Central Ohio Transit Authority

Financial Statements for the Years Ended December 31, 2009 and 2008, and Reports Issued Pursuant to OMB Circular A-133 for the Year Ended December 31, 2009

Mary Taylor, CPA
Auditor of State

Board of Trustees
Central Ohio Transit Authority
33 N. High Street
Columbus, OH 44215

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, 2009 through December 31, 2009. 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, CPA
Auditor of State

August 31, 2010

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CENTRAL OHIO TRANSIT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

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

We have audited the balance sheets of Central Ohio Transit Authority (the "Authority") as of December 31, 2009 and 2008, 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, 2009 and 2008, 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 16, 2010, 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 16, 2010

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, 2009. 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 $173.4 million. These net assets result from the difference between total assets of $189.1 million and total liabilities of $15.7 million.

- The Authority's net assets increased by $36.8 million in 2009 due to grant funding of $28.8 million and an increase in operating and non-operating activity of $8.0. The Authority's net assets increased by $36.7 million in 2008 due to a $23.0 million operating gain and $13.7 million in grant funding.

- Current assets of $68.9 million primarily consist of non-board designated cash and cash equivalents of $29.4 million; sales tax receivables of $24.6 million, inventory of $2.5 million, federal capital grant receivables of $2.4 million, and Board designated assets of $8.8 million.

- Current liabilities of $13.9 million primarily consist of accrued payroll and fringe benefits of $5.0 million, and accounts payable of $6.4 million.

- The Authority has no long-term debt.

Basic Financial Statements and Presentation

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

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

The Statements of Revenues, Expenses and Changes in Net Assets, on page 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
33 N. High Street
Columbus, OH 43215
www.cota.com

Financial Analysis of the Authority

Condensed Summary of Net Assets

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

Description	2009	2008	2007
Assets			
Current Assets	$ 60,148,894	$ 45,788,059	$ 31,342,953
Board Designated Assets (current)	8,772,831	9,059,642	3,822,846
Total Current Assets	68,921,725	54,847,701	35,165,799
Board Designated Assets (non-current)	13,926,732	14,427,603	10,584,131
Capital Assets (net of accumulated depreciation)	106,204,159	79,797,680	64,712,680
Total Non-Current Assets	120,130,891	94,225,283	75,296,811
Total Assets	189,052,616	149,072,984	110,462,610
Liabilities			
Current Liabilities	13,919,977	11,382,503	9,756,679
Non-Current Liabilities	1,757,401	1,143,037	888,572
Total Liabilities	15,677,378	12,525,540	10,645,251
Net Assets			
Net Assets Invested in Capital Assets	106,204,159	79,797,680	64,712,680
Net Assets Unrestricted	67,171,079	56,749,764	35,104,679
Total Net Assets	$ 173,375,238	$ 136,547,444	$ 99,817,359

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, Dublin, Reynoldsburg, and Westerville that are located in counties adjacent to Franklin County. The Authority's investment in capital assets as of December 31, 2009 amounts to $106.2 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 2009 was $26.4 million.

Major capital asset events during 2009 included the following:

- Purchase of (40) heavy duty transit buses
- Purchase of (18) paratransit vehicles
- Purchase of (12) non-revenue vehicles
- 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 Office

Additional information on the Authority's capital assets can be found in Note 5 in the Notes to the Financial Statements located on pages 25-26.

The Authority's current assets at the end of 2009 are composed of cash and cash equivalents (55.5%), receivables (39.9%), inventory (3.7%), and other assets (.9%) 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	2009	2008	2007
Transportation	$ 45,646,033	$ 45,197,904	$ 39,534,403
Vehicle Maintenance	13,766,100	12,845,853	12,557,009
Facilities Maintenance	6,013,460	4,917,892	4,073,816
General & Administrative	15,615,545	15,172,404	13,616,182
Total	$ 81,041,138	$ 78,134,053	$ 69,781,410

In accordance with NTDR guidelines, the 2009, 2008 and 2007 expenses include additional costs of $57,087, $44,953 and $34,751 respectively, collected directly by the service provider from the Authority's customers for the Sedan Voucher Service for disabled passengers.

