	January 1, 2007	Additions	Disposals	Transfers	December 31, 2007
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 5,448,906	\$ -	\$ -	\$ 2	\$ 5,448,908
CIP	2,231,236	247,676	(20,000)	(1,668,740)	790,172
<b>Total</b>	<b>7,680,142</b>	<b>247,676</b>	<b>(20,000)</b>	<b>(1,668,738)</b>	<b>6,239,080</b>
<b>Capital Assets Being Depreciated:</b>					
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
<b>Total</b>	<b>149,874,114</b>	<b>12,298,698</b>	<b>(6,026,757)</b>	<b>1,668,738</b>	<b>157,814,793</b>
<b>Less Accumulated Depreciation:</b>					
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)
<b>Total</b>	<b>(96,206,142)</b>	<b>(8,215,209)</b>	<b>5,080,158</b>	<b>-</b>	<b>(99,341,193)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>53,667,972</b>	<b>4,083,489</b>	<b>(946,599)</b>	<b>1,668,738</b>	<b>58,473,600</b>
<b>Total Capital Assets, Net</b>	<b>\$ 61,348,114</b>	<b>\$ 4,331,165</b>	<b>\$ (966,599)</b>	<b>\$ -</b>	<b>\$ 64,712,680</b>

**(6) Leases**

COTA leases certain property and office equipment under operating leases. Rental expense for all operating leases was \$298,136 in 2008 and \$221,902 in 2007. Total minimum lease payments for 2009 are \$22,067 with no lease obligations existing after 2009.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

**(7) 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, 2008 and 2007, consist of the following:

	2008	2007
Federal:		
FTA Operating Assistance	\$ -	\$ 11,479,652
FTA Capital Assistance	12,752,628	7,923,838
Total	\$ 12,752,628	\$ 19,403,490
State:		
ODOT Elderly and Disabled Fare Assistance	\$ 766,168	\$ 766,168
ODOT Fuel Tax Reimbursement	721,666	647,028
ODOT Capital Assistance	999,332	2,136,637
Other Local Operating Assistance	-	3,420
Total	\$ 2,487,166	\$ 3,553,253

**(8) 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 \$511,890 at December 31, 2008, and \$508,347 at December 31, 2007, are included in estimated claims payable in the accompanying balance sheets. At December 31, 2008, and 2007, \$15,190,084 and \$11,396,741, respectively, were designated 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 remaining liability for all such claims occurring since July 1, 1998, is \$742,626 at December 31, 2008, and is included as a liability in the accompanying balance sheet.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

**(8) 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, 2008 and 2007 follows:

	<u>General Liability</u>	<u>Workers' Compensation</u>
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
Incurred claims, net of favorable settlements	475,048	644,228
Claims paid	(471,505)	(562,600)
Claims liability at December 31, 2008	<u>\$ 511,890</u>	<u>\$ 742,626</u>

There were no changes to the above policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding reserves. The amount of general liability and workers' compensation reserve expected to be paid within one year is \$334,340 and \$428,141, respectively.

**(9) 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 2008 member and employer contribution rates were consistent across all three plans. The 2008 member contribution rates were 10.0% of their annual covered salary and COTA is required to contribute an actuarially determined rate. In 2008, the employer contribution rate for local employers was 14% of annual covered payroll. In 2007, the employer contribution rate for local employers was 13.85% of annual covered payroll.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

**(9) Pension Plan (continued)**

The Authority's contributions to OPERS for the years ending December 31, 2008, 2007, and 2006 were approximately \$4,841,000, \$4,513,000, and \$4,390,000 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, 2007. 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 2007 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 increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 4.00% for the next 7 years. In subsequent years, (8 and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

OPEB is advance funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2007 was \$12.8 billion. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at \$29.8 billion and \$17.0 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 following information pertaining to other post employment benefits for health care costs is provided to assist the authority in complying with GASB Statement No. 45 and 50. 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)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

**(9) 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 2008 employer contribution rate for local employers was 14% of annual covered payroll. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. 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. COTA's contributions actually made to fund post-employment benefits totaled \$2,421,000 in 2008, \$1,792,000 in 2007, \$1,282,000 in 2006.

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.

**(10) 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, 2008, 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)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

**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, 2008, 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 grantor 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 grantor must refund FTA's un-depreciated basis in assets disposed with a net book value greater than \$5,000.

**11) Special Item – Loss on project impairment**

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.

---

(continued)

## **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 years ended December 31, 2008 and 2007, and have issued our report thereon dated June 17, 2009. 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 accounting principles generally accepted in the United States of America 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*.

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 17, 2009

## **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, 2008. 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, 2008.

### **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 compliance requirement 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 17, 2009

# CENTRAL OHIO TRANSIT AUTHORITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2008

Grantor/Title:	CFDA #	Grant #	Total Grants Recognized
<b>Federal Transit Cluster</b>			
U.S. Department of Transportation—			
Federal Transit Administration (FTA):			
Direct Urbanized Area Formula Program			
and Capital Grants—			
	20.500	OH-03-0202	\$ 1,104,919
	20.500	OH-03-0213	67,793
	20.500	OH-03-0229	2,714
	20.500	OH-03-0298	47,083
	20.500	OH-03-0299	446,149
	20.507	OH-90-X304	540,926
	20.507	OH-90-X366	1,664,173
	20.507	OH-90-X487	106,063
	20.507	OH-90-X522	(36,812)
	20.507	OH-90-X525	1,148,004
	20.507	OH-90-X539	40,768
	20.507	OH-90-X599	307,708
	20.507	OH-90-X627	4,100,535
	20.507	OH-95-X021	2,265,856
Total Federal Transit Cluster			<u>11,805,879</u>
<b>Transit Service Program</b>			
Job Access - Reverse Commute Program			
	20.516	OH-37-X029	48,722
	20.516	OH-37-X034	249,149
	20.516	OH-37-X045	95,789
	20.516	OH-37-X057	31,338
Total Transit Services Program Cluster			<u>424,998</u>
<b>Highway Planning and Construction Cluster</b>			
	20.205	OH-26-7004	8,778
Total Federal Financial Assistance			<u>\$ 12,239,655</u>

# CENTRAL OHIO TRANSIT AUTHORITY

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2008

---

### 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, 2008

---

### Part I—Summary of Auditors' Results

#### Financial Statements

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

#### Federal Awards

Internal control over major programs: Material weakness(es) identified?	<u>    </u>	Yes	<u>  X  </u> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>    </u>	Yes	<u>  X  </u> 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))?	<u>    </u>	Yes	<u>  X  </u> 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	\$ 368,319
Auditee qualified as low-risk auditee?	<u>  X  </u> Yes <u>    </u> No

# CENTRAL OHIO TRANSIT AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2008 (Concluded)

---

### 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

No matters are reportable.

### Part IV – Summary of Prior Audit Finding

<u>Number</u>	<u>Finding</u>	<u>Status</u>	<u>Contact</u>
2000-01	Over-reimbursement from incorrect health insurance payments to third party.	Corrected	Marion White

# Central Ohio Transit Authority

Independent Accountants' Report on  
Information Reported to the Federal Transit  
Administration for the Years Ended  
December 31, 2008 and 2007

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees  
Central Ohio Transit Authority  
Columbus, Ohio

We have performed the applicable procedures enumerated in the Federal Funding Allocation Statistics Form (901), which were agreed to by the Central Ohio Transit Authority (the "Authority") and the Federal Transit Administration (FTA), solely to assist you in complying with the reporting requirements of the Declarations section of the *2008 Reporting Manual*, for the year ended December 31, 2008. Management of the Authority is responsible for compliance with the requirements of the *Uniform System of Accounts and Records and Reporting System, Final Rule*, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the *2008 Reporting Manual*. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Authority and the FTA. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached appendix either for the purpose for which this report has been requested or for any other purpose.

The FTA has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics Form ("FFA-10") of the Authority's annual National Transit Database (NTD) report:

- A system is in place and maintained for recording data in accordance with NTD definitions. The correct data is being measured and no systematic errors exist.
- A system is in place to record data on a continuing basis and the data gathering is an ongoing effort.
- Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following the FTA's receipt of the NTD report. The data is fully documented and securely stored.
- A system of internal controls is in place to ensure the accuracy of the data collection process and that the recording system and reported amounts are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by the FTA or meet FTA requirements.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles data, are properly calculated.
- Data is consistent with prior reporting periods and other facts known about the Authority's operations.

The procedures were applied separately to each of the information systems used to develop the reported vehicle revenue miles, passenger miles, and operating expenses of the Authority for the fiscal years ended December 31, 2008 and 2007, for each of the following modes:

- Motor Bus — directly operated
- Demand Response — purchased transportation

This report relates only to the information described above and does not extend to the Authority's financial statements taken as a whole, or the forms in the Authority's NTD report, other than the Federal Funding Allocation Statistics Form (FFA-10), for any date or period.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the Authority's compliance with the requirements of the *Uniform System of Accounts and Records and Reporting System, Final Rule*, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the *2008 Reporting Manual* for the years ended December 31, 2008 and 2007. Accordingly, we do not express such an opinion. Also, we do not express an opinion on the Authority's system of internal control taken as a whole. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Authority's management, the Auditor of State of Ohio and federal agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

June 17, 2009

## SECTION 9 CERTIFICATION — AGREED-UPON PROCEDURES

The results of the agreed-upon procedures performed in conjunction with the requirements of the *Uniform System of Accounts and Records and Reporting System, Final Rule*, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the *2008 Reporting Manual*, are identified below.

### Step

- a. Inquired of the Authority's procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the *2008 Reporting Manual*, with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data.
- b. Inquired of the Authority's procedures with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data to determine:
  - The extent to which the Authority followed the procedures on a continuous basis, and
  - Whether the procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the *2008 Reporting Manual*.
- c. Inquired of the Authority's Strategic Budget Analyst concerning the retention policy that is followed by the Authority with respect to source documents (Section 15 Survey, Service Changes Report, Pullout Summary Report, Special Service Mileage Report, Total Vehicle Miles Report, Time and Miles by Line Report, DRS Vehicle Trip Sheet, and Daily Summary Report) supporting the NTD data reported on the Federal Funding Allocation Statistics Form ("FFA-10").
- d. Based on a description of the Authority's procedures obtained in Items a. and b. above, identified all the source documents (Section 15 Survey, Service Changes Report, Pullout Summary Report, Special Service Mileage Report, Total Vehicle Miles Report, Time and Miles by Line Report, DRS Vehicle Trip Sheet, and Daily Summary Report) which are to be retained by the Authority for a minimum of three years.
 

For each type of source document, randomly selected the months January, May, and September 2008 and observed that each type of source document existed for each of these periods.
- e. Inquired of the Authority's system of internal controls with the person responsible for supervising and maintaining the NTD data. Inquired whether individuals, independent of the individuals preparing the source documents and posting the data summaries, review the source documents and data summaries for completeness, accuracy, and reasonableness and how often such reviews are performed.
- f. We did not review selected source documents to ascertain whether signatures were present as the Authority does not review hard copy documents. Data is prepared using the scheduling and Automatic Passenger Counters (APC) system. The annual analytical review is performed online by someone independent of data entry in lieu of signatures. Evidence of this online review was noted.

- g. Obtained the worksheets utilized by the Authority to prepare the final data which are transcribed onto the FFA-10. Reviewed actual revenue miles calculations per the hubodometer system and passenger mile information calculated using APC data. Compared the data per driver manifests obtained from the Authority personnel to that included on the system generated summary data and recalculated the summarizations without exception.
- h. Inquired of the Authority's procedures for accumulating and recording passenger mile data in accordance with NTD requirements with the Authority's staff, noting that the Authority uses an estimate of passenger miles based on statistical sampling meeting the FTA's 95% confidence and 10% precision requirements. The Authority uses an alternative sampling procedure and, therefore, we inquired whether the procedure has been approved by the FTA. The FTA approved the sampling procedure on April 27, 1987.
- i. Inquired of the Authority's eligibility to conduct statistical sampling for passenger mile data every third year. Ascertained that the Authority meets one of the three criteria which allow reporters to conduct statistical samples for accumulating passenger mile data every third year rather than annually. However, the Authority has elected to conduct statistical samples on an annual basis.
- j. Obtained a description of the sampling procedures for estimation of passenger mile data used by the Authority for the year ended December 31, 2008. We were informed that the Authority's sampling procedures for the estimation of passenger mile data is substantially as described in the Authority's letter, submitted to the FTA, dated April 27, 1987. We noted no exceptions to the stated sampling procedures described in the above letter.
- k. Obtained the passenger mile sample information generated from the automatic passenger count system and, based on this information, recalculated the passenger miles for the year ended December 31, 2008, without exception.
- l. *2008 Reporting Manual Section 9* test procedure was not applicable to the Authority and, therefore, was not performed.
- m. For vehicle revenue mile data, documented the collection and recording methodology and ascertained that deadhead miles are systematically excluded from the computation. Vehicle revenue miles are calculated using a hybrid system of scheduling and hubodometer. Reviewed calculation of vehicle revenue mileage data for January, May, and September 2008 and performed recalculations.
- n. *2008 Reporting Manual Section 9* test procedure was not applicable to the Authority and, therefore, was not performed.
- o. *2008 Reporting Manual Section 9* test procedure was not applicable to the Authority and, therefore, was not performed.
- p. *2008 Reporting Manual Section 9* test procedure was not applicable to the Authority and, therefore, was not performed.
- q. *2008 Reporting Manual Section 9* test procedure was not applicable to the Authority and, therefore, was not performed.
- r. *2008 Reporting Manual Section 9* test procedure was not applicable to the Authority and, therefore, was not performed.

- s. *2008 Reporting Manual Section 9* test procedure was not applicable to the Authority and, therefore, was not performed.
- t. Compared operating expenses with audited financial data. No deviations were noted.
- u. Inquired of personnel responsible for reporting NTD data regarding the amount of purchased transportation (PT) generated fare revenues. Noted the purchased transportation fare revenues agreed to the amounts reported on the Contractual Relationship Form B-30.
- v. Reviewed the 2008 purchased transportation service data for accuracy and completeness. No deviations were noted.
- w. Obtained a copy of the purchased transportation contract and ascertained that the contract (1) specified the specific mass transportation services to be provided by the contractor; (2) specified the monetary consideration obligated by the agency contracting for the service; (3) specified the period covered by the contract and that this period is the same as, or a portion of, the period covered by the agency's NTD report; and (4) was signed by representatives of both parties to the contract. Inquired of the person responsible for maintaining the NTD data regarding the retention of the executed contract, and ascertained that copies of the contracts are retained for three years based upon copies obtained.
- x. *2008 Reporting Manual Section 9* test procedure was not applicable to the Authority and, therefore, was not performed.
- y. Compared the data reported on the FFA-10 to comparable data for the prior report year for Motor Bus and Demand Response and calculated the percentage change from the prior year to the current year. Fluctuations greater than 10% when comparing 2008 to 2007 were noted for motor bus operating expense and demand responsive actual vehicle revenue miles, passenger miles, and operating expense. All variances were investigated and explained by the Strategic Budget Analyst and reported to the NTD by April 30, 2009.

# 2008

---

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



*For Fiscal Year Ended December 31, 2008*



**CENTRAL OHIO TRANSIT AUTHORITY  
FRANKLIN COUNTY, OHIO**

Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
December 31, 2008

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



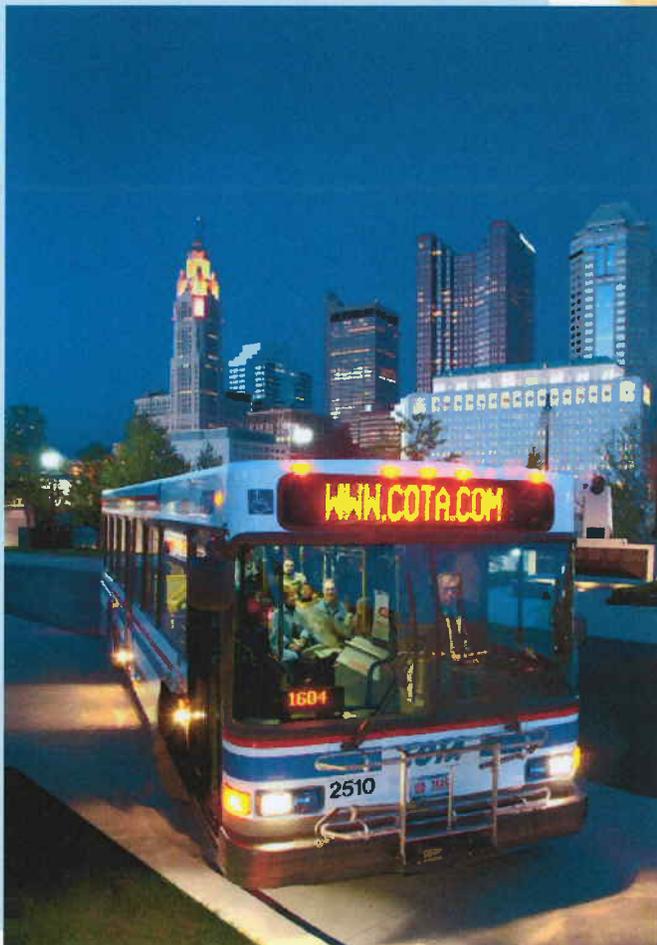
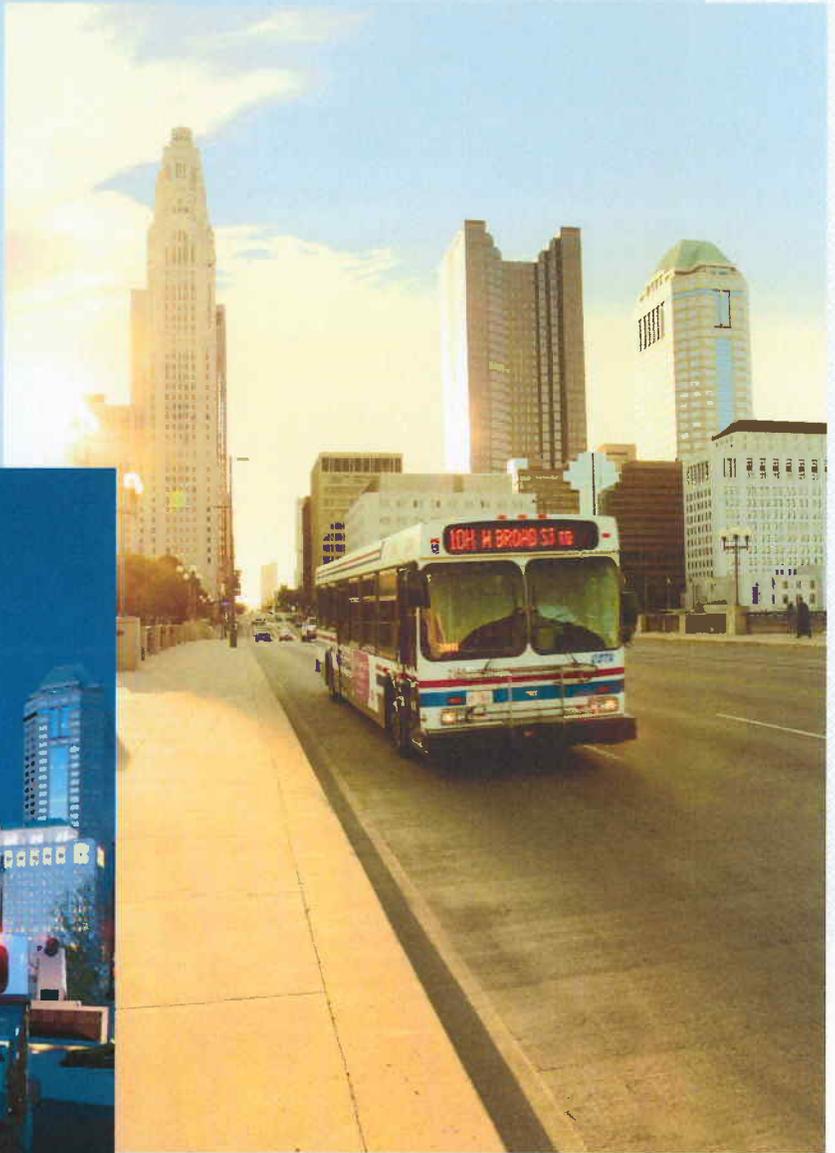
# TABLE OF CONTENTS

## Central Ohio Transit Authority Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2008

<u>Introduction Section</u>	<u>Page</u>
Letter of Transmittal.....	1
GFOA Certificate of Achievement – 2007 .....	15
Table of Organization .....	16
Board of Trustees and Administration .....	17
<u>Financial Section</u>	
Independent Auditors' Report .....	19
Management's Discussion and Analysis .....	21
Financial Statements:	
Balance Sheets .....	31
Statement of Revenues, Expenses and Changes in Net Assets .....	33
Statements of Cash Flow .....	34
Notes to Financial Statements .....	36
Supplement Schedule of Revenues, Expenses and Changes in Net Assets, Budget vs. Actual (Accrual Basis) .....	51
<u>Statistical Section</u>	
Net Assets/Fund Balance by Component.....	53
Statements of Revenues, Expenses and Changes in Net Assets.....	54
Revenues by Source .....	55
Revenues by Source (Graph Presentation) .....	56
Revenues and Operating Assistance – Comparison to Industry Trend Data .....	57
Farebox Revenues vs. Operating Expenses (Graph Presentation) .....	58
Expenses by Object Class .....	59
Operating Expenses per Vehicle Hour (Graph Presentation) .....	60
Operating Expenses – Comparison to Industry Trend Data .....	61
Legal Debt Margin .....	62
Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt per Capita .....	63
Long-Term Debt Coverage .....	64
Computation of Direct and Overlapping Debt .....	65
Demographic Statistics .....	66
Total Personal Income .....	67
Forty Largest Greater Columbus Employers .....	68
Fare Rate Structure .....	69
Operating Statistics .....	70
COTA Employees by Labor Classification .....	72
Miscellaneous Statistics .....	73



# INTRODUCTORY SECTION







Central Ohio Transit Authority  
*Connecting Communities*

1600 McKinley Avenue  
Columbus, Ohio 43222  
614.275.5800  
[www.cota.com](http://www.cota.com)

W<sup>m</sup>. J. Lhota  
President/CEO

June 17, 2009

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 Dec. 31, 2008, 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 COTA for its comprehensive annual financial report for the fiscal year ended Dec. 31, 2007. This was the ninth consecutive year that COTA 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 2008 report to the GFOA to determine its eligibility for another certificate.

---

(continued)

## LETTER OF TRANSMITTAL

---

This CAFR is divided into the following three sections:

**Introductory Section** – contains this Letter of Transmittal, a Table of Organization, a listing of the members of the Board of Trustees and Senior Management and a reproduction of the Certificate of Achievement awarded to the Authority by the GFOA for the fiscal year ended Dec. 31, 2007.

**Financial Section** – includes the Independent Auditors' Report, Management's Discussion and Analysis, the financial statements (with related footnotes) for the fiscal years ended Dec. 31, 2008 and 2007, and a supplemental schedule disclosing actual revenues, expenses and changes in net assets for the fiscal year ended Dec. 31, 2008, compared to budgeted amounts.

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

### REPORTING ENTITY

#### General

The Authority's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14 and No. 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. 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 of the financial statements.

COTA 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 were conterminous with Franklin County, except for a small portion of the Authority's territory in adjacent Delaware, Fairfield and Licking Counties. On April 22, 2008, an amended agreement creating COTA was executed, which added the city of Dublin to the Authority. The Authority's territorial boundaries now include portions of Delaware and Union Counties that are in the city of Dublin. Dublin joined the rotation with the other suburban communities to appoint a member of the Board.

---

## LETTER OF TRANSMITTAL

---

### 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 Columbus & Southern Ohio Electric Company, now doing business as 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.

COTA's vision and mission statements are respectively:

*COTA will be the region's transportation leader.*

*COTA is committed to excellence in serving our stakeholders including customers, employees and taxpayers. We will deliver quality transportation services and conduct business courteously, safely, ethically and reliably. We will demonstrate leadership that is fiscally responsible and environmentally conscientious.*

These statements are the focus of all operations and support functions.

### Management – Board of Trustees

The Authority is managed by 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 four members prorated among the eleven municipal corporations including Hilliard, Dublin, Gahanna, Grandview Heights, Bexley, Reynoldsburg, Westerville, Whitehall, Upper Arlington, Grove City, and Worthington. The appointments of the members within this group are rotated among the municipal corporations in the order set forth above. Members are appointed by the mayor of the appropriate municipal corporation with the consent of its city council. The Franklin County Board of 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. 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.

---

## LETTER OF TRANSMITTAL

---

### **Transportation Services – Fixed-Route Bus Service**

The Authority provides public transportation services within Franklin County as well as portions of Delaware, Fairfield, Licking and Union Counties that are included within the municipal corporation limits of Columbus, Dublin, Westerville and Reynoldsburg. In 2008, this service included 54 fixed bus routes comprised of 11 local routes (including one link route), eight cross-town routes and 28 express routes. The span of service provided on these fixed-routes was from 4:51-1:51 a.m. on weekdays, 5:16-11:51 a.m. on Saturdays and 7:06-1:51 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 are available at [www.cota.com](http://www.cota.com). An itinerary planner to help plan a customer's bus trip may 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 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. 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 2008, COTA had 270 buses in its fleet.

The Authority's intention is to nearly double its fixed-route service hours by year 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.

### **Transportation Services – Paratransit Service**

Mainstream is a demand response shared-ride paratransit service available to individuals whose disabilities prevent them from accessing COTA's fixed-route bus system. Mainstream provides transportation when a customer's origin and destination addresses are within three-quarters of a mile of an operating fixed-route. The contracted service for 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) I.D. 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 Mainstream services, call (614) 275-5828 or send an e-mail to [paratransit@cota.com](mailto:paratransit@cota.com).

---

## LETTER OF TRANSMITTAL

---

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

In 2009, COTA will begin construction of a new facility to house all Mainstream operations and services. The 104,000 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 Mainstream fleet by year 2030. The new facility will house administrative offices of the Mainstream program as well as an eligibility center. COTA will seek LEED certification for the facility, meaning that its design will be environmentally friendly. Completion is scheduled for late 2010.

COTA offers a Sedan Voucher Program utilizing a transportation company to provide optional services to eligible paratransit demand-response program customers. Approximately 1200 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.

### Facilities Owned

The **1600 McKinley Avenue** facility 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, while having an indoor storage capacity for 240 buses.

The **1333 Fields Avenue** facility (Fields) opened in September 1984, and is a 283,000-square-foot facility with storage for 200 buses and space for several light maintenance ("running repair) work areas. (In 2006, fixed-route bus and light vehicle maintenance operations were consolidated at McKinley Avenue as a cost-cutting move.) Until late 2008, COTA's radio room was located at Fields. The radio room was to be relocated to McKinley Avenue in early 2009. Mainstream, which has operated at Fields since 2006, was scheduled to move to a temporary, leased location in 2009, until the new paratransit facility is completed in 2010. The Fields facility is scheduled to reopen to fixed-route bus operations and maintenance in September 2009.

The **33 North High Street** facility is a 78,240 square-foot, 10-story office building in downtown Columbus which was purchased by the Authority in 2008. COTA plans to relocate administrative and sales functions to 33 North High Street in early 2010, after renovating the building. COTA will occupy seven floors of the building, including the lobby, and offer three floors for lease.

The **1325 Essex** facility is a 12,000 square-foot building adjacent to COTA-owned property at its Fields Avenue Campus, which was purchased by the Authority in 2008. The building houses COTA's Street and Remote operations, which was relocated from Fields.

---

## LETTER OF TRANSMITTAL

---

The **Linden Transit Center** is a 20,500 square-foot facility located at the corner of Cleveland and 11<sup>th</sup> Avenues that opened in October 1999. The Transit Center houses a Nationwide Children's Hospital "Close to Home" facility to provide neighborhood medical services, 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, operate at the facility. Express routes serving the Linden Transit Center 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.

The **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. Two express routes, one cross-town route and one local bus route serve this terminal.

The **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, seven express routes and one local bus route utilize the terminal to serve passengers in the north downtown area.

The **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 contains leasable retail space.

### Facilities Leased

The **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 parking garage. Presently, 18 express routes and one local bus route use this terminal.

The **60 East Broad Street** facility, 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 obtain Senior Discount Cards, Key Cards and ADA Cards. The office provides route information through the distribution of published transit maps and timetables. The 60 East Broad Street location maintains a staff of service representatives (from 6 a.m.-8 p.m. weekdays, 8 a.m.-6 p.m. weekends) 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.

---

## LETTER OF TRANSMITTAL

---

### ECONOMIC CONDITION AND OUTLOOK

Franklin County (the Authority's primary service area) is located in central 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 comprised of an international airport, a separate air-freight/cargo facility, and a feeder airport in the southwest part of Franklin County. The Ohio State University airport serves 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 1970 is as follows:

<b>Year</b>	<b>Columbus</b>	<b>Franklin County</b>
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

## LETTER OF TRANSMITTAL

### 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:

Year	Average Labor Force in Franklin County	Average Unemployment Rate		
		Franklin County	Ohio	U.S.
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
2008	625,900	5.5	6.5	5.8

Source: Ohio Department of Job and Family Services

### Economic Outlook

While the local economy mirrors the national economy, Franklin County has remained stable as a regional economic center. Columbus is the most populous city in Ohio and the only major municipality in the state experiencing population growth. This is partly attributable to Columbus' aggressive annexation policies and a pro-growth economic emphasis in city government. Franklin County's sizable institutional component, stemming from the presence of Ohio's capital and The Ohio State University, lends considerable stability to the local economy. The overall, countywide assessed property valuation continues to increase as a result of ongoing residential and commercial development. 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 2010.

---

## LETTER OF TRANSMITTAL

---

### 2009 GOALS AND OBJECTIVES

In November 2006, voters approved a 10-year renewable .25 percent sales tax levy (in addition to the permanent .25 percent sales and use tax) to implement the LRTP. The Authority began 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 also identifies capital projects to support the planned service improvements and summarizes COTA's financial plan for the next five years. Beginning in 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 2009, COTA intends to continue implementation of its LRTP, which includes the four components below:

**Fixed-Route Bus Service** - The LRTP's goal to provide safe, reliable and convenient transportation includes adding approximately 20,000 annualized service hours three times each year, for a total of 60,000 annualized service hours yearly, 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 acquire its first hybrid buses with one planned for late 2009 and four planned for early 2010. COTA will begin assessing the service the authority provides in depth. This consists of 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 allows COTA to consider fixed-route variations to allow greater convenience and flexibility to customers.

**Paratransit Bus Service** – COTA is analyzing service options for Mainstream. 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 pursuing technologies to improve customer service and quality of service and efficiency including real-time bus arrival information at busy bus stops, smart card technologies and signal priority to adjust traffic signal timing to expedite bus service.

**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. Acquisitions of future park and ride sites will be explored where appropriate.

---

## LETTER OF TRANSMITTAL

---

### Other Initiatives

In 2008, COTA initiated a number of substantial capital projects planned and designed to position the Authority favorably over the long term. Projects underway or in various stages of planning include:

- Renovation of the Fields Avenue fixed-route bus and maintenance facility (scheduled completion late 2009);
- Construction of a new paratransit operations facility (scheduled completion late 2010);
- Renovation of the downtown administrative headquarters and customer sales center (scheduled completion early 2010);
- Renovation of the McKinley Avenue fixed-route bus and maintenance facility (scheduled completion is TBD).