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

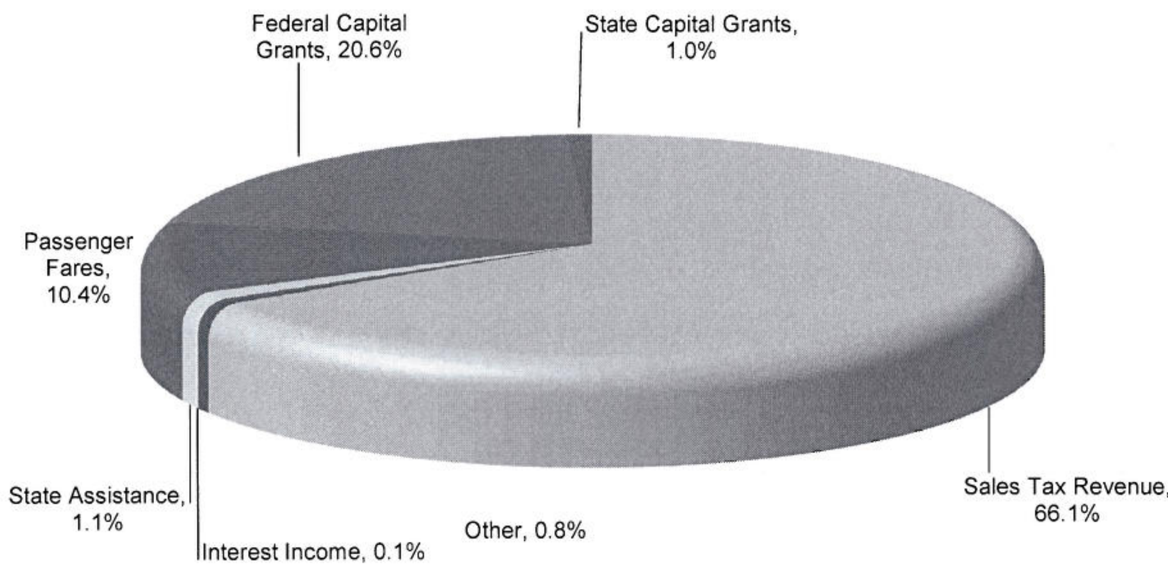
Description	2009	2008	2007
Operating Revenues			
Passenger Fare Revenues	$ 13,271,919	$ 13,492,073	$ 12,666,006
Special Services Revenue	535,169	486,200	390,960
Other: Auxiliary Transportation Revenues	-	64,408	237,929
Total Operating Revenues	13,807,088	14,042,681	13,294,895
Non-Operating Revenues			
Sales Tax Revenues	88,095,294	92,495,436	47,615,932
Federal Assistance	-	-	11,479,652
State Assistance	1,408,489	1,487,834	1,416,616
Investment Income	87,542	698,893	1,176,901
Non-transportation and Other Revenues	1,040,800	542,448	748,242
Total Non-Operating Revenues	90,632,125	95,224,611	62,437,343
Total Revenue before Capital Grants	104,439,213	109,267,292	75,732,238
Operating Expenses			
Labor	33,462,696	30,079,850	28,498,141
Fringe Benefits	21,489,831	18,929,623	18,334,414
Materials and Supplies	10,493,689	14,183,319	10,085,202
Purchased Transportation	6,052,586	6,070,681	5,015,657
Services	5,723,172	4,887,219	4,096,126
Other Expenses	4,159,455	4,200,217	3,737,395
Total Operating Expenses	81,381,429	78,350,909	69,766,935
Non-Operating Expenses			
Loss on disposal of fixed assets	1,156,816	-	-
Depreciation Expense	13,877,640	7,938,258	8,227,145
Tota Non-Operating Expenses	15,034,456	7,938,258	8,227,145
Gain (Loss) before Capital Grants and Special Item	8,023,328	22,978,125	(2,261,842)
Capital Grant Revenues:			
Federal	27,491,660	12,752,628	7,923,838
State	1,312,806	999,332	2,136,637
Total Capital Grant Revenues	28,804,466	13,751,960	10,060,475
Special Item: Loss on Project Impairment	-	-	(946,917)
Change in Net Assets during the Year	36,827,794	36,730,085	6,851,716
Net Assets, Beginning of Year	136,547,444	99,817,359	92,965,643
Net Assets, End of Year	$ 173,375,238	$ 136,547,444	$ 99,817,359