In addition, COTA is planning a multi-million dollar upgrade in Intelligent Transportation Systems (ITS) including Computer Aided Dispatch and Automatic Vehicle Location System (CAD/AVL) upgrade, smart card/fare collection systems and advanced traveler information systems.

Beginning in 2009, COTA is planning to renovate and expand several park and ride facilities and purchase and construct new park and ride facilities.

### 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 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 believes that the data in this CAFR, as presented, is accurate in all material respects and fairly presents the financial position, results of operations and cash flows of the Authority. Management trusts all disclosures necessary to enable the reader to gain the maximum understanding of the Authority's financial affairs have been included.

---

## LETTER OF TRANSMITTAL

---

### **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 36-50.

### **Budgetary Controls**

The annual accrual basis operation 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 proceeding 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 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 a manner 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 51 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 contributed for the year 2008 at a statutory rate of 10.0 percent of earnable salary or compensation, and the Authority contributes 14.0 percent 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 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 percent of taxable wages. Authority employees are not currently covered under the federal Social Security Act.

---

## LETTER OF TRANSMITTAL

---

### **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, 2008, the maximum annual debt service charges permitted by law for new, unvoted debt issuance was \$28.8 million. 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 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 enter into repurchase agreements with any eligible depository for a period not exceeding 30 days. Investments in "derivatives" are forbidden.

As defined by the criteria developed by the Governmental Accounting Standards Board (GASB), most of the Authority's deposits are either uncollateralized or 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 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.

## LETTER OF TRANSMITTAL

---

### **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, 2008, were approximately \$15.2 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. 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 remaining liability for all such claims occurring since July 1, 1998, was \$742,626 on December 31, 2008, 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, 2008. This report is included in the financial section of this CAFR.

The Authority 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).

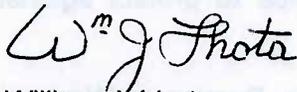
It is the intention of the Authority's management to submit this and future CAFRs for review under the GFOA's "Certificate of Achievement for Excellence in Financial Reporting" program. Management believes the current report conforms to the program requirements, and expects that participation will result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

## LETTER OF TRANSMITTAL

### 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.



William J. Lhota  
President/CEO



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, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. R.", written in a cursive style.

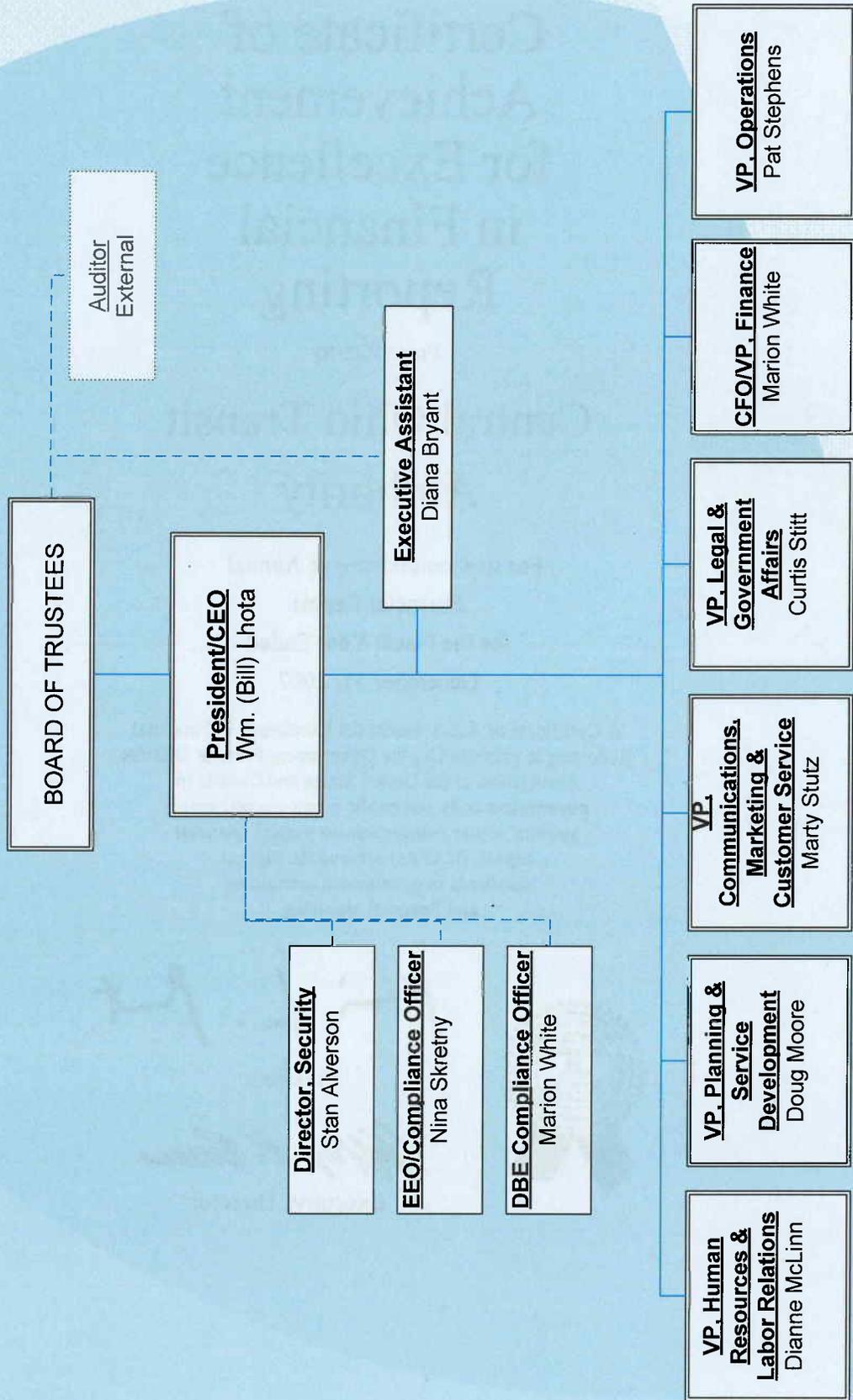
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

Executive Director

# CENTRAL OHIO TRANSIT AUTHORITY TABLE OF ORGANIZATION

As of December 2008



# CENTRAL OHIO TRANSIT AUTHORITY BOARD OF TRUSTEES AND ADMINISTRATION

## BOARD OF TRUSTEES

As of December 31, 2008

Chair	William G. Porter, II Representing Suburbs
Vice-Chair	Linda J. Mauger Representing Suburbs
Trustee	Kathy W. (Kate) Anderson Representing City of Columbus
Trustee	William A. Anthony, Jr. Representing City of Columbus
Trustee	Frank J. Cipriano Representing City of Columbus
Trustee	James E. Daley Representing Suburbs
Trustee	James M. Hudson Representing City of Columbus
Trustee	James E. Kunk Representing City of Columbus
Trustee	Michael J. McMennamin Representing Franklin County
Trustee	David M. Norstrom Representing Suburbs
Trustee	Harry W. Proctor Representing Franklin County
Trustee	Dawn Tyler Lee Representing City of Columbus
Trustee	Robert J. Weiler, Sr. Representing City of Columbus

## ADMINISTRATION

President / CEO	William J. Lhota
Vice President, Human Resources & Labor Relations	Dianne E. McLinn
Vice President, Planning & Service Development	Douglas B. Moore
Vice President, Operations	Patrick G. Stephens
Vice President, Legal & Government Affairs	W. Curtis Stitt
Vice President, Comm., Marketing & Cust. Service	Robert M. Stutz
Vice President, Finance / CFO	Marion White



# FINANCIAL SECTION





## 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, 2008 and 2007, 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 audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control 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, 2008 and 2007, and the changes in its 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 21–30 and the Supplement Schedule of Revenues, Expenses and Changes in Net Assets, Budget vs. Actual (Accrual Basis) on page 51 are not a required part of the basic financial statements, but are supplementary information required by the 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 introduction section (pages 1-17) and the statistical section (pages 53–73) are presented for the purpose of additional analysis and are not a required part of the financial statements of the Authority. This additional information is the responsibility of the Authority's 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 17, 2009

Deloitte & Touche LLP  
150 South Broadway  
Columbus, OH 43215-3911  
www.deloitte.com  
Tel: 614.467.2000  
Fax: 614.467.2000

INDEPENDENT AUDITOR'S REPORT

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

We have audited the balance sheets of Central Ohio Transit Authority ("Authority") as of December 31, 2008, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year 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 audit.

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. These 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 audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we cannot express an opinion on the effectiveness of the Authority's internal control over financial reporting. Our audit also included the review of the accounting records and supporting documents and vouchers in the financial statements, including the supporting schedules and explanations. We believe that the results from this audit provide a reasonable basis for our opinion.

**THIS PAGE INTENTIONALLY LEFT BLANK**

In our opinion, such financial statements present fairly, in all material aspects, the financial position of the Authority as of December 31, 2008 and 2007, and the changes in its 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 52, 53 and the Supplemental Schedule of Revenues, Expenses and Changes in Net Assets, located as noted on page 52, are not audited but are prepared on the basis of financial statements that are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have audited certain limited portions, which consisted primarily of schedules 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 audit was conducted for the purpose of forming an opinion on the financial statements of the Authority as a whole. The information on pages 117 and the schedule on page 121 are presented for informational purposes only and are not a separate part of the financial statements of the Authority. This information is the responsibility of the Authority's management. Such additional information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

June 7, 2009

## **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, 2008. 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 \$136.5 million. These net assets result from the difference between total assets of \$149.1 million and total liabilities of \$12.5 million.
- The Authority's net assets increased by \$36.7 million in 2008 due to an increase in Sales Tax Revenue of \$44.9 million from the additional .25% ten year temporary levy. 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.
- Current assets of \$54.8 million primarily consist of non-board designated cash and cash equivalents of \$16 million; sales tax receivables of \$24.1 million, inventory of \$2.5 million, and Board designated assets of \$9.1 million.
- Current liabilities of \$11.4 million primarily consist of accrued payroll and fringe benefits of \$5.3 million, and accounts payable of \$3.3 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.

# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Year Ended December 31, 2008

---

The Statements of Revenues, Expenses and Changes in Net Assets, on page 14, 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 15-16 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 17-31.

#### 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](http://www.COTA.com)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2008**

**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:

<u>Description</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Assets</b>			
Current Assets	\$ 45,788,059	\$ 31,342,953	\$ 29,145,271
Board Designated Assets (current)	9,059,642	3,822,846	3,401,490
Restricted Assets (current)	-	-	-
Total Current Assets	<u>54,847,701</u>	<u>35,165,799</u>	<u>32,546,761</u>
Board Designated Assets (non-current)	14,427,603	10,584,131	10,597,104
Capital Assets (net of accumulated depreciation)	<u>79,797,680</u>	<u>64,712,680</u>	<u>61,349,114</u>
Total Non-Current Assets	<u>94,225,283</u>	<u>75,296,811</u>	<u>71,946,218</u>
<b>Total Assets</b>	<b>149,072,984</b>	<b>110,462,610</b>	<b>104,492,979</b>
<b>Liabilities</b>			
Current Liabilities	11,382,503	9,756,679	10,760,880
Non-Current Liabilities	<u>1,143,037</u>	<u>888,572</u>	<u>766,456</u>
Total Liabilities	<u>12,525,540</u>	<u>10,645,251</u>	<u>11,527,336</u>
<b>Net Assets</b>			
Net Assets Invested in Capital Assets	79,797,680	64,712,680	61,349,114
Net Assets Restricted for Capital Assets	-	-	-
Net Assets Unrestricted	<u>56,749,764</u>	<u>35,104,679</u>	<u>31,616,529</u>
Total Net Assets	<u><u>\$ 136,547,444</u></u>	<u><u>\$ 99,817,359</u></u>	<u><u>\$ 92,965,643</u></u>

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, 2008 amounts to \$79.8 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 2008 was \$15.1 million.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2008**

---

Major capital asset events during 2008 included the following:

- Purchase of (40) heavy duty transit buses
- Purchase of Administration Building at 33 N. High Street
- Upgrade network servers
- Purchase of (60) new transit shelters

Contributions to construction in progress including the following projects:

- Construction of New Paratransit Facility
- Renovation of Fields Avenue Facility
- Renovations to Downtown Administrative Offices

Additional information on the Authority's capital assets can be found in Note 4 in the Notes to the Financial Statements located on pages 17-31.

The Authority's current assets at the end of 2008 are composed of cash and cash equivalents (35%), receivables (59%), inventory (5%), 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	2008	2007	2006
Transportation	\$ 45,197,904	\$ 39,534,403	\$ 38,352,438
Vehicle Maintenance	12,845,853	12,557,009	12,050,062
Facilities Maintenance	4,917,892	4,073,816	3,848,133
General & Administrative	15,172,404	13,616,182	13,469,858
Total	<u>\$ 78,134,053</u>	<u>\$ 69,781,410</u>	<u>\$ 67,720,491</u>

In accordance with NTDR guidelines, the 2008, 2007 and 2006 expenses include additional costs of \$44,953, \$34,751 and \$29,132 respectively, collected directly by the service provider from the Authority's customers for the Sedan Voucher Service for disabled passengers.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2008**

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

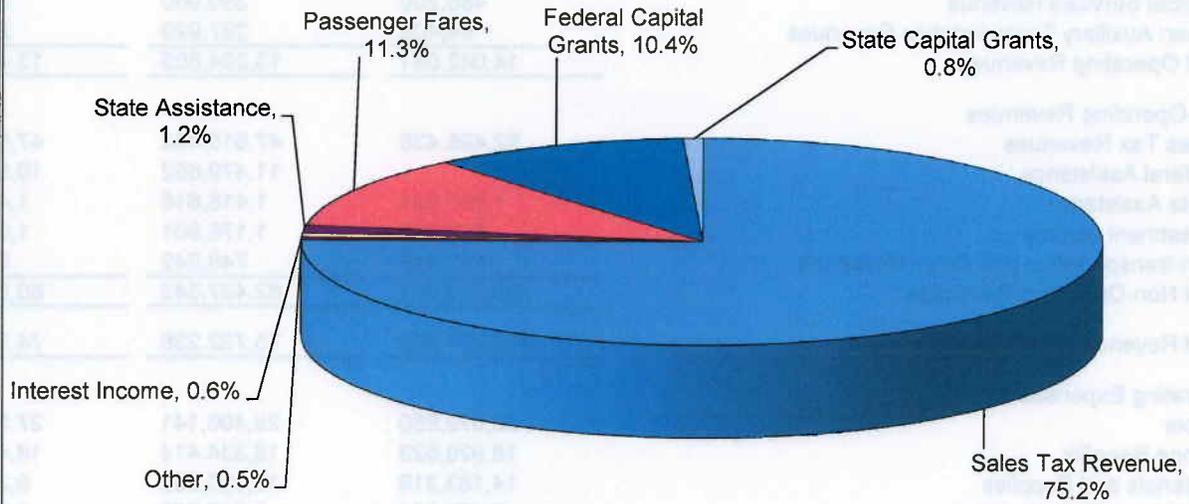
Description	2008	2007	2006
<b>Operating Revenues</b>			
Passenger Fare Revenues	\$ 13,492,073	\$ 12,666,006	\$ 12,816,845
Special Services Revenue	486,200	390,960	359,886
Other: Auxiliary Transportation Revenues	64,408	237,929	243,138
<b>Total Operating Revenues</b>	<u>14,042,681</u>	<u>13,294,895</u>	<u>13,419,869</u>
<b>Non-Operating Revenues</b>			
Sales Tax Revenues	92,495,436	47,615,932	47,007,395
Federal Assistance	-	11,479,652	10,866,698
State Assistance	1,487,834	1,416,616	1,455,882
Investment Income	698,893	1,176,901	1,008,101
Non-transportation and Other Revenues	542,448	748,242	549,046
<b>Total Non-Operating Revenues</b>	<u>95,224,611</u>	<u>62,437,343</u>	<u>60,887,122</u>
<b>Total Revenue before Capital Grants</b>	<u>109,267,292</u>	<u>75,732,238</u>	<u>74,306,991</u>
<b>Operating Expenses</b>			
Labor	30,079,850	28,498,141	27,522,282
Fringe Benefits	18,929,623	18,334,414	18,476,176
Materials and Supplies	14,183,319	10,085,202	9,236,317
Purchased Transportation	6,070,681	5,015,657	4,608,078
Services	4,887,219	4,096,126	3,737,526
Other Expenses	4,200,217	3,737,395	4,110,980
<b>Operating Expenses before Depreciation</b>	<u>78,350,909</u>	<u>69,766,935</u>	<u>67,691,359</u>
Depreciation Expense	7,938,258	8,227,145	8,564,858
<b>Total Operating Expenses</b>	<u>86,289,167</u>	<u>77,994,080</u>	<u>76,256,217</u>
<b>Gain (Loss) before Capital Grants and Special Item</b>	<u>22,978,125</u>	<u>(2,261,842)</u>	<u>(1,949,226)</u>
<b>Capital Grant Revenues:</b>			
Federal	12,752,628	7,923,838	3,215,213
State	999,332	2,136,637	1,608,175
Other	-	-	7,156
<b>Total Capital Grant Revenues</b>	<u>13,751,960</u>	<u>10,060,475</u>	<u>4,830,544</u>
<b>Special Item: Loss on Transfer of Assets</b>	-	-	(665,492)
<b>Special Item: Loss on Project Impairment</b>	-	(946,917)	(17,471,064)
<b>Total Special Item</b>	<u>-</u>	<u>(946,917)</u>	<u>(18,136,556)</u>
<b>Change in Net Assets during the Year</b>	36,730,085	6,851,716	(15,255,238)
<b>Net Assets, Beginning of Year</b>	99,817,359	92,965,643	108,220,881
<b>Net Assets, End of Year</b>	<u>\$ 136,547,444</u>	<u>\$ 99,817,359</u>	<u>\$ 92,965,643</u>

# CENTRAL OHIO TRANSIT AUTHORITY

## Revenues by Source

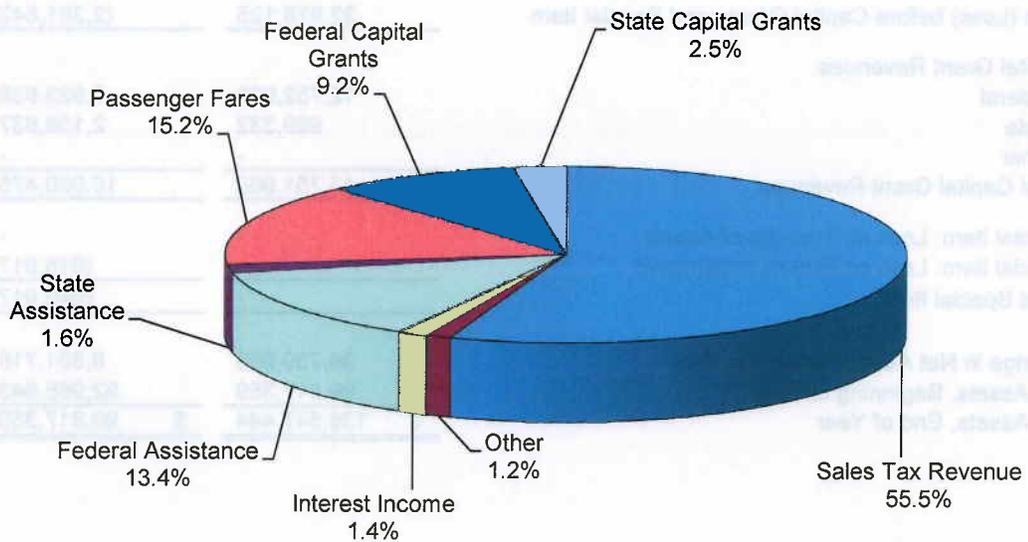
2008 Total Revenues

\$123,019,252



2007 Total Revenues

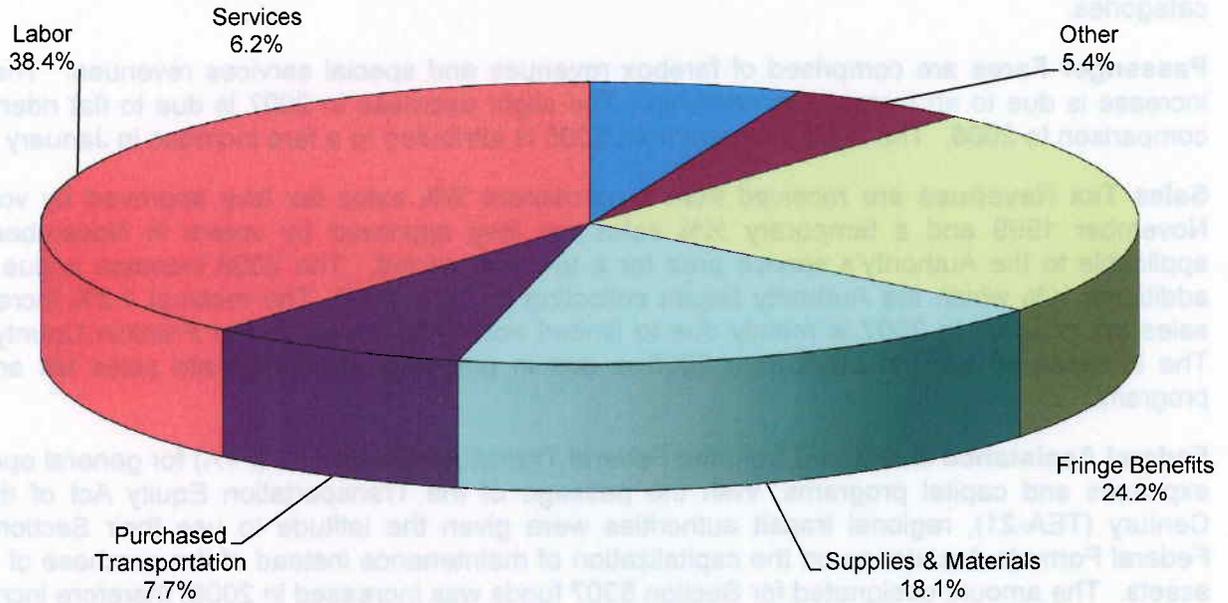
\$85,792,713



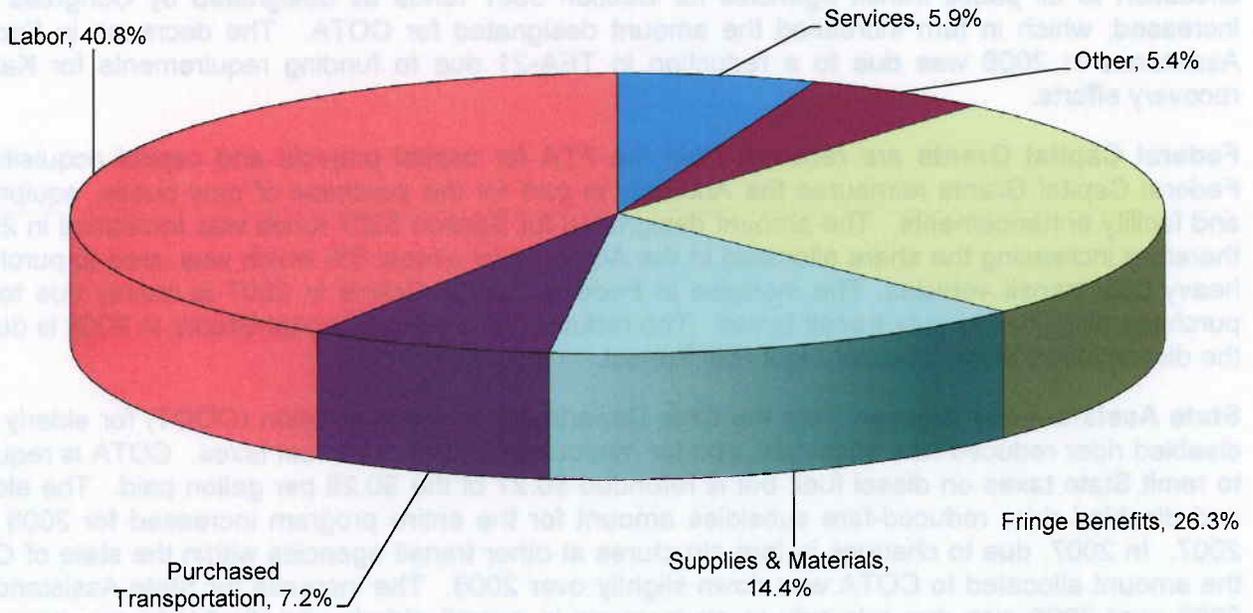
# CENTRAL OHIO TRANSIT AUTHORITY

Expense by Object Class  
(Excluding Depreciation)

**2008 Total Expenses**  
**\$78,350,909**



**2007 Total Expenses**  
**\$69,766,935**



**CENTRAL OHIO TRANSIT AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2008**

---

**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 2008 increase is due to an increase in ridership. 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 a temporary ¼% sales tax levy approved by voters in November 2006 applicable to the Authority's service area for a ten year period. The 2008 increase is due to the additional ¼% which the Authority began collecting in April, 2008. 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.

**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 21<sup>st</sup> 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 amount designated for Section 5307 funds was increased in 2008, therefore increasing the share allocated to the Authority which was used to purchase heavy duty transit vehicles. In 2008, the Authority did not use its Section 5307 funds for capitalized maintenance. In 2007 and 2006, the Authority 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.

**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 amount designated for Section 5307 funds was increased in 2008, therefore increasing the share allocated to the Authority by almost 6% which was used to purchase heavy duty transit vehicles. 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.

**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 2008 and 2007. In 2007, due to 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 over 2005 was due primarily to an increase in overall elderly and disabled passenger fare assistance program.

# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Year Ended December 31, 2008

---

**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. Due to the State's strained financial capacity, less grants were awarded in 2008 in comparison to 2007. 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.

**Investment Income** is earned on invested funds. Cash balances in 2008 were higher than the previous year, but a decline in the interest rate, reduced interest income over prior years. In 2007, the investment income is higher due to higher cash balances. The 2006 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 the external bus advertising portion of the program going forward resulting in reduced advertising revenue in 2008. Non-transportation revenues include other miscellaneous income items such as rent income which continued to increase in 2008 due to the acquisition of property which is partially rented. The increase in 2007 over 2006 was due to full occupancy in COTA's Near East transit center and Easton Daycare. In 2008, the gain on sale of fixed assets was offset against the loss from the sale of fixed assets. 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). An increase in 2008 of 5.5% was driven by contractual increases for the represented employees and merit increases for administrative employees. 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.

**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 14% 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.

# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Year Ended December 31, 2008

---

**Materials and Supplies** include the Authority's diesel fuel expense and parts used in the maintenance of buses and facilities. Consistent with previous years, the Authority experienced significant increases in the price of diesel fuel in 2008. In addition, costs increased in regards to materials and supplies associated with vehicle maintenance. 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.

**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). The Authority experienced an unprecedented increase in ridership during 2008 driving a 21% increase in purchased transportation expense over 2007. 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%.

**Services** are provided by outside contractors to the Authority for a wide variety of professional, technical, consulting and maintenance needs. In 2008, services increased by 19% mainly driven by a "like-new" bus painting program done on (38) 1995 revenue vehicles. 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 2008, there was an increase of 12% in other expense driven by increasing utility rates and property taxes. 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 2006, leases and rental expense included the downtown COTA Connection customer service center, 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 2008 Financial Results**

COTA's financial results for the year ending 2008, demonstrate a continued trend of improvement and financial stability. As collections began on the additional ¼% sales tax revenue in April 2008, the additional \$44.8 million received in 2008, allowed the Authority to fund in full or match Federal and State grant programs in order to begin major facility renovations, construction of a new paratransit facility and continued revenue vehicle replacement. Despite the recent down turn in the economy including historic increases in fuel costs, the Authority has a balanced budget and a strong financial position substantiated by a \$36.7 million increase to net assets.

**CENTRAL OHIO TRANSIT AUTHORITY**

**Balance Sheets**

**December 31, 2008 and 2007**

<b>ASSETS</b>	<b>2008</b>	<b>2007</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents.....	\$ 15,955,423	\$ 13,117,239
Receivables:		
Sales tax.....	24,125,773	13,107,164
Federal capital grants receivable.....	1,479,515	317,914
Federal operating assistance.....	-	397,302
State capital grants receivable.....	-	118,702
Other.....	1,181,372	1,082,518
Inventory of materials and supplies.....	2,515,734	2,751,701
Other.....	530,242	450,413
<b>Total.....</b>	<b>45,788,059</b>	<b>31,342,953</b>
Board designated:		
Cash and cash equivalents - capital grants.....	8,297,161	3,010,236
Cash and cash equivalents - self insurance.....	762,481	812,610
<b>Total.....</b>	<b>9,059,642</b>	<b>3,822,846</b>
<b>Total current assets.....</b>	<b>54,847,701</b>	<b>35,165,799</b>
<b>NON-CURRENT ASSETS:</b>		
Board designated:		
Cash and cash equivalents - self insurance.....	14,427,603	10,584,131
Property and equipment		
Cost .....	174,738,802	164,053,873
Less accumulated depreciation.....	(94,941,122)	(99,341,193)
<b>Total.....</b>	<b>79,797,680</b>	<b>64,712,680</b>
<b>Total non-current assets.....</b>	<b>94,225,283</b>	<b>75,296,811</b>
<b>TOTAL ASSETS.....</b>	<b>\$ 149,072,984</b>	<b>\$ 110,462,610</b>

See notes to financial statements.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Balance Sheets (continued)**  
**December 31, 2008 and 2007**

<u>LIABILITIES AND NET ASSETS</u>	<u>2008</u>	<u>2007</u>
<b>CURRENT LIABILITIES:</b>		
Accrued payroll and fringe benefits.....	\$ 5,284,943	\$ 4,947,709
Accounts payable.....	3,254,167	1,916,258
Accrued payroll taxes.....	655,662	620,771
Estimated workers compensation claims.....	428,141	429,513
Estimated claims payable .....	334,340	383,097
Other current liabilities.....	1,425,250	1,459,331
Total current liabilities.....	<u>11,382,503</u>	<u>9,756,679</u>
<b>NON-CURRENT LIABILITIES:</b>		
Accrued fringe benefits.....	641,746	508,697
Deferred revenue lease property.....	9,256	23,140
Estimated workers compensation claims.....	314,485	231,485
Estimated claims payable .....	177,550	125,250
Total non-current liabilities.....	<u>1,143,037</u>	<u>888,572</u>
<b>TOTAL LIABILITIES.....</b>	<u>12,525,540</u>	<u>10,645,251</u>
<b>NET ASSETS:</b>		
Invested in capital assets.....	79,797,680	64,712,680
Unrestricted.....	56,749,764	35,104,679
<b>TOTAL NET ASSETS.....</b>	<u>136,547,444</u>	<u>99,817,359</u>
<b>TOTAL LIABILITIES AND NET ASSETS.....</b>	<u>\$ 149,072,984</u>	<u>\$ 110,462,610</u>

See notes to financial statements.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**Years ended December 31, 2008 and 2007**