CENTRAL OHIO TRANSIT AUTHORITY

Revenues bv Source

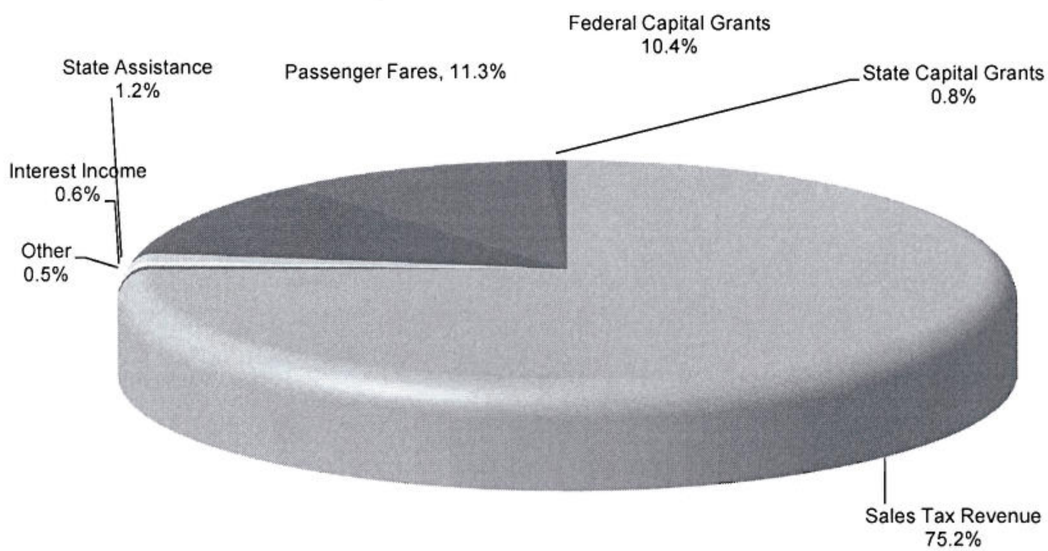
2009 Total Revenues

$133,243,679



2008 Total Revenues

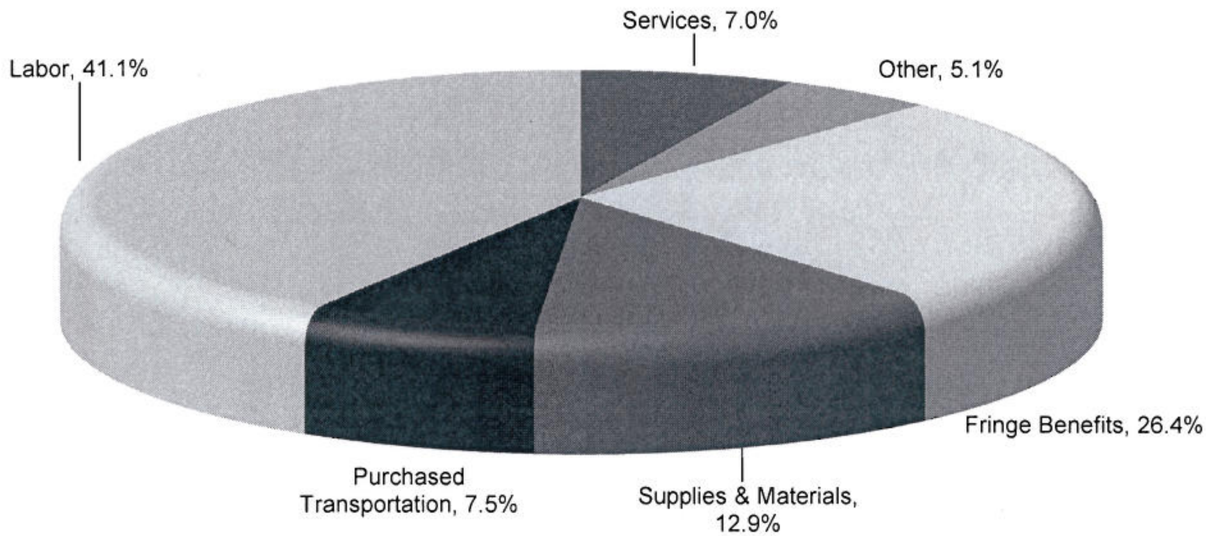
$123,019,252



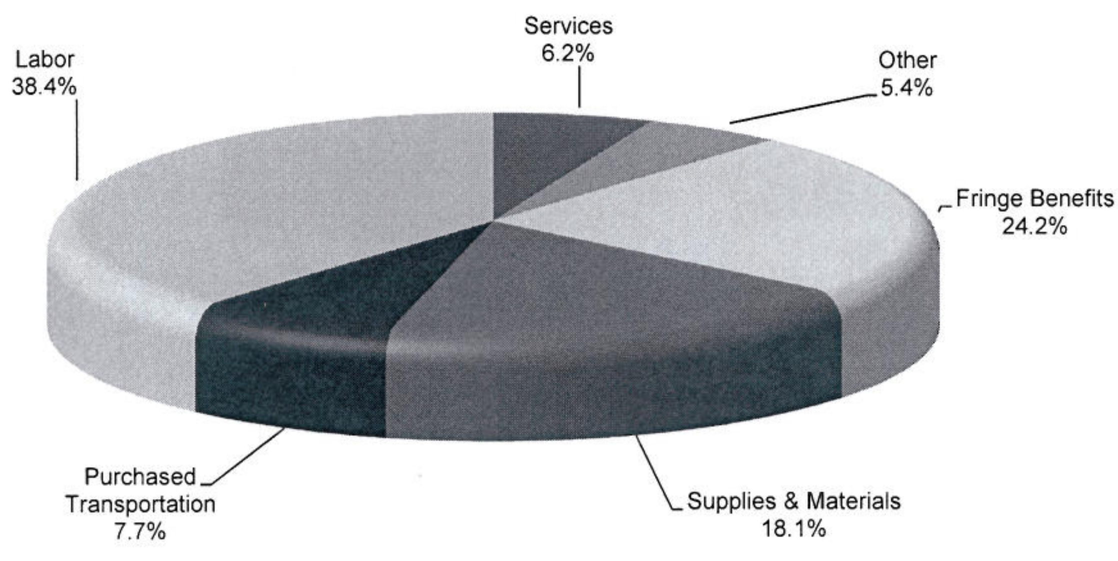
CENTRAL OHIO TRANSIT AUTHORITY

Expense by Object Class
(Excluding Depreciation)

2009 Total Expenses
$81,381,429



2008 Total Expenses
$78,350,909



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 2009 decrease is due to a decrease in ridership. The 2008 increase is due to an increase in ridership. The slight decrease in 2007 is due to flat ridership in comparison to 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. Due to an economic downturn in 2009, the sales tax revenue decreased. 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.

Federal Assistance is received from the Federal Transit Administration (FTA). Transit funds can be used for a variety of expenditures as defined in 49 USC §5307. Eligible expenditures fall into two general categories: capital expenditures and other expenditures which are limited to specific programs. The Authority's funding, as authorized in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) comes primarily from §5307 which is the Urbanized Area Formula Program. The Authority utilizes these funds primarily for capital programs, transit improvements and enhancements, and preventative maintenance. The funds appropriated for §5307 increased in 2009 over 2008. Additionally, in 2009 the American Recovery and Reinvestment Act (ARRA) was signed into law resulting in additional funds being appropriated for transportation and to §5307. The Authority's allocation of the combined appropriations contributed to Federal Assistance more than doubling in 2009 compared to 2008. These Federal funds are being used for heavy duty transit bus replacements, paratransit vehicle replacements, non-revenue vehicle replacement, as well as completion of the renovation of the Fields Avenue facility, continued construction on the new Paratransit/Small Bus facility, and beginning renovation on the McKinley Avenue facility. The amount appropriated for § 5307 funds was increased in 2008, therefore increasing the share allocated to the Authority which was used to purchase heavy duty transit buses. In 2007, the appropriation to all public transit agencies for § 5307 funds increased which increased COTA's allocation proportionally. In 2007 the Authority elected to use its § 5307 funds on capitalized maintenance.

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 saw a slight decrease in 2009. The entire program was increased for both 2008 and 2007.

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 2009 and 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.

Investment Income is earned on invested funds. Cash balances in 2009 have continued to increase but due to a significant decline in interest rates, interest income is greatly reduced over prior years. The 2008 cash balances 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.

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. In 2009, COTA continued advertising inside the bus and inside the bus shelters. Non-transportation revenues include other miscellaneous income items such as rent income which increased in 2009 over 2008 due to a full year of rent collection on a facility acquired late in 2008. The increase in 2008 was 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 2009, the loss on sale of capital assets was disclosed separately as a non-operating expense. In 2008, the gain on sale of capital assets was offset against the loss from the sale of capital assets. Non-transportation revenue also includes a gain on sale of capital 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). In 2009, bus operations and maintenance staff was increased by seventy full time employees due to increased service and the administrative staff was increased by six thereby driving an 11.2% increase in labor costs. 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.

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 2009, fringe benefits increased by 13.5% primarily due to the increased headcount from 2008 and an increase in health insurance premiums. In 2008, fringe benefits increased by 3.2% due to increases in health insurance premiums. In 2007, fringe benefit expense was relatively unchanged due to a modest increase in premiums offset by increased employee cost sharing

Materials and Supplies include the Authority's diesel fuel expense and parts used in the maintenance of buses and facilities. Fuel costs in 2009 were significantly less than costs experienced in 2008 with a reduction of 44.9% while parts usage remained consistent with the previous year. In 2008, the Authority experienced significant increases in the price of diesel fuel. In addition, costs continued to increase in regards to materials and supplies associated with vehicle maintenance. In 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

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. In 2009, the Authority continued to see increases in ridership of 10.3% although expenses remained virtually unchanged due to variable changes in the contract. 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.

Services are provided by outside contractors to the Authority for a wide variety of professional, technical, consulting and maintenance needs. In 2009, services increased by 17% due to construction related professional services. 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.