	<b>2008</b>	<b>2007</b>
<b>OPERATING REVENUES:</b>		
Passenger fares for transit service.....	\$ 13,492,073	\$ 12,666,006
Special transit fares.....	486,200	390,960
Auxiliary transportation revenue.....	64,408	237,929
Total.....	<u>14,042,681</u>	<u>13,294,895</u>
<b>OPERATING EXPENSES OTHER THAN DEPRECIATION:</b>		
Labor.....	30,079,850	28,498,141
Fringe benefits.....	18,929,623	18,334,414
Materials and supplies.....	14,183,319	10,085,202
Purchased transportation.....	6,070,681	5,015,657
Services.....	4,887,219	4,096,126
Utilities.....	1,711,373	1,501,736
Taxes.....	817,434	766,222
Leases and rentals.....	223,095	208,838
Claims and insurance, net of settlements.....	508,536	674,845
Advertising.....	146,647	99,638
Miscellaneous.....	793,132	486,116
Total.....	<u>78,350,909</u>	<u>69,766,935</u>
<b>DEPRECIATION.....</b>	<u>7,938,258</u>	<u>8,227,145</u>
Total operating expenses.....	<u>86,289,167</u>	<u>77,994,080</u>
<b>OPERATING LOSS.....</b>	<u>(72,246,486)</u>	<u>(64,699,185)</u>
<b>NON-OPERATING REVENUES/EXPENSE:</b>		
Sales tax revenues.....	92,495,436	47,615,932
Federal operating grants and reimbursements.....	-	11,479,652
State operating grants, reimbursements and special fare assistance.....	1,487,834	1,416,616
Investment income.....	698,893	1,176,901
Nontransportation and other revenue.....	650,069	748,242
(Loss) on sale of fixed assets.....	(107,621)	-
Total.....	<u>95,224,611</u>	<u>62,437,343</u>
Gain (Loss) before capital grants & special item.....	<u>22,978,125</u>	<u>(2,261,842)</u>
<b>CAPITAL GRANT REVENUES:</b>		
Federal.....	12,752,628	7,923,838
State.....	999,332	2,136,637
Other.....	-	-
Total.....	<u>13,751,960</u>	<u>10,060,475</u>
<b>SPECIAL ITEM -</b>		
Loss on project impairment.....	-	(946,917)
Total.....	<u>-</u>	<u>(946,917)</u>
<b>CHANGES IN NET ASSETS</b>	<u>36,730,085</u>	<u>6,851,716</u>
<b>NET ASSETS, BEGINNING OF YEAR.....</b>	<u>99,817,359</u>	<u>92,965,643</u>
<b>NET ASSETS, END OF YEAR.....</b>	<u>\$ 136,547,444</u>	<u>\$ 99,817,359</u>

See notes to financial statements.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Cash Flows**  
**Years ended December 31, 2008 and 2007**

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers.....	\$ 13,978,268	\$ 13,056,965
Cash payments to suppliers for goods and services.....	(28,258,209)	(22,378,551)
Cash payments to employees for services.....	(29,650,304)	(28,300,882)
Cash payments for employees benefits.....	(18,807,257)	(18,360,243)
Cash payments for casualty and liability.....	(471,505)	(1,513,709)
Other receipts.....	615,623	348,626
Net cash used in operating activities.....	<u>(62,593,384)</u>	<u>(57,147,794)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Sales taxes received.....	81,476,827	47,244,487
Federal operating assistance received.....	397,302	11,126,568
State operating and other assistance received.....	1,487,834	1,416,616
Net cash provided by non-capital financing activities.....	<u>83,361,963</u>	<u>59,787,671</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Federal capital grants received.....	11,591,027	7,679,186
State capital grants received.....	1,118,034	2,234,117
Acquisition and construction of fixed assets.....	(22,407,326)	(12,546,371)
Proceeds from sale of fixed assets.....	149,245	63,130
Net cash provided by (used in) capital and related financing activities.....	<u>(9,549,020)</u>	<u>(2,569,938)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received from investments.....	698,893	1,176,901
Net cash provided by investing activities.....	<u>698,893</u>	<u>1,176,901</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>11,918,452</b>	<b>1,246,840</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....</b>	<b><u>27,524,216</u></b>	<b><u>26,277,376</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR.....</b>	<b><u>\$ 39,442,668</u></b>	<b><u>\$ 27,524,216</u></b>

See notes to financial statements.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Cash Flows (continued)**  
**Years ended December 31, 2008 and 2007**

	<b>2008</b>	<b>2007</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating Loss.....	\$ (72,246,486)	\$ (64,699,185)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation.....	7,938,258	8,227,145
Inventory obsolescence reserve adjustments.....	(14,903)	(163,456)
Deferred revenue.....	(13,884)	(13,884)
Other receipts.....	650,069	748,242
Change in assets and liabilities:		
Increase in other receivables.....	(98,854)	(637,545)
(Increase) decrease in materials and supplies inventory.....	250,870	(260,303)
(Increase) decrease in other assets.....	(79,829)	573,780
Increase (decrease) in accounts payable, accrued compensation, self-insurance liabilities and other.....	1,021,375	(922,588)
Net cash used in operating activities.....	<b>\$ (62,593,384)</b>	<b>\$ (57,147,794)</b>

<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY</b>		
Property purchases in accounts payable	<b>\$ 976,396</b>	<b>\$ 103,598</b>

See notes to financial statements.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

**(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 2008 and 2007.

The Authority is governed by a 13-member Board of Trustees; seven (7) members are appointed by the Mayor of Columbus; two (2) members are appointed by the Franklin County Commissioners; and four (4) members are appointed on a rotating basis by the cities of Bexley, Dublin, Gahanna, Grandview Heights, Grove City, Hilliard, Reynoldsburg, Upper Arlington, Westerville, Whitehall and Worthington.

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

---

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

**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)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

***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 fuel 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)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

**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 if the net book value of the asset exceeds \$5,000 at the time of disposal. 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; and if not replaced, 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 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:

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

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

***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 8). 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. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates. Non-current accrued fringe benefits are estimated based on the average vacation and sick expense from the previous five years.

	<b>Current</b>	<b>Non-current</b>
Compensated Absences Liability December 31, 2006	\$ 3,477,528	\$ 409,675
Vacation & Sick Liability Earned	3,306,191	99,022
Vacation & Sick Liability Paid	(3,397,679)	-
Compensated Absences Liability December 31, 2007	\$ 3,386,040	\$ 508,697
Vacation & Sick Liability Earned	3,303,615	133,049
Vacation & Sick Liability Paid	(3,395,926)	-
Compensated Absences Liability December 31, 2008	\$ 3,293,729	\$ 641,746

Payment of vacation and sick leave is dependent on many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and sick leave when such payments become due.

***Passenger Fares***

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

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

***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.

***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 2008 will be recognized as revenue in 2008. 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 is effective for the Authority for periods beginning after December 15, 2007. The Authority has determined that this statement has no 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 impact on its financial statements.

In May, 2007, GASB issued Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and No. 27*. The Authority has included disclosure of post retirement health care obligations in Note 9 - Pension Plan.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

***New Accounting Pronouncements (continued)***

Lastly, in June, 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* which becomes effective for the Authority in fiscal year 2010. The Authority is in the process of determining the impact to the financial statements.

**(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, 2008 and 2007.

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)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

***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, 2008, the carrying amount of the Authority's deposits with financial institutions was \$2,731,096 and the bank balance was \$3,618,833. The difference results from outstanding checks. Based on criteria as described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure", as of December 31, 2008, \$250,000 was covered by Federal Deposit Insurance. The \$3,368,833 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 \$4,650 of cash on hand

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

***Investments and Other Deposits***

As of December 31, 2008 and 2007, the Authority held equity of \$36,706,922 and \$22,032,354 respectively, in the STAR Ohio investment pool. As of March 2009, 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)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

**(4) Commitments**

The Authority has several active construction projects as of December 31, 2008. The projects include the renovation of the maintenance facility located at 1333 Fields Avenue, the construction of a new Para Transit Facility, as well as a contractual obligation to purchase heavy duty revenue vehicles. At year-end, the Authority's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Construction of Para-Transit Facility	\$ 1,087,638	\$ 2,819,302
Renovation of Fields Ave Facility	1,204,522	14,566,565
CAD/AVL System Replacement	100,030	224,517
(18) New Para-Transit Vehicles	-	977,382
Bus Lift Replacement	368,775	2,104,951
(7) New Hybrid Non-Revenue Vehicles	-	170,142
(40) New Transit Buses	-	13,426,399
<b>Total</b>	<u><b>\$ 2,760,965</b></u>	<u><b>\$ 34,289,258</b></u>

**(5) Capital Assets**

Capital asset activities for the years ended December 31, 2008 and 2007 are as follow:

	January 1, 2008	Additions	Disposals	Transfers	December 31, 2008
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 5,448,908	\$ 5,985	\$ (500)	\$ -	\$ 5,454,393
CIP	790,172	3,500,883	-	-	4,291,055
<b>Total</b>	<u>6,239,080</u>	<u>3,506,868</u>	<u>(500)</u>	<u>-</u>	<u>9,745,448</u>
<b>Capital Assets Being Depreciated:</b>					
Land and leasehold improvements	8,837,897	-	(72,417)	-	8,765,480
Building and improvements	46,215,112	4,598,851	(424,377)	-	50,389,586
Revenue vehicles	74,513,234	13,084,551	(7,124,292)	-	80,473,493
Transit shelter	2,288,816	256,296	(1,076,648)	-	1,468,464
Other equipment	25,959,734	1,833,558	(3,896,961)	-	23,896,331
<b>Total</b>	<u>157,814,793</u>	<u>19,773,256</u>	<u>(12,594,695)</u>	<u>-</u>	<u>164,993,354</u>
<b>Less Accumulated Depreciation:</b>					
Land and leasehold improvements	(7,250,388)	(376,190)	55,706	-	(7,570,872)
Building and improvements	(20,297,445)	(1,518,082)	281,479	-	(21,534,048)
Revenue vehicles	(47,168,319)	(4,612,225)	7,049,350	-	(44,731,194)
Transit shelter	(1,603,191)	(128,795)	1,076,648	-	(655,338)
Other equipment	(23,021,850)	(1,302,966)	3,875,146	-	(20,449,670)
<b>Total</b>	<u>(99,341,193)</u>	<u>(7,938,258)</u>	<u>12,338,329</u>	<u>-</u>	<u>(94,941,122)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>58,473,600</u>	<u>11,834,998</u>	<u>(256,366)</u>	<u>-</u>	<u>70,052,232</u>
<b>Total Capital Assets, Net</b>	<u><b>\$ 64,712,680</b></u>	<u><b>\$ 15,341,866</b></u>	<u><b>\$ (256,866)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 79,797,680</b></u>

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

**(5) Capital Assets (continued)**

	January 1, 2007	Additions	Disposals	Transfers	December 31, 2007
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 5,448,906	\$ -	\$ -	2	\$ 5,448,908
CIP	2,231,236	247,676	(20,000)	(1,668,740)	790,172
<b>Total</b>	<b>7,680,142</b>	<b>247,676</b>	<b>(20,000)</b>	<b>(1,668,738)</b>	<b>6,239,080</b>
<b>Capital Assets Being Depreciated:</b>					
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
<b>Total</b>	<b>149,874,114</b>	<b>12,298,698</b>	<b>(6,026,757)</b>	<b>1,668,738</b>	<b>157,814,793</b>
<b>Less Accumulated Depreciation:</b>					
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)
<b>Total</b>	<b>(96,206,142)</b>	<b>(8,215,209)</b>	<b>5,080,158</b>	<b>-</b>	<b>(99,341,193)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>53,667,972</b>	<b>4,083,489</b>	<b>(946,599)</b>	<b>1,668,738</b>	<b>58,473,600</b>
<b>Total Capital Assets, Net</b>	<b>\$ 61,348,114</b>	<b>\$ 4,331,165</b>	<b>\$ (966,599)</b>	<b>\$ -</b>	<b>\$ 64,712,680</b>

**(6) Leases**

COTA leases certain property and office equipment under operating leases. Rental expense for all operating leases was \$298,136 in 2008 and \$221,902 in 2007. Total minimum lease payments for 2009 are \$22,067 with no lease obligations existing after 2009.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

**(7) 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, 2008 and 2007, consist of the following:

	2008	2007
<b>Federal:</b>		
FTA Operating Assistance	\$ -	\$ 11,479,652
FTA Capital Assistance	12,752,628	7,923,838
Total	<u>\$ 12,752,628</u>	<u>\$ 19,403,490</u>
<b>State:</b>		
ODOT Elderly and Disabled Fare Assistance	\$ 766,168	\$ 766,168
ODOT Fuel Tax Reimbursement	721,666	647,028
ODOT Capital Assistance	999,332	2,136,637
Other Local Operating Assistance	-	3,420
Total	<u>\$ 2,487,166</u>	<u>\$ 3,553,253</u>

**(8) 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 \$511,890 at December 31, 2008, and \$508,347 at December 31, 2007, are included in estimated claims payable in the accompanying balance sheets. At December 31, 2008, and 2007, \$15,190,084 and \$11,396,741, respectively, were designated 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 remaining liability for all such claims occurring since July 1, 1998, is \$742,626 at December 31, 2008, and is included as a liability in the accompanying balance sheet.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

**(8) 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, 2008 and 2007 follows:

	<b>General Liability</b>	<b>Workers' Compensation</b>
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
Incurred claims, net of favorable settlements	475,048	644,228
Claims paid	(471,505)	(562,600)
Claims liability at December 31, 2008	\$ 511,890	\$ 742,626

There were no changes to the above policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding reserves. The amount of general liability and workers' compensation reserve expected to be paid within one year is \$334,340 and \$428,141, respectively.

**(9) 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 2008 member and employer contribution rates were consistent across all three plans. The 2008 member contribution rates were 10.0% of their annual covered salary and COTA is required to contribute an actuarially determined rate. In 2008, the employer contribution rate for local employers was 14% of annual covered payroll. In 2007, the employer contribution rate for local employers was 13.85% of annual covered payroll.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

**(9) Pension Plan (continued)**

The Authority's contributions to OPERS for the years ending December 31, 2008, 2007, and 2006 were approximately \$4,841,000, \$4,513,000, and \$4,390,000 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, 2007. 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 2007 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 increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 4.00% for the next 7 years. In subsequent years, (8 and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

OPEB is advance funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2007 was \$12.8 billion. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at \$29.8 billion and \$17.0 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 following information pertaining to other post employment benefits for health care costs is provided to assist the authority in complying with GASB Statement No. 45 and 50. 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)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

**(9) 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 2008 employer contribution rate for local employers was 14% of annual covered payroll. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. 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. COTA's contributions actually made to fund post-employment benefits totaled \$2,421,000 in 2008, \$1,792,000 in 2007, \$1,282,000 in 2006.

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.

**(10) 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, 2008, 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)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

---

**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, 2008, 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 grantor 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 grantor must refund FTA's un-depreciated basis in assets disposed with a net book value greater than \$5,000.

**11) Special Item – Loss on project impairment**

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, 2008**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(OVER)/ UNDER VARIANCE</u>
OPERATING REVENUES.....	\$ 14,964,957	\$ 14,042,681	\$ (922,276)
OPERATING EXPENSES OTHER THAN DEPRECIATION:			
Labor.....	34,851,467	30,079,850	4,771,617
Fringe benefits.....	14,501,515	18,929,623	(4,428,108)
Materials and supplies.....	14,709,181	14,183,319	525,862
Purchased transportation.....	6,167,978	6,070,681	97,297
Services.....	4,652,183	4,887,219	(235,036)
Utilities.....	1,717,001	1,711,373	5,628
Taxes.....	862,973	817,434	45,539
Leases and rentals.....	264,231	223,095	41,136
Claims and insurance, net of settlements.....	635,740	508,536	127,204
Advertising.....	175,519	146,647	28,872
Miscellaneous.....	568,997	793,132	(224,135)
Total.....	<u>79,106,785</u>	<u>78,350,909</u>	<u>755,876</u>
DEPRECIATION.....	10,800,000	7,938,258	2,861,742
Total operating expenses.....	<u>89,906,785</u>	<u>86,289,167</u>	<u>3,617,618</u>
OPERATING LOSS.....	<u>(74,941,828)</u>	<u>(72,246,486)</u>	<u>2,695,342</u>
NON-OPERATING REVENUES (EXPENSES):			
Sales tax revenues.....	84,394,228	92,495,436	8,101,208
State operating grants, reimbursements and special fare assistance.....	1,493,154	1,487,834	(5,320)
Investment income.....	1,009,877	698,893	(310,984)
Nontransportation and other revenues.....	183,775	650,069	466,294
Loss on sale of fixed assets.....	-	(107,621)	(107,621)
Total.....	<u>87,081,034</u>	<u>95,224,611</u>	<u>8,143,577</u>
Gain before capital grants.....	<u>12,139,206</u>	<u>22,978,125</u>	<u>10,838,919</u>
CAPITAL GRANT REVENUE:			
Federal.....	-	12,752,628	12,752,628
State.....	-	999,332	999,332
Total.....	<u>-</u>	<u>13,751,960</u>	<u>13,751,960</u>
CHANGE IN NET ASSETS.....	12,139,206	36,730,085	24,590,879
NET ASSETS, BEGINNING OF YEAR.....	<u>99,817,359</u>	<u>99,817,359</u>	<u>-</u>
NET ASSETS, END OF YEAR.....	<u>\$ 111,956,565</u>	<u>\$ 136,547,444</u>	<u>\$ 24,590,879</u>

See accompanying Independent Auditors' report.

CENTRAL OHIO TRANSIT AUTHORITY  
 Supplemental Schedule of Revenues, Expenses and  
 Changes in Net Assets - Budget vs. Actual (Actual Basis)  
 Year ended December 31, 2008

NET ASSETS, END OF YEAR	NET ASSETS, BEGINNING OF YEAR	CHANGE IN NET ASSETS	CAPITAL GRANT REVENUE	OPERATING LOSS	DEPRECIATION	OPERATING REVENUES (EXPENSES)	NON-OPERATING REVENUES (EXPENSES)	NET ASSETS, END OF YEAR	NET ASSETS, BEGINNING OF YEAR	CHANGE IN NET ASSETS
\$ 28,500,879	\$ 111,508,665	\$ (83,007,786)	12,751,960	(7,246,482)	1,939,299	92,469,438	(1,013,308)	\$ 28,500,879	\$ 111,508,665	\$ (83,007,786)
			Federal							
			State							
			Total							
			Operating revenues							
			Operating expenses							
			Depreciation							
			Operating loss							
			Non-operating revenues							
			Non-operating expenses							
			Total							
			Operating revenues							
			Operating expenses							
			Depreciation							
			Operating loss							
			Non-operating revenues							
			Non-operating expenses							
			Total							
			Operating revenues							
			Operating expenses							
			Depreciation							
			Operating loss							
			Non-operating revenues							
			Non-operating expenses							
			Total							
			Operating revenues							
			Operating expenses							
			Depreciation							
			Operating loss							
			Non-operating revenues							
			Non-operating expenses							
			Total							
			Operating revenues							
			Operating expenses							
			Depreciation							
			Operating loss							
			Non-operating revenues							
			Non-operating expenses							
			Total							
			Operating revenues							
			Operating expenses							
			Depreciation							
			Operating loss							
			Non-operating revenues							
			Non-operating expenses							
			Total							
			Operating revenues							
			Operating expenses							
			Depreciation							
			Operating loss							
			Non-operating revenues							
			Non-operating expenses							
			Total							

THIS PAGE INTENTIONALLY LEFT BLANK

# 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.

## **Financial Trends and Revenue Capacity**

P53-61

These schedules indicate how the Authority's performance and conditions have changed over a ten year time frame. Also contained in these schedules is information to help the reader understand the Authority's most significant revenue sources.

## **Debt Capacity**

P62-65

These schedules indicate COTA specific debt service information as well as direct and overlapping debt computations from Franklin County.

## **Economic and Demographic Information**

P66-68

These schedules contain economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place.

## **Operating Information**

P69-73

These schedules contain data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.



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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>NET ASSETS/FUND BALANCES</b>										
Invested in Capital Assets	\$ 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	\$ 79,797,680
Restricted for Capital Assets	4,664,089	5,419,271	2,154,730	149,287	437,146	536,110	649,631	-	-	-
Unrestricted	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	56,749,764
<b>TOTAL NET ASSETS/FUND BALANCES</b>	<b>\$ 97,980,469</b>	<b>\$ 102,149,860</b>	<b>\$ 127,976,842</b>	<b>\$ 120,358,881</b>	<b>\$ 116,213,913</b>	<b>\$ 114,091,507</b>	<b>\$ 108,220,881</b>	<b>\$ 92,965,643</b>	<b>\$ 99,817,359</b>	<b>\$ 136,547,444</b>

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)**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>OPERATING REVENUES:</b>										
Passenger fares for transit service	\$ 12,795	\$ 12,779	\$ 12,762	\$ 12,773	\$ 12,013	\$ 11,421	\$ 11,405	\$ 12,817	\$ 12,666	\$ 13,492
Special transit fares	385	476	433	291	374	347	326	360	391	486
Charter service revenue	22	30	21	18	23	34	12	-	-	-
Auxiliary transportation revenue	983	880	887	730	568	515	372	243	238	64
<b>Total operating revenues</b>	<b>14,184</b>	<b>14,166</b>	<b>14,103</b>	<b>13,811</b>	<b>12,978</b>	<b>12,317</b>	<b>12,115</b>	<b>13,420</b>	<b>13,295</b>	<b>14,042</b>
<b>OPERATING EXPENSES OTHER THAN DEPRECIATION</b>										
Labor	28,518	31,218	34,037	32,590	32,752	32,053	31,829	27,522	28,498	30,080
Fringe Benefits	14,233	14,694	18,504	18,769	19,934	20,776	21,156	18,476	18,334	18,930
Services	5,003	6,184	4,714	3,765	3,808	3,952	3,722	3,738	4,096	4,887
Materials and Supplies	2,690	3,350	3,572	3,364	4,177	3,869	4,224	4,319	4,759	5,142
Fuel	1,621	2,793	2,713	2,119	2,478	2,990	4,364	4,917	5,326	9,041
Utilities	970	1,137	1,369	1,173	1,337	1,307	1,571	1,436	1,502	1,711
Claims and Insurance	224	276	440	337	390	275	595	1,118	675	509
Taxes	3,268	3,912	4,077	3,877	4,257	4,411	4,531	4,608	5,016	6,071
Purchased transportation	132	285	399	558	523	517	570	359	209	223
Leases and rentals	1,392	1,578	1,255	677	781	624	508	471	586	940
Miscellaneous	58,686	66,077	71,776	67,850	71,091	71,466	73,813	67,691	69,767	78,351
Depreciation	8,252	8,635	10,851	13,644	10,939	9,860	9,114	8,565	8,227	7,938
<b>Total Operating Expenses</b>	<b>86,938</b>	<b>74,711</b>	<b>82,627</b>	<b>81,494</b>	<b>82,030</b>	<b>81,326</b>	<b>82,927</b>	<b>76,256</b>	<b>77,994</b>	<b>86,289</b>
<b>OPERATING LOSS</b>	<b>(52,753)</b>	<b>(60,545)</b>	<b>(68,524)</b>	<b>(67,683)</b>	<b>(69,052)</b>	<b>(69,009)</b>	<b>(70,812)</b>	<b>(62,836)</b>	<b>(64,699)</b>	<b>(72,247)</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>										
Sales Tax Revenues	39,701	41,854	41,748	41,245	43,774	44,985	44,821	47,007	47,616	92,495
Federal operating grants and reimbursements	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	3,342	3,919	2,136	860	722	942	1,185	1,456	1,416	1,488
Investment income	1,528	1,781	1,310	900	423	293	650	1,008	1,177	699
Nontransportation and other revenue	142	252	400	1,184	440	402	538	549	748	543
Interest Expense	(140)	(53)	(37)	(21)	(37)	(21)	(37)	(21)	(37)	(21)
Planning study expense	30	17	-	-	-	-	-	-	-	-
Planning study assistance revenues	54,292	58,960	56,983	56,589	56,233	57,310	58,250	60,887	62,437	95,225
<b>Total non-operating revenues</b>	<b>1,539</b>	<b>(1,585)</b>	<b>(11,542)</b>	<b>(11,094)</b>	<b>(12,819)</b>	<b>(11,699)</b>	<b>(12,562)</b>	<b>(1,949)</b>	<b>(2,262)</b>	<b>22,978</b>
<b>Gain(Loss) before capital grants and special item</b>										
<b>CAPITAL GRANT REVENUES</b>										
Federal	9,386	5,138	23,475	3,125	6,399	8,323	6,302	3,215	7,924	12,753
State	876	617	2,850	351	2,275	2,690	2,783	1,608	2,137	999
Other	942	-	-	-	-	367	-	7	-	-
Donated Capital	11,204	5,755	26,325	3,476	8,674	11,380	9,085	4,830	10,061	13,752
<b>Total</b>										
<b>SPECIAL ITEM</b>										
Loss on transfer of assets	-	-	-	-	-	(1,804)	(2,393)	(666)	-	-
Loss on project impairment	-	-	-	-	-	(1,804)	(2,393)	(17,471)	(947)	-
<b>Total</b>										
<b>CHANGES IN NET ASSETS</b>										
NET ASSETS, BEGINNING OF YEAR	12,743	4,170	14,784	(7,618)	(4,145)	(2,123)	(5,870)	(15,255)	6,852	36,730
NET ASSETS, END OF YEAR	85,237	97,980	113,192	127,977	120,359	116,214	114,091	108,221	92,966	99,817
<b>Total</b>	<b>\$ 97,980</b>	<b>\$ 102,150</b>	<b>\$ 127,977</b>	<b>\$ 120,359</b>	<b>\$ 116,214</b>	<b>\$ 114,091</b>	<b>\$ 108,221</b>	<b>\$ 92,966</b>	<b>\$ 99,817</b>	<b>\$ 136,547</b>

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)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>OPERATING REVENUES:</b>										
Passenger fares for transit service .....	\$ 12,795	\$ 12,779	\$ 12,762	\$ 12,773	\$ 12,013	\$ 11,421	\$ 11,405	\$ 12,817	\$ 12,666	\$ 13,492
Special transit fares .....	385	476	433	291	374	347	326	360	391	486
Charter service revenue .....	22	30	21	18	23	34	12	-	-	-
Auxiliary transportation revenue .....	983	880	887	730	568	515	372	243	238	64
Total operating revenues .....	14,185	14,165	14,103	13,812	12,978	12,317	12,115	13,420	13,295	14,042
<b>NON-OPERATING REVENUES:</b>										
Sales tax revenues .....	40,911 (1)	41,543 (1)	41,748 (1)	41,245	43,774	44,985	44,821	47,007	47,616	92,495
Federal operating grants and reimbursements .....	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 .....	3,342	3,920	2,136	860	722	942	1,185	1,456	1,416	1,488
Investment income .....	1,528	1,781	1,310	900	423	293	650	1,008	1,177	699
Nontransportation and other revenues .....	142	252	400	1,184	440	402	538	549	748	543
Planning study assistance revenues .....	30	17	-	-	-	-	-	-	-	-
Total nonoperating revenues before capital gifts and grants .....	55,680	58,724	56,983	56,589	56,233	57,310	58,250	60,887	62,437	95,225
Capital gifts and grants:										
Federal capital grants .....	9,386	5,138	23,475	3,125	6,399	8,323	6,302	3,215	7,924	12,753
State and other capital grants .....	876	617	2,850	351	2,275	2,690	2,783	1,615	2,137	999
Donated capital .....	942	-	-	-	-	367	-	-	-	-
Total non-operating revenues .....	66,884	64,479	83,308	60,065	64,907	68,690	67,335	65,717	72,498	108,977
<b>TOTAL REVENUES .....</b>	<b>\$ 81,069</b>	<b>\$ 78,644</b>	<b>\$ 97,411</b>	<b>\$ 73,877</b>	<b>\$ 77,885</b>	<b>\$ 81,007</b>	<b>\$ 79,450</b>	<b>\$ 79,137</b>	<b>\$ 85,793</b>	<b>\$ 123,019</b>

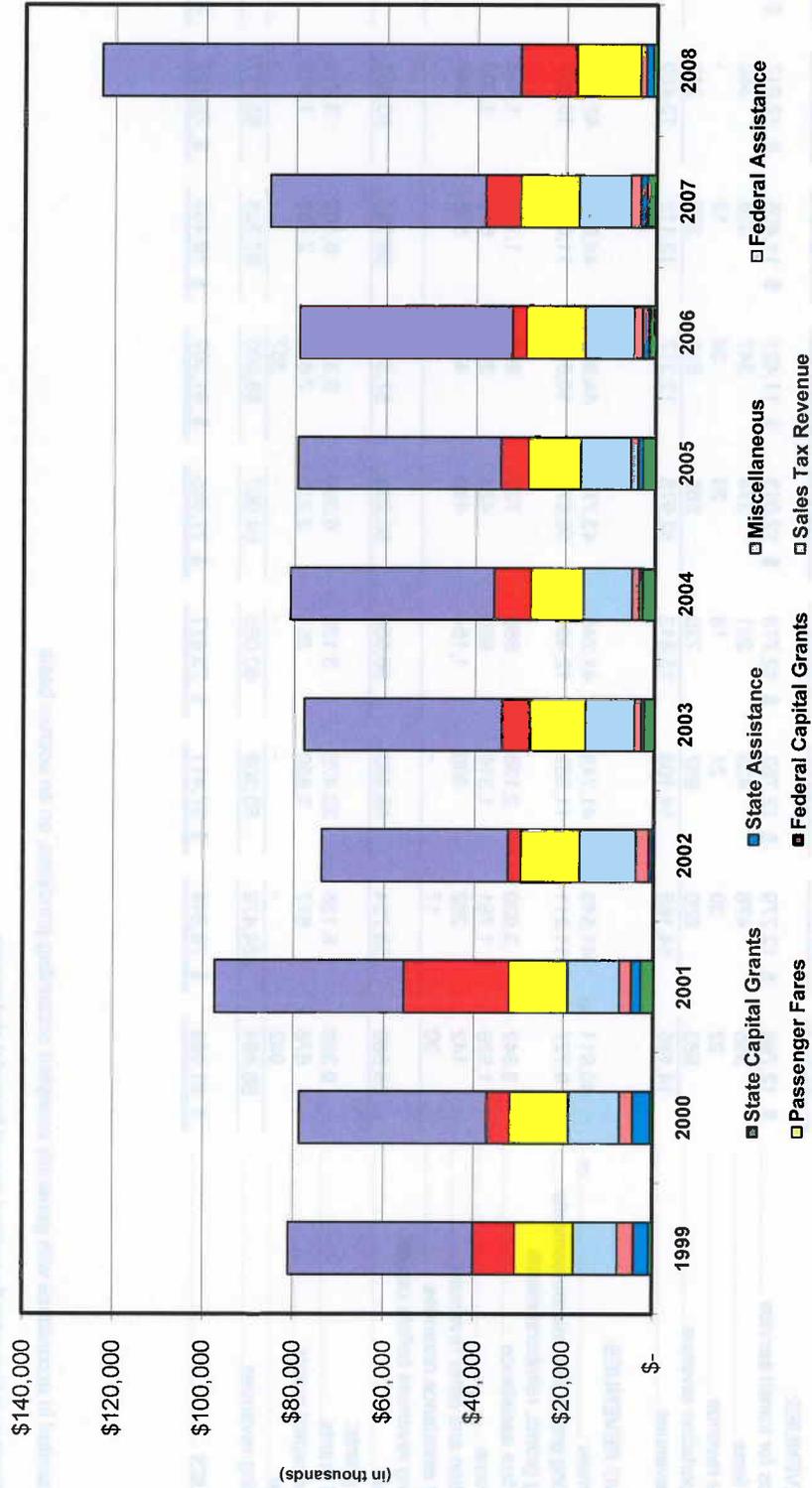
Amounts are presented in accordance with generally accepted accounting principles, on an accrual basis