Other Expenses consist primarily of utilities, taxes, interest, leases and rentals, claims and insurance and other miscellaneous expenses. In 2009, other expenses remained consistent with the prior year with a slight decrease of .9%. 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%. Real estate taxes are paid on non-exempt Authority property which includes transit center rental facilities and are partially reimbursed by the tenants.

Depreciation Expense in 2009 was significantly higher than prior years with an increase of 74.8% due to accelerated depreciation taken on capital assets due to an adjustment in their useful life.

Requests for Information

This report is designed to provide detailed information on the Authority's operations to all with an interest in the Authority's financial affairs and to demonstrate the Authority's accountability for the assets it controls and the funds it receives and expends. Questions concerning any of the information provided in this report or any request for additional information should be emailed to whiteme@cota.com or sent in writing to CFO, Central Ohio Transit Authority, 33 N. High Street, Columbus, Ohio 44215

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets
December 31, 2009 and 2008

ASSETS	2009	2008
CURRENT ASSETS:		
Cash and cash equivalents	$ 29,446,481	$ 15,955,423
Receivables:		
Sales tax	24,559,657	24,125,773
Federal capital grants receivable	2,369,859	1,479,515
Other	597,025	1,181,372
Inventory of materials and supplies	2,536,708	2,515,734
Other	639,164	530,242
Total	60,148,894	45,788,059
Board designated:		
Cash and cash equivalents - capital grants	7,926,045	8,297,161
Cash and cash equivalents - self insurance	846,786	762,481
Total	8,772,831	9,059,642
Total current assets	68,921,725	54,847,701
NON-CURRENT ASSETS:		
Board designated:		
Cash and cash equivalents - self insurance	13,926,732	14,427,603
Property and equipment		
Cost	204,518,540	174,738,802
Less accumulated depreciation	(98,314,381)	(94,941,122)
Total	106,204,159	79,797,680
Total non-current assets	120,130,891	94,225,283
TOTAL ASSETS	$ 189,052,616	$ 149,072,984

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets (continued)
December 31, 2009 and 2008

LIABILITIES AND NET ASSETS	2009	2008
CURRENT LIABILITIES:		
Accrued payroll and fringe benefits	$ 4,989,032	$ 5,284,943
Accounts payable	6,381,390	3,254,167
Accrued payroll taxes	742,519	655,662
Estimated workers compensation claims	596,796	428,141
Estimated claims payable	249,990	334,340
Other current liabilities	960,250	1,425,250
Total current liabilitites	13,919,977	11,382,503
NON-CURRENT LIABILITIES:		
Accrued fringe benefits	1,175,083	641,746
Deferred revenue lease property	-	9,256
Estimated workers compensation claims	302,336	314,485
Estimated claims payable	279,982	177,550
Total non-current liabilitites	1,757,401	1,143,037
TOTAL LIABILITIES	15,677,378	12,525,540
NET ASSETS:		
Invested in capital assets	106,204,159	79,797,680
Unrestricted	67,171,079	56,749,764
TOTAL NET ASSETS	173,375,238	136,547,444
TOTAL LIABILITIES AND NET ASSETS	$ 189,052,616	$ 149,072,984

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Revenues, Expenses and Changes in Net Assets
Years ended December 31, 2009 and 2008

		2009		2008
OPERATING REVENUES:				
Passenger fares for transit service	$	13,271,919	$	13,492,073
Special transit fares		535,169		486,200
Auxiliary transportation revenue		0		64,408
Total		13,807,088		14,042,681
OPERATING EXPENSES OTHER THAN DEPRECIATION:				
Labor		33,462,696		30,079,850
Fringe benefits		21,489,831		18,929,623
Materials and supplies		10,493,689		14,183,319
Purchased transportation		6,052,586		6,070,681
Services		5,723,172		4,887,219
Utilities		1,726,885		1,711,373
Taxes		900,000		817,434
Leases and rentals		351,110		223,095
Claims and insurance, net of settlements		348,406		508,536
Advertising		192,411		146,647
Miscellaneous		640,643		793,132
Total		81,381,429		78,350,909
DEPRECIATION		13,877,640		7,938,258
Total operating expenses		95,259,069		86,289,167
OPERATING LOSS		(81,451,981)		(72,246,486)
NON-OPERATING REVENUES(EXPENSES):				
Sales tax revenues		88,095,294		92,495,436
State operating grants, reimbursements and special fare assistance		1,408,489		1,487,834
Investment income		87,542		698,893
Nontransportation and other revenue		1,040,800		650,069
Loss on disposal of capital assets		(1,156,816)		(107,621)
Total		89,475,309		95,224,611
Gain before capital grants		8,023,328		22,978,125
CAPITAL GRANT REVENUES:				
Federal		27,491,660		12,752,628
State		1,312,806		999,332
Total		28,804,466		13,751,960
CHANGES IN NET ASSETS		36,827,794		36,730,085
NET ASSETS, BEGINNING OF YEAR		136,547,444		99,817,359
NET ASSETS, END OF YEAR	$	173,375,238	$	136,547,444

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows
Years ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 13,807,088	$ 13,978,268
Cash payments to suppliers for goods and services	(26,561,073)	(28,258,209)
Cash payments to employees for services	(33,598,856)	(29,650,304)
Cash payments for employees benefits	(20,959,738)	(18,807,257)
Cash payments for casualty and liability	(244,592)	(471,505)
Other receipts	1,550,499	615,623
Net cash used in operating activities	(66,006,672)	(62,593,384)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Sales taxes received	87,661,410	81,476,827
Federal operating assistance received	-	397,302
State operating and other assistance received	1,408,489	1,487,834
Net cash provided by non-capital financing activities	89,069,899	83,361,963
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal capital grants received	26,601,316	11,591,027
State capital grants received	1,312,806	1,118,034
Acquisition and construction of capital assets	(38,436,163)	(22,407,326)
Proceeds from sale of capital assets	74,648	149,245
Net cash used in capital and related financing activities	(10,447,393)	(9,549,020)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	87,542	698,893
Net cash provided by investing activities	87,542	698,893
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,703,376	11,918,452
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	39,442,668	27,524,216
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 52,146,044	$ 39,442,668

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows (continued)
Years ended December 31, 2009 and 2008

	2009	2008
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	$ (81,451,981)	$ (72,246,486)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	13,877,640	7,938,258
Inventory obsolescence reserve adjustments	-	(14,903)
Deferred revenue	(9,256)	(13,884)
Other receipts	966,152	650,069
Change in assets and liabilities:		
Decrease (increase) in other receivables	584,347	(98,854)
(Increase) decrease in materials and supplies inventory	(20,974)	250,870
Increase in other assets	(108,922)	(79,829)
Increase in accounts payable, accrued compensation, self-insurance liabilities and other	156,322	1,021,375
Net cash used in operating activities	$ (66,006,672)	$ (62,593,384)
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Property purchases in accounts payable	$ 4,081,198	$ 976,396

See notes to financial statements.