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



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

**TRANSPORTATION INDUSTRY (1)**

YEAR	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL ALL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>STATE &amp; LOCAL</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
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	50.4	100.0
2005	32.4	15.7	48.1	44.6	7.3	51.9	100.0
2006	33.2	15.3	48.5	43.8	7.7	51.5	100.0
2007	*	*	*	*	*	*	*
2008	*	*	*	*	*	*	*

**CENTRAL OHIO TRANSIT AUTHORITY (2)**

YEAR	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL ALL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>STATE &amp; LOCAL</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
1999	16.3	(3) 17.1	33.4	(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
2008	11.4	12.2	23.6	76.4	0.0	76.4	100.0

\* Information not available

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

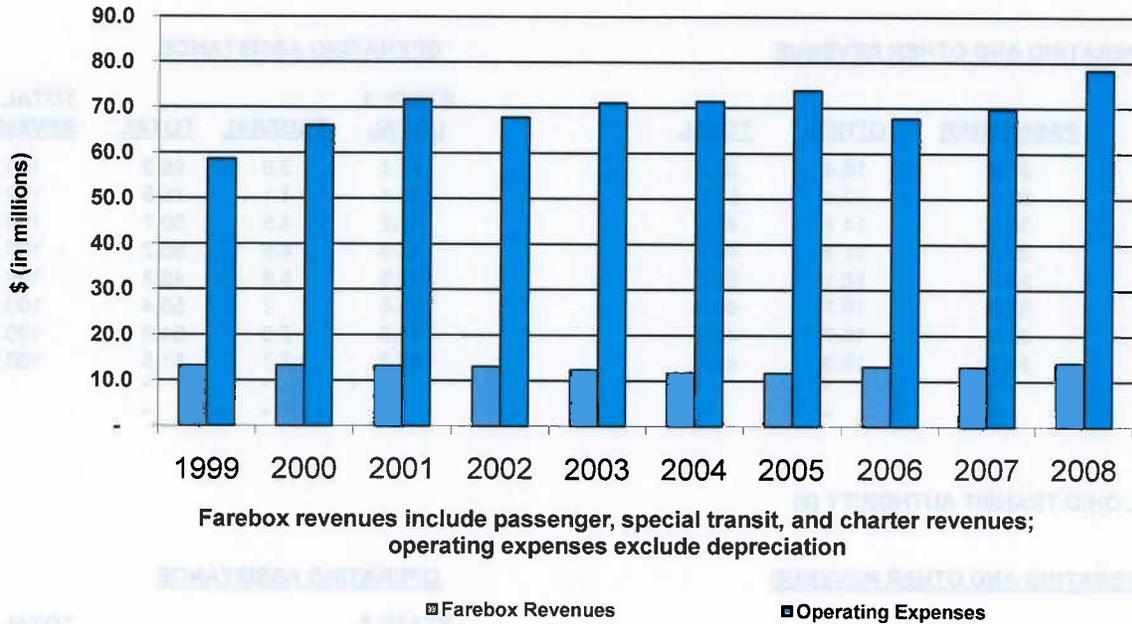
(2) Percentages are derived from the Authority's independently audited annual financial statements, restated prior to 2001 due to changes in the recording of local sales tax revenue and the recognition of capital grants and gifts as revenues.

(3) Includes auxiliary transportation revenues, interest income, planning study assistance revenue, nontransportation, other revenues and capital grants

(4) Includes local sales tax revenues, and state operating grants, reimbursements, and special fare assistance

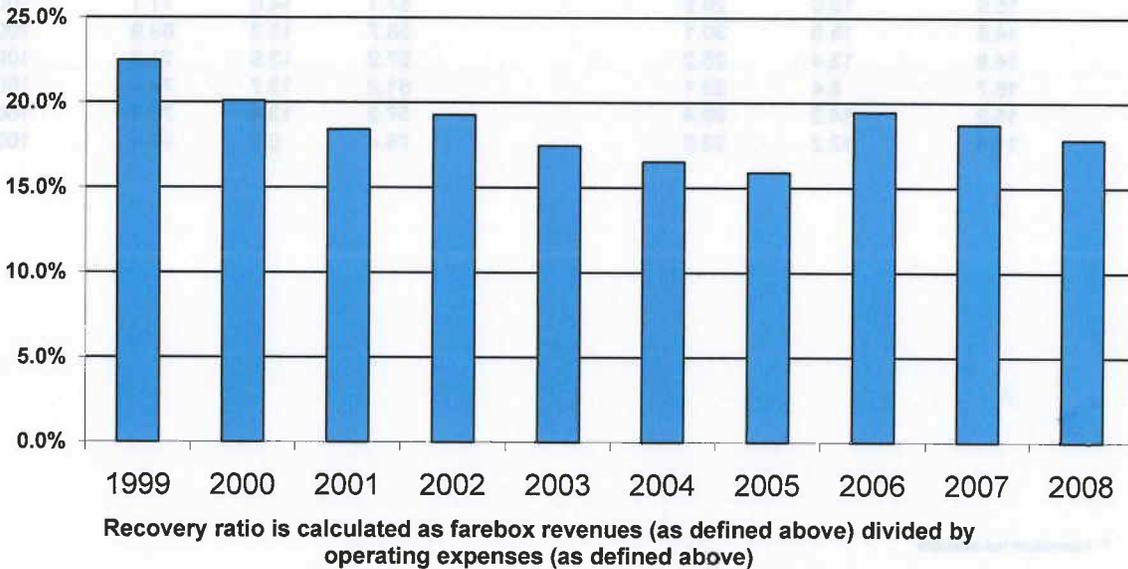
## CENTRAL OHIO TRANSIT AUTHORITY

**Farebox Revenues vs. Operating Expenses  
Last Ten Fiscal Years**



## CENTRAL OHIO TRANSIT AUTHORITY

**Farebox Recovery Ratio  
Last Ten Fiscal Years**



**CENTRAL OHIO TRANSIT AUTHORITY**  
**Expenses by Object Class**  
**Last Ten Fiscal Years**

(in thousands)

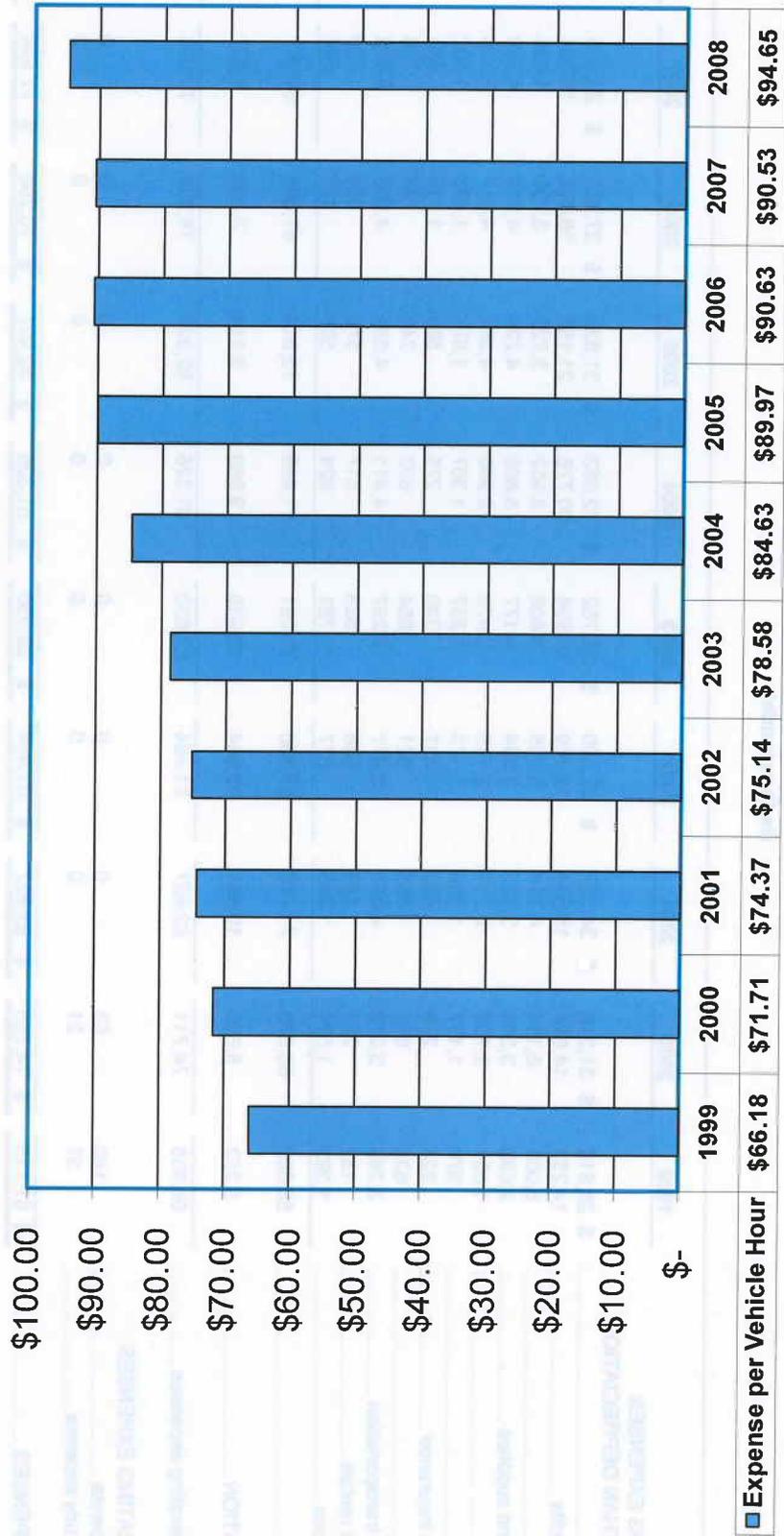
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>OPERATING EXPENSES</b>										
<b>OTHER THAN DEPRECIATION:</b>										
Labor .....	\$ 28,518	\$ 31,218	\$ 34,037	\$ 32,590	\$ 32,752	\$ 32,053	\$ 31,829	\$ 27,522	\$ 28,498	\$ 30,080
Fringe benefits .....	14,233	14,694	18,504	18,769	19,934	20,776	21,156	18,476	18,334	18,930
Services .....	5,003	6,184	4,714	3,765	3,808	3,952	3,722	3,738	4,096	4,887
Materials and supplies .....	2,690	3,350	3,572	3,364	4,177	3,869	4,224	4,319	4,759	9,041
Fuel .....	1,621	2,793	2,713	2,119	2,478	2,990	4,364	4,917	5,326	5,142
Utilities .....	970	1,137	1,369	1,173	1,337	1,307	1,571	1,436	1,502	1,711
Claims and insurance .....	224	276	440	337	390	275	595	1,118	675	509
Taxes .....	635	649	696	621	654	692	743	727	766	817
Purchased transportation .....	3,268	3,912	4,077	3,877	4,257	4,411	4,531	4,608	5,016	6,071
Leases and rentals .....	132	285	399	558	523	517	570	359	209	223
Miscellaneous .....	1,392	1,578	1,255	677	781	624	508	471	586	940
<b>Total .....</b>	<b>58,686</b>	<b>66,076</b>	<b>71,776</b>	<b>67,850</b>	<b>71,091</b>	<b>71,466</b>	<b>73,813</b>	<b>67,691</b>	<b>69,767</b>	<b>78,351</b>
<b>DEPRECIATION .....</b>	<b>8,252</b>	<b>8,635</b>	<b>10,851</b>	<b>13,644</b>	<b>10,939</b>	<b>9,860</b>	<b>9,114</b>	<b>8,565</b>	<b>8,227</b>	<b>7,938</b>
<b>Total operating expenses .....</b>	<b>66,938</b>	<b>74,711</b>	<b>82,627</b>	<b>81,494</b>	<b>82,030</b>	<b>81,326</b>	<b>82,927</b>	<b>76,256</b>	<b>77,994</b>	<b>86,289</b>
<b>NONOPERATING EXPENSES:</b>										
Interest expense .....	140	53	0	0	0	0	0	0	0	0
Planning study expense .....	37	21	0	0	0	0	0	0	0	0
<b>TOTAL EXPENSES .....</b>	<b>\$ 67,115</b>	<b>\$ 74,785</b>	<b>\$ 82,627</b>	<b>\$ 81,494</b>	<b>\$ 82,030</b>	<b>\$ 81,326</b>	<b>\$ 82,927</b>	<b>\$ 76,256</b>	<b>\$ 77,994</b>	<b>\$ 86,289</b>

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 Total Vehicle Hour  
Last Ten Fiscal Years



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

**TRANSPORTATION INDUSTRY (1)**

<u>YEAR</u>	<u>LABOR AND FRINGES</u>	<u>SERVICES</u>	<u>MATERIALS AND SUPPLIES</u>	<u>UTILITIES</u>	<u>CLAIMS AND INSURANCE</u>	<u>PURCHASED TRANS-PORTATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES</u>
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	66.1%	5.9%	11.3%	3.2%	2.5%	13.4%	(2.4%)	100.0%
2007	*	*	*	*	*	*	*	*
2008	*	*	*	*	*	*	*	*

**CENTRAL OHIO TRANSIT AUTHORITY (2)**

<u>YEAR</u>	<u>LABOR AND FRINGES</u>	<u>SERVICES</u>	<u>MATERIALS AND SUPPLIES</u>	<u>UTILITIES</u>	<u>CLAIMS AND INSURANCE</u>	<u>PURCHASED TRANS-PORTATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES (3)</u>
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	68.0%	5.5%	13.6%	2.1%	1.7%	6.8%	2.3%	100.0%
2007	67.1%	5.9%	14.5%	2.2%	1.0%	7.2%	2.1%	100.0%
2008	62.6%	6.2%	18.1%	2.2%	0.7%	7.7%	2.5%	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

(3) Total operating expenses exclude depreciation

**CENTRAL OHIO TRANSIT AUTHORITY**

**LEGAL DEBT MARGIN**

**DECEMBER 31, 2008**

**(IN THOUSANDS)**

**CALCULATION OF LEGAL OVERALL DEBT MARGIN:**

Total assessed property valuation of Authority (2008 tax year valuation) (1) .....	\$ 28,772,964
Multiplied by: Legal overall debt limitation (%) .....	5.00%
Equals: Total legal voted and unvoted debt limitation .....	\$ 1,438,648
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) .....	<u>\$ 1,438,648</u>

**CALCULATION OF LEGAL UNVOTED DEBT MARGIN:**

Total assessed property valuation of Authority (2008 tax year valuation) (1) .....	\$ 28,772,964
Multiplied by: Legal unvoted debt limitation (%) .....	0.10%
Equals: Legal unvoted debt limitation .....	\$ 28,773
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).....	<u>\$ 28,773</u>

**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**

<u>YEAR</u>	<u>POPULATION</u>	<u>ASSESSED VALUE</u> (3)	<u>GENERAL BONDED DEBT</u> (4)	<u>RATIO OF BONDED DEBT TO ASSESSED VALUE</u>	<u>BONDED DEBT PER CAPITA</u>
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
2008	1,160,308 (2)	\$ 28,772,964,620	\$ -	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**

<u>YEAR</u>	<u>REVENUES (1)</u>	<u>CAPITAL GRANTS</u>	<u>EXPENSES (2)</u>	<u>NET REVENUE OVER EXPENSES AVAILABLE FOR</u>		<u>DEBT SERVICE REQUIREMENTS (3)</u>			<u>DEBT COVERAGE RATIO</u>
				<u>DEBT SERVICE</u>	<u>DEBT SERVICE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
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	
2008	\$123,019,252	\$13,751,960	\$78,350,909	\$30,916,383	\$ -	\$ -	\$ -	N/A	

Source: The Authority's independently audited financial statements

(1) Revenues include all operating revenues, nonoperating revenues, and capital grant revenues

(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, 2008**

Political Subdivision	General Obligation	--Applicable to the Authority-- Percentage	Amount
COTA	\$ -	100.00%	\$ -
1 Franklin County	201,911,371	100.00%	201,911,371
Cities wholly within COTA	1,304,294,075	100.00%	1,304,294,075
Cities with Overlapping:			
City of Dublin	37,280,128	84.83%	31,624,733
City of Pickerington	12,180,000	0.35%	42,630
Villages wholly within COTA	6,565,000	100.00%	6,565,000
Villages with Overlapping:			
Village of Canal Winchester	821,117	88.35%	725,457
Townships wholly within COTA	4,341,127	100.00%	4,341,127
Townships with Overlapping:			
Washington Township	2,214,999	85.18%	1,886,736
School Districts wholly within COTA	703,290,468	100.00%	703,290,468
School Districts with Overlapping:			
Canal Winchester Local S.D.	62,258,346	75.44%	46,967,696
Dublin City S.D.	183,013,371	80.34%	147,032,942
Hilliard City S.D.	156,013,618	100.00%	156,013,618
Licking Heights Local S.D.	56,324,017	55.03%	30,995,107
Olentangy Local S.D.	345,822,013	0.07%	242,075
Pickerington Local S.D.	151,585,257	1.27%	1,925,133
Plain Local S.D.	70,283,751	99.99%	70,276,723
South-Western City S.D.	98,249,989	99.85%	98,102,614
Teays Valley Local S.D.	40,045,914	0.08%	32,037
Westerville City S.D.	100,650,447	64.72%	65,140,969
Delaware County Joint Vocational S.D.	-	0.04%	-
Eastland Joint Vocational S.D.	600,000	62.05%	372,300
Licking County Joint Vocational S.D.	27,475,000	7.61%	2,090,848
Special District with Overlapping:			
Delaware County District Library	345,000	5.00%	17,250
New Albany/Plain Jnt Park District	9,164,998	99.99%	9,164,082
<b>Total</b>			<b>\$ 2,883,054,990</b>

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. 2008 values are used.

1) Total G.O. debt. Does not include OPWC, OWDA, or Stadium Facility Bonds or Notes

## CENTRAL OHIO TRANSIT AUTHORITY

### Demographic Statistics

#### Last Ten Fiscal Years

<u>YEAR</u>	<u>POPULATION</u>	<u>PER CAPITA INCOME</u>	<u>MEDIAN AGE</u>	<u>K - 12 SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
	(1)	(3)	(4)	(6)	(7)
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	\$38,556	34.5	(8) 189,072	4.7%
2008	1,160,300	*	*	(8) 206,197	5.5%

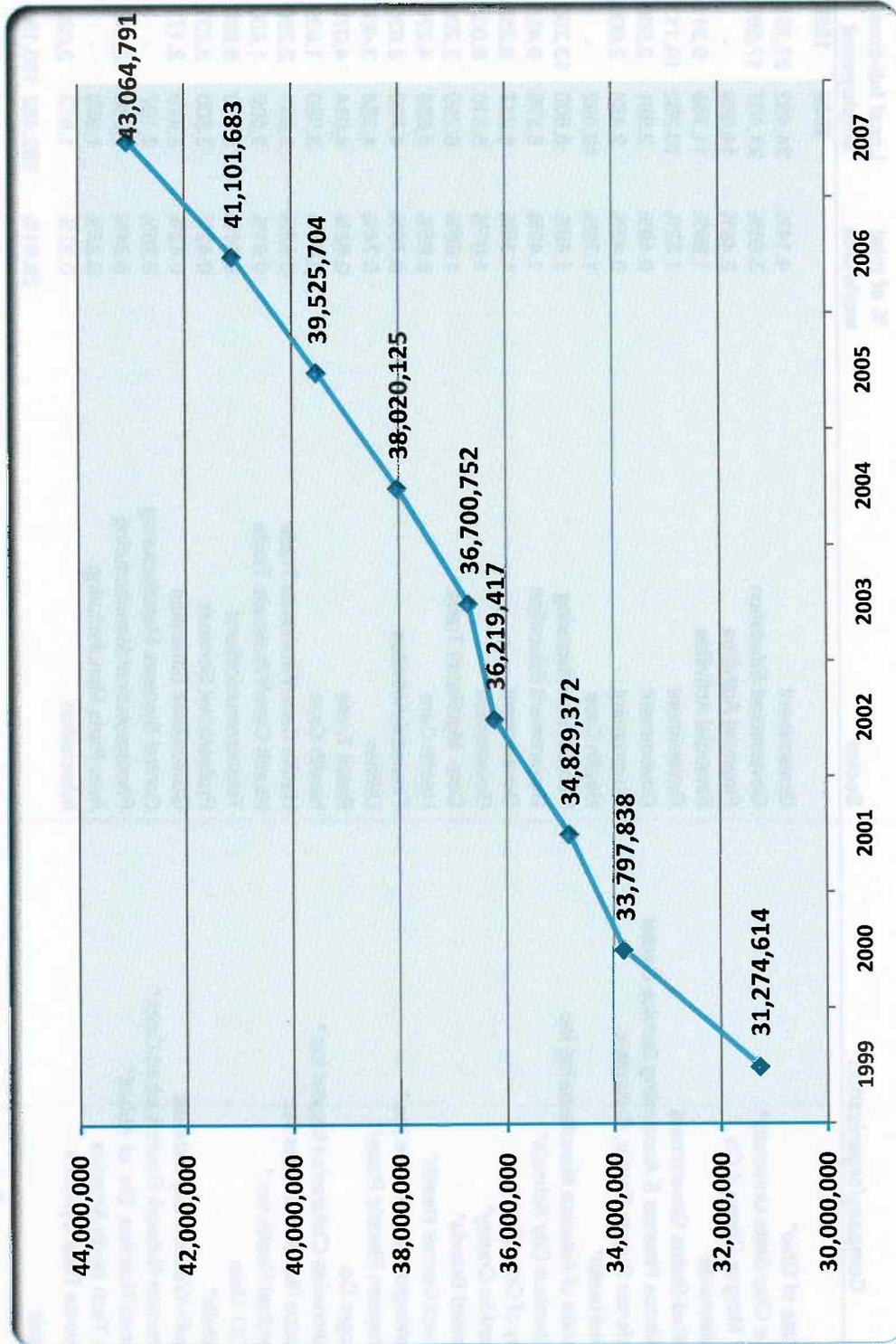
Note: All information presented is for Franklin County

\* 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) U.S. Census Bureau
- (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  
1999-2007**



Source: U.S. Bureau of Economic Analysis

**CENTRAL OHIO TRANSIT AUTHORITY  
COLUMBUS CHAMBER OF COMMERCE - FACT SHEET  
GREATER COLUMBUS - 25 LARGEST EMPLOYERS**

	Company/organization	Sector	% of total workforce		Local full-time employment	
			2008	1999	2008	1999
1	State of Ohio*	Government	4.14%		24,492	27,755
2	The Ohio State University*	Government Education	3.56%		21,107	17,597
3	JP Morgan Chase & Co	Financial Activities	2.48%		14,689	-
4	Nationwide*	Financial Activities	1.99%		11,768	9,311
5	United States Government	Government	1.82%		10,762	10,113
*	Defense Finance & Accounting Service Center	Government	0.49%		2,891	2,500
*	Defense Supply Center, Columbus	Government	0.42%		2,480	2,600
6	OhioHealth*	Health Care	1.79%		10,592	-
7	Honda of America Manufacturing Inc.	Vehicle Manufacturing	1.49%		8,800	13,200
8	Columbus City Schools*	Government Education	1.40%		8,276	9,451
9	City of Columbus*	Government	1.39%		8,227	8,256
10	Franklin County*	Government	1.07%		6,310	6,003
11	Limited Brands*	Corp. Mgt/Retail Trade	1.06%		6,250	7,200
12	Mount Carmel Health*	Health Care	0.95%		5,638	4,279
13	Huntington Bancshares Inc.*	Financial Activities	0.79%		4,700	3,630
14	American Electric Power*	Utilities	0.74%		4,384	3,462
15	Kroger Co.	Retail Trade	0.68%		4,014	4,075
16	Nationwide Children's Hospital Inc.*	Health Care	0.66%		3,880	1,939
17	Medco Health Solutions Inc.	Health Care/Wholesale Trade	0.62%		3,681	2,250
18	Cardinal Health Inc.*	Health Care/Wholesale Trade	0.61%		3,600	1,400
19	AT&T Ohio	Telecommunications	0.51%		3,000	5,600
20	Battelle*	Professional Services	0.42%		2,500	3,237
21	South-Western City Schools	Government Education	0.42%		2,479	2,171
22	Emerson Network Power/Liebert Corp.*	Control Systems Manufacturing	0.36%		2,107	-
23	Abbott Nutrition, Div. of Abbott*	Pharmaceutical Manufacturing	0.34%		1,986	2,170
24	TS Tech North America	Auto Parts Manufacturing	0.33%		1,956	-
25	Alliance Data Systems	Information	0.32%		1,913	2,000
	Totals		29.91%		182,482	150,199

\* Headquartered locally

- Notes:**
1. Total includes subset branches/divisions shown below.
  2. Source: U.S. Bureau of Labor Statistics.
  3. Total number of population in work force (16 years and over) 592,200, obtained from U.S. Census Bureau

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

# CENTRAL OHIO TRANSIT AUTHORITY

## Fare Rate Structure

### December 31, 2008

---

**CASH OR TICKET FARES:**

Express .....	\$	2.00
Local and crosstown .....		1.50
Project Mainstream ADA Trip <sup>(1)</sup> .....		2.25
Project Mainstream Non-ADA Trip <sup>(1)</sup> .....		3.00
COTA LINK <sup>(2)</sup> .....		0.50
Transfer .....		Free

**DAY PASSES <sup>(3)</sup>:**

Adult <sup>(4)</sup> .....	\$	3.50
Human Service Agency <sup>(5)</sup> .....		3.00
Children over 48" and under 12 years old, Senior Discount Card <sup>(6)</sup> , or Key Card <sup>(7)</sup> .....		1.75
Seven-Day Pass .....		18.00

**MONTHLY PASSES:**

Express .....	\$	62.00
Local .....		45.00
Project Mainstream <sup>(1)</sup> .....		70.00
Senior Discount Card <sup>(6)</sup> , or Key Card <sup>(7)</sup> .....		22.00

**SPECIAL FARES:**

Children over 48" and under 12 years old, Senior Discount Card <sup>(6)</sup> , or Key Card <sup>(7)</sup> .....	\$	0.75
Children under 48" tall .....		Free
All ADA Card <sup>(8)</sup> 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**  
**Operating Statistics**  
**Last Ten Fiscal Years**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>SYSTEM RIDERSHIP</b>										
Motor bus.....	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	16,502,040
Demand responsive.....	120,959	132,083	145,472	144,149	159,047	159,044	164,167	168,899	182,181	216,489
<b>AVERAGE WEEKDAY SYSTEM RIDERSHIP</b>										
Motor bus.....	64,152	64,195	62,727	55,388	53,564	49,524	50,035	50,649	50,337	56,181
Demand responsive.....	430	448	494	491	545	533	556	559	591	709
<b>VEHICLE MILES OPERATED</b>										
Motor bus.....	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	9,460,805
Demand responsive.....	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	2,877,197
<b>AVERAGE WEEKDAY VEHICLE MILES OPERATED</b>										
Motor bus.....	36,554	37,611	39,685	36,773	35,334	33,560	32,819	29,465	30,085	32,134
Demand responsive.....	5,812	6,815	7,658	7,827	8,211	7,938	8,452	8,001	8,229	9,523
<b>REVENUE MILES</b>										
Motor bus.....	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	7,628,914
Demand responsive.....	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	2,567,604
<b>PASSENGER MILES</b>										
Motor bus.....	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	60,965,006
Demand responsive.....	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	2,113,438

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

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>VEHICLE HOURS OPERATED</b>										
Motor bus..... <sup>(1)</sup>	793,260	806,190	838,841	776,011	759,778	714,525	692,438	623,987	635,828	678,302
Demand responsive.....	96,238	116,232	126,211	127,016	136,795	129,909	127,981	124,675	134,796	149,480
<b>VEHICLE REVENUE HOURS</b>										
Motor bus..... <sup>(1)</sup>	713,514	723,458	754,911	704,603	691,262	649,005	628,815	566,343	577,336	615,332
Demand responsive.....	83,043	100,346	108,908	103,217	112,263	110,153	109,141	106,225	116,211	133,899
<b>DIESEL &amp; BIODIESEL FUEL USAGE (IN GALLONS)</b>										
..... <sup>(2)</sup>	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	2,592,382
<b>FLEET REQUIREMENTS (DURING PEAK HOURS)</b>										
Motor bus.....	266	277	282	250	247	230	228	195	195	219
Demand responsive.....	36	36	36	38	43	43	47	46	46	58
<b>TOTAL REVENUE VEHICLES DURING PERIOD</b>										
Motor bus..... <sup>(1)</sup>	321	322	346	299	308	276	274	234	234	268
Demand responsive.....	43	43	43	43	58	58	57	55	60	62
<b>NUMBER OF EMPLOYEES</b> ..... <sup>(1)</sup>	796	815	843	775	757	722	690	616	669	699

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**  
**Number of Employees and Labor Classification**  
**LAST TEN FISCAL YEARS**

CLASSIFICATION	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
VEHICLE OPERATIONS	535	527	538	494	488	469	451	394	450	486
VEHICLE MAINTENANCE	125	129	142	128	125	114	112	102	101	99
NON-VEHICLE MAINTENANCE	36	39	42	35	36	40	38	30	25	27
GENERAL ADMINISTRATION	100	120	121	118	98	99	89	90	93	87
<b>TOTAL LABOR</b>	<b>796</b>	<b>815</b>	<b>843</b>	<b>775</b>	<b>747</b>	<b>722</b>	<b>690</b>	<b>616</b>	<b>669</b>	<b>699</b>

Last Ten Fiscal Years (continued)  
 Ohio's Public Transportation Authority  
 CENTRAL OHIO TRANSIT AUTHORITY

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Miscellaneous Statistics**  
**For the Year ended December 31, 2008**

---

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, Union, and Licking Counties, Ohio
Type of tax support .....	Service Area Sales Tax - 1/4 % permanent 1/4 % temporary
Size of Authority .....	560.3 square miles
Miles of route .....	926.9
Number of routes .....	65
Number of bus stop locations .....	4,317
Number of bus stop passenger shelters .....	380
Number of Park-and-Ride facilities .....	26
Parking capacity, all Park-and-Ride facilities .....	2255
Number of active fleet buses .....	268
Average bus vehicle age .....	7.42 years
Average fixed-route system speed .....	14.21 miles per hour
Average fixed-route system fuel economy .....	4.57 miles per gallon
Number of customer information calls received .....	1,985,521

CENTRAL OHIO TRANSIT AUTHORITY  
 Miscellaneous Statistics  
 For the Year ended December 31, 2005

1,358,324	Number of customer information calls received
4.57 miles per gallon	Average fixed-route system fuel economy
14.21 miles per hour	Average fixed-route system speed
7.42 years	Average bus vehicle age
288	Number of active fixed routes
2,286	Permitting capacity, all Park-and-Ride facilities
26	Number of Park-and-Ride facilities
280	Number of bus stop passenger shelters
4,317	Number of bus stop locations
69	Number of routes
328.8	Miles of route
550.2 square miles	Size of Authority
14.46 percent of the territory	Type of tax region
Service Area Sales Tax	County in which Authority operates
Franklin County and small portions of adjacent Delaware, Fairfield, Union, and Licking Counties, Ohio	Number of Trustees
13	Form of government
Board of Trustees, with full-time professional CEO	Date of commencement of Authority operations
January 1, 1974	Transit Company (T.C.)
June 29, 1973	Date of acquisition of assets of Columbus Transit Company
February 17, 1971	Date of creation of Authority by local county and municipal governments

**THIS PAGE LEFT INTENTIONALLY BLANK**



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  
DECEMBER 1, 2009**