(1) Organization and Reporting Entity

Organization

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

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

The Authority also has the power, under Section 306.40 of the Ohio Revised Code, to levy and collect both voted (after approval at an election) and unvoted ad valorem taxes on all the taxable property within the territorial boundaries of the Authority, in order to pay debt service on its bonds and notes issued in anticipation thereof. Ad valorem taxes were not levied during fiscal years 2009 and 2008.

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)

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.

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.

(continued)

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 – 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.

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

(continued)

Classifications of Revenues

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

Recognition of Revenue and Receivables

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

When assets acquired with capital grant funds are disposed of before their useful life, the Authority is required to notify the granting federal agency 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 assets; 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:

Description	Years
Land and leasehold improvements	5-20
Buildings and improvements	20-40
Revenue vehicles	4-12
Transit shelters	5-8
Other equipment	2-10

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.

(continued)

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.

	Current	Non-current
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
Vacation & Sick Liability Earned	3,152,916	533,337
Vacation & Sick Liability Paid	(3,312,657)	-
Compensated Absences Liability December 31, 2009	$ 3,133,988	$ 1,175,083

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.

Budgetary Accounting and Control

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

(continued)

Use of Estimates

The accounting and reporting policies of COTA conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may 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 and use tax revenue and grants. On an accrual basis, revenue from sales and use taxes is recognized in the period when the underlying exchange transaction occurs. Therefore, taxes on items sold in 2009 will be recognized as revenue in 2009. 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, 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.

In June, 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* which becomes effective for the Authority in fiscal year 2010. The Authority is in the process of determining the impact to the financial statements.

In December, 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which becomes effective for the Authority in fiscal year 2012. The Authority is in the process of determining the impact to the financial statements.

(continued)

(3) Cash and Cash Equivalents

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.

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, 2009 and 2008.

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

(continued)

Deposits With Financial Institutions

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

At December 31, 2009, the carrying amount of the Authority's deposits with financial institutions was $5,085,969 and the bank balance was $8,241,427. 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, 2009, $250,000 was covered by Federal Deposit Insurance. The $7,991,427 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, 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.

Other Deposits

As of December 31, 2009 and 2008, the Authority held equity of $47,055,423 and $36,706,922 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)

(4) Commitments

The Authority has several active construction projects as of December 31, 2009. The projects include the renovation of the maintenance facility located at 1333 Fields Avenue, the construction of a new Paratransit Facility, the renovation of 33 N. High Admin Building, as well as a contractual obligation to purchase heavy duty revenue vehicles. At year-end, the Authority's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Construction of Para-Transit Facility	$ 5,732,203	$ 12,805,258
Renovation of Fields Ave Facility	15,853,371	426,493
Downtown Administration Building	2,089,063	3,991,376
Park-n-Ride Construction	1,027,131	50,775
CAD/AVL System Replacement	949,436	6,566,357
(6) Electric Hybrid Buses	-	3,582,507
Retro-fit (11) Transit Buses	-	1,099,473
(40) New Transit Buses	-	14,133,542
Total	$ 25,651,204	$ 42,655,781

(5) Capital Assets

Capital asset activities for the years ended December 31, 2009 and 2008 are as follow:

	January 1, 2009	Additions	Disposals	Transfers	December 31, 2009
Capital Assets Not Being Depreciated:					
Land	$ 5,454,393	$ 146,264	$ -	$ 547,516	$ 6,148,173
CIP	4,291,055	22,732,311	(100,030)	(1,030,405)	25,892,931
Total	9,745,448	22,878,575	(100,030)	(482,889)	32,041,104
Capital Assets Being Depreciated:					
Land and leasehold improvements	8,765,480	187,372	-	4,342	8,957,194
Building and improvements	50,389,586	62,477	(2,733,234)	-	47,718,829
Revenue vehicles	80,473,493	14,260,545	(6,452,551)	-	88,281,487
Transit shelter	1,468,464	279,436	(277,320)	-	1,470,580
Other equipment	23,896,331	3,872,560	(2,198,092)	478,547	26,049,346
Total	164,993,354	18,662,390	(11,661,197)	482,889	172,477,436
Less Accumulated Depreciation:					
Land and leasehold improvements	(7,570,872)	(336,557)	-	-	(7,907,429)
Building and improvements	(21,534,048)	(5,771,257)	1,583,763	-	(25,721,542)
Revenue vehicles	(44,731,194)	(5,999,471)	6,449,497	-	(44,281,168)
Transit shelter	(655,338)	(159,675)	274,112	-	(540,901)
Other equipment	(20,449,670)	(1,610,680)	2,197,009	-	(19,863,341)
Total	(94,941,122)	(13,877,640)	10,504,381	-	(98,314,381)
Total Capital Assets Being Depreciated, Net	70,052,232	4,784,750	(1,156,816)	482,889	74,163,055
Total Capital Assets, Net	$ 79,797,680	$ 27,663,325	$ (1,256,846)	$ -	$ 106,204,159

(continued)

(5) Capital Assets

	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	6,239,080	3,506,868	(500)	-	9,745,448
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	157,814,793	19,773,256	(12,594,695)	-	164,993,354
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	(99,341,193)	(7,938,258)	12,338,329	-	(94,941,122)
Total Capital Assets Being Depreciated, Net	58,473,600	11,834,998	(256,366)	-	70,052,232
Total Capital Assets, Net	$ 64,712,680	$ 15,341,866	$ (256,866)	$ -	$ 79,797,680

(6) Leases

COTA leases certain property and office equipment under operating leases. Rental expense for all operating leases was $447,428 in 2009 and $298,136 in 2008. Total minimum lease payments for 2010 are $184,983 with no lease obligations existing after 2010.

(continued)

(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, 2009 and 2008, consist of the following:

	2009	2008
Federal:		
FTA Capital Assistance	$ 27,491,660	$ 12,752,628
State:		
ODOT Elderly and Disabled Fare Assistance	$ 711,496	$ 766,168
ODOT Fuel Tax Reimbursement	696,993	721,666
ODOT Capital Assistance	1,312,806	999,332
Total	$ 2,721,295	$ 2,487,166

(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 $529,972 at December 31, 2009, and $511,890 at December 31, 2008, are included in estimated claims payable in the accompanying balance sheets. At December 31, 2009 and 2008, $14,773,518 and $15,190,084, 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 $899,132 at December 31, 2009, and is included as a liability in the accompanying balance sheet.

(continued)

(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's third party administrators. A summary of changes in self-insurance claims liability for the years ended December 31, 2009 and 2008 follows:

	General Liability	Workers' Compensation
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
Incurred claims, net of favorable settlements	262,674	830,097
Claims paid	(244,592)	(673,591)
Claims liability at December 31, 2009	$ 529,972	$ 899,132

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 $249,990 and $596,796, 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 – a cost-sharing multiple-employer defined benefit pension plan; The Member-Directed Plan–a defined contribution plan: and The Combined Plan–a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45 and 50.

(continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
OPERS issues a stand-alone, financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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.

The ORC provides statutory authority for member and employer contributions. The 2009 member contribution rates were 10.0% of their annual covered salary. In 2009 and 2008, the employer contribution rate for local employers was 14% of annual covered payroll. Active members do not make contributions to the OPEB Plan. OPERS' Post-Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.0% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. COTA's contributions actually made to fund post-employment benefits totaled $2,259,000 in 2009, $2,421,000 in 2008, and $1,792,000 in 2007. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Authority's contributions to OPERS for the years ending December 31, 2009, 2008, and 2007 were approximately $5,389,000, $4,841,000, and $4,513,000 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, 2008. 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 2008 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 3.00% for the next 6 years. In subsequent years, (7 and beyond) health care costs were assumed to increases at 4.00% (the projected wage inflation rate).

(continued)

(9) Pension Plan (continued)

OPEB is advance funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 363,503. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2008 was $10.7 billion. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2008, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at $29.6 billion and $18.9 billion, respectively.

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 on January 1 of each year from 2006 to 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, 2009, 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.

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, 2009, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of COTA's management, no material grant expenditures will be disallowed.

FTA grant stipulations also require the granter to retain assets acquired by FTA funds for the full estimated asset life (as determined by the FTA). If this provision is not met, the granter must refund FTA's un-depreciated basis in assets disposed with a net book value greater than $5,000.

(continued)

11) Fuel Pricing Management Program

Pursuant to Ohio Revised Code sections 9.835 (A), (B), and section (C) the Central Ohio Transit Authority has established an energy price risk management program to decrease the volatility of diesel fuel cost, and increase the likelihood that actual net fuel costs will remain below the budgeted cost, increase the certainty of future cost, attain a lower overall cost of fuel in the long-term, and manage year-over-year changes in fuel cost. Within this program, COTA will acquire, hold, and dispose of positions in exchange-traded futures contracts and other financial instruments including but not limited to fixed price contract, price floor discount, maximum price contract, minimum/maximum price contract, fixed price value trigger, and trigger price contract. The COTA Board approval limits (1) the maximum hedge at 100% of projected needs 12 months out, (2) 75% of projected needs 13-24 months out, and 3) 50% of projected needs 25-36 months out. The maximum maturity of heating oil futures positions taken in conjunction with the program is 36 months. As of December 31, 2009 the open contracts had $302,867 of unrealized gains. The amount realized will change based on market prices at the time contract settlements are fixed. There is no debt associated with these contracts.

(continued)

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

To the Board of Trustees of
Central Ohio Transit Authority:

We have audited the financial statements of Central Ohio Transit Authority (the "Authority") as of and for the years ended December 31, 2009, and have issued our report thereon dated June 16, 2010. 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 of America.

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 Authority'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 16, 2010

Deloitte.

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

To the Board of Trustees of
Central Ohio Transit Authority:

Compliance

We have audited the compliance of Central Ohio Transit Authority (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The Authority's major federal programs are identified in the summary of auditors' 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, 2009.

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 16, 2010

CENTRAL OHIO TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2009

Grantor/Title:	CFDA #	Grant #	Total Grants Recognized
Federal Transit Cluster			
U.S. Department of Transportation— Federal Transit Administration (FTA): Direct Urbanized Area Formula Program and Capital Grants—	20.500	OH-03-0202	$ 45,045
	20.500	OH-03-0213	177,209
	20.500	OH-03-0229	210,536
	20.500	OH-03-0298	61,259
	20.500	OH-03-0299	88,329
	20.500	OH-03-0302	436,894
	20.500	OH-04-0003	233,533
	20.500	OH-04-0037	554,245
	20.500	OH-04-0042	579,262
	20.507	OH-90-X522	770
	20.507	OH-90-X627	7,380,964
	20.507	OH-90-X675	1,663,341
	20.507	OH-95-X034	589,123
	20.507	OH-95-X035	5,560,901
	20.507	OH-95-X036	2,359,826
	20.507	OH-95-X037	160,000
			20,101,237
ARRA	20.507	OH-96-X015	6,500,079
Total Federal Transit Cluster			26,601,316
Transit Service Program *			
Job Access - Reverse Commute Program	20.516	OH-37-X034	18,175
	20.516	OH-37-X045	4,422
	20.516	OH-37-X057	439,070
			461,667
New Freedom	20.521	OH-57-X007	4,647
	20.521	OH-57-X029	15,673
			20,320
Total Transit Services Program Cluster			481,987
Total Federal Financial Assistance			$ 27,083,303

* Represents revenue passed thru to other grantees These amounts are not reflected in the Authority's revenue and expenses.

See notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2009

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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2009

Part I—Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs	$ 835,674			
Auditee qualified as low-risk auditee?	X	Yes	____	No

Part II—Financial Statements Findings

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

No matters are reportable.

Part III—Federal Award Findings and Questioned Costs

No matters are reportable.

COTA

CENTRAL OHIO TRANSIT AUTHORITY

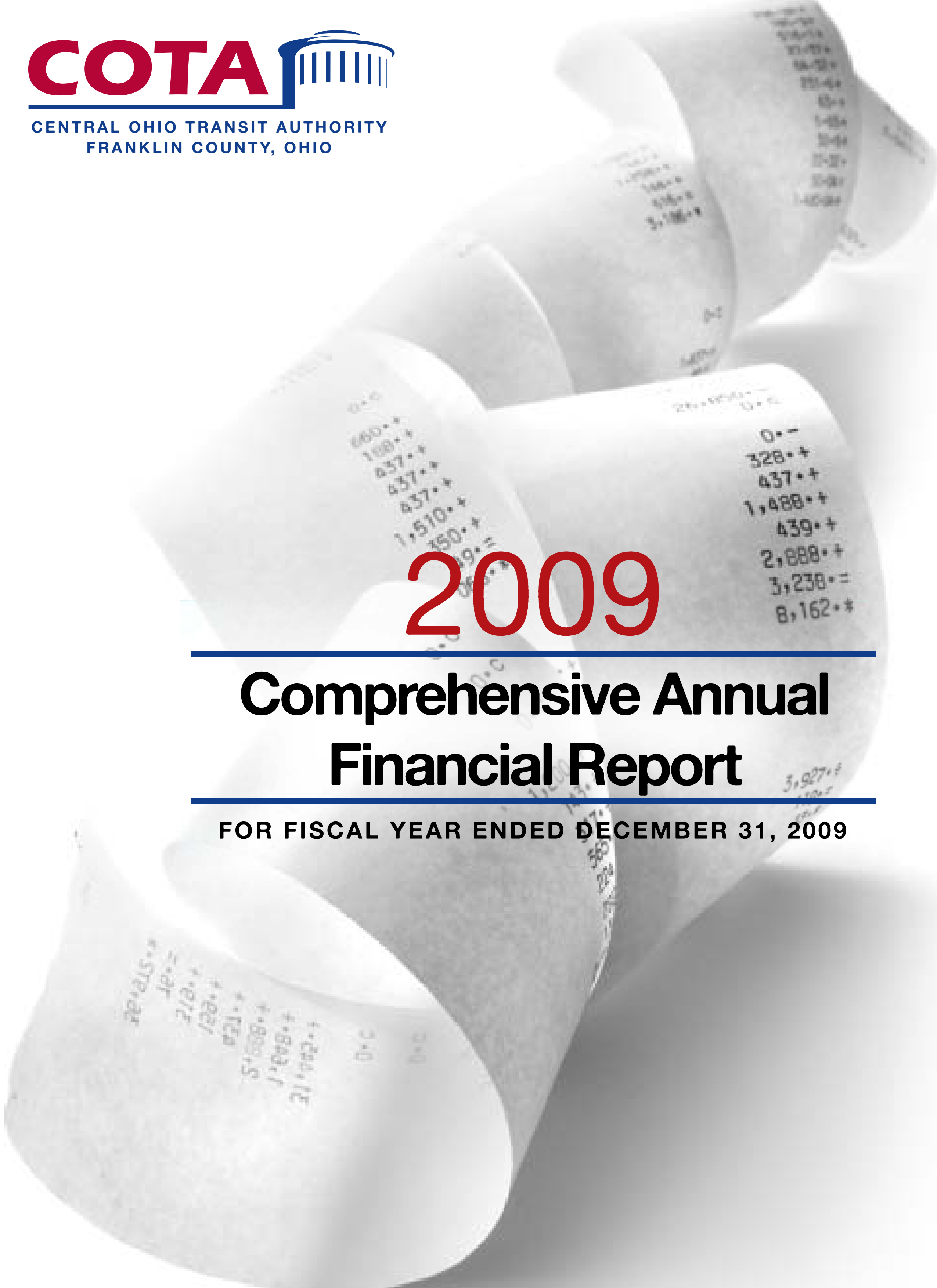
2009

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED DECEMBER 31, 2009

COTA

CENTRAL OHIO TRANSIT AUTHORITY
FRANKLIN COUNTY, OHIO



2009

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED DECEMBER 31, 2009

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

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Central Ohio Transit Authority
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2009

Introductory Section

CENTRAL OHIO TRANSIT AUTHORITY
33 N. High St. • Columbus, OH 43215

June 16, 2010

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

The Comprehensive Annual Financial Report (CAFR) of the Central Ohio Transit Authority (the Authority or COTA) for the fiscal year ended December 31, 2009, 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 December 31, 2008. This was the tenth 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 2009 report to the GFOA to determine its eligibility for another certificate.

(continued)

REPORTING ENTITY

General

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

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 Co. (a now-defunct subsidiary of Columbus & Southern Ohio Electric Co., now doing business as American Electric Power Co.) to the Authority. An interim operating agreement permitted the Columbus Transit Co. 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 of Trustees 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 Bexley, Dublin, Gahanna, Grandview Heights, Grove City, Hilliard, Reynoldsburg, Upper Arlington, Westerville, Whitehall, 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 14 of this introductory section.

Transportation Services – Fixed-Route Bus Service

COTA 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 2009 (September 2009 service change), this service included 66 fixed-bus routes comprised of 19 Local lines (including one Link), eight Crosstown lines and 38 Express lines. The span of service provided on these lines was from 4:41 a.m.-1:51 a.m. on weekdays (2:59 a.m. on Fridays), 5:12 a.m. - 2:59 a.m. on Saturdays and 7:05 a.m. - 1:51 a.m. on Sundays and holidays. COTA introduced a late-night line (#21 Night Owl), which operates on North High Street between Clintonville and the Arena District downtown on Friday and Saturday nights until 2:59 a.m. Bus schedules can be obtained from the COTA Customer Information Center and pass sales office located at 33 N. High St. in downtown Columbus, by calling (614) 228-1776 and are available at 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 at 33 N. High St. 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 solicit ideas and comments before service changes are considered, and 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 COTA's fleet of passenger coaches is an essential component toward initiating these improvements. In 2009, COTA was in the third year of a five-year contract for the purchase of 40 new buses annually. At the end of 2009, COTA had 290 buses in its fleet.

The Authority's intention is to continue to expand service despite a challenging economic outlook. COTA intends to increase fixed-route service hours from 625,000 hours in 2006, to 950,000 hours by 2015.

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) ID card. Certified customers must maintain their eligibility by re-certifying every three years. Once a customer is determined to be 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.

In 2009, COTA began construction of a new facility to house all Mainstream operations and services. The 104,000 square-foot building is located on COTA's Fields Avenue Campus at 1330 Fields Ave., Columbus 43201. The new facility will house up to 104 paratransit vehicles. The new facility will also house administrative offices of the Mainstream program as well as an eligibility center. COTA is seeking Leadership in Energy and Environmental Design (LEED) certification for the facility, meaning that its design will be environmentally friendly. Completion is scheduled for December 2010.

Facilities Owned

33 N. High St. is a 78,240 square-foot, 10-story office building in downtown Columbus, which was purchased by the Authority in 2008. COTA is relocating its administrative and pass sales functions to 33 N. High St. in May, 2010, after renovating the building. COTA is seeking LEED certification for the facility, meaning that its design will be environmentally friendly. COTA will occupy seven floors of the building, including the lobby, and offer three floors for lease.

1600 McKinley Avenue was constructed in 1980, and is the larger of the Authority's two fixed-route bus operations facilities. The 390,000 square-foot facility houses both heavy (major) and light (running repair) bus maintenance operations, while providing indoor storage capacity for 240 buses.

Anchoring COTA's Fields Avenue Campus, **1333 Fields Avenue** opened in September 1984, and is a 283,000 square-foot facility with storage for 200 fixed-route buses and space for several light maintenance (running repair) work areas. In September 2009, the Fields facility, which had been closed since 2006 due to service and budget reductions, was re-opened after a $18 million "like new" renovation, which included the replacement of the entire floor, installation of new vehicle maintenance technologies and the addition of a Wellness Center for COTA employees.

1325 Essex Ave. is a 12,000 square-foot facility on the Fields Avenue Campus. The building houses COTA's Street and Remote operations.

The **Linden Transit Center** is a 20,500 square-foot facility located at the corner of Cleveland and 11th Avenues. 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 lines, two Local lines and the Linden LINK neighborhood circulator, which provides neighborhood transportation and connections to COTA's fixed-route services, serve the facility. Express lines 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 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 near the Easton Town Center. The facility includes an 8,950 square-foot overhead canopy with four bus bays, a 50 vehicle capacity park and ride lot and an adjacent 9,650 square-foot day care center. Located north of Morse Road at the southeast corner of Transit Drive and Stelzer Road, the Transit Center serves commuters in northeastern Franklin County. Two Express lines, one Crosstown line and one Local bus line serve the Easton Transit Center.

The **North Terminal** is an outdoor facility located on Spring Street between High Street and Front Street in downtown Columbus. This terminal has six bays for express lines. Currently, seven Express lines and one Local bus line utilize the terminal to serve commuters in the north downtown area.

The **Near East Transit Center** is a 9,600 square-foot facility located at the corner of East Main St. and Champion Avenue in the Columbus Empowerment Zone (an economically disadvantaged area with high unemployment). The transit center is served by line #2. The Near East Transit Center includes a Nationwide Children's Hospital "Close to Home" facility to provide neighborhood medical services. The building also contains leasable retail space.

Facilities Leased

The **South 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 levels in the parking garage. Eighteen Express routes and one Local bus route use this terminal.

The **60 E. Broad St.** facility, in downtown Columbus, houses COTA's Customer Information Center and pass sales office on the first floor (lobby), coach operator relief and sign on area (mezzanine) and customer call center (second floor). The Customer Information Center and pass sales office is the main sales outlet for day, seven-day and monthly passes. At this location, passengers may obtain Senior Discount cards, Key cards and ADA cards. The center provides service information through the distribution of published transit maps and timetables. The Customer Information Center and pass sales office is open from 8:30 a.m. – 5:30 p.m. weekdays. In June of 2010, COTA will be relocating the Customer Information Center and pass sales office and operator relief and sign on to 33 N. High St. In June, 2010, COTA's customer call center will be relocating to 1600 McKinley Ave. in June, 2010.

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:

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

Source: U.S. Census Bureau

Employment

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

		Average Unemployment Rate		
Year	**Average Labor Force in Franklin County**	**Franklin County**	**Ohio**	**U.S.**
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%
2009	629,800	8.3%	10.2%	9.3%

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 attributed in part 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.

2010 GOALS AND OBJECTIVES

In November 2006, voters approved a 10-year renewable 0.25 percent sales tax levy (in addition to the permanent 0.25 percent sales and use tax) to implement the Long Range Transit Plan (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 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 2010, 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. Due to the downturn in the economy and subsequent decline of local sales tax receipts, COTA adjusted its service growth to 10,000 annualized service hours three times each year, for a total of 30,000 annualized service hours yearly. The plan calls for acquiring 40 new fixed-route coaches (additional and replacement) annually, and hiring and training new bus operators to meet the service goals and the increased demand for transit service. COTA was scheduled to receive six hybrid-electric buses in early 2010 in addition to the planned 40 new coaches as a result of funding provided through the assistance of Governor Ted Strickland, Ohio Department of Transportation and the Mid Ohio Regional Planning Commission.

Also in 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, LINK and Express route bus service. This analysis will allow COTA to consider fixed-route variations for greater convenience and flexibility to customers.

Paratransit Bus Service – COTA is analyzing service options for Mainstream and 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, 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.

Other Initiatives

In 2009, COTA completed the renovation of the Fields Avenue fixed-route bus and maintenance facility and initiated two other substantial capital projects which will position the Authority favorably over the long term:

- Construction began on a new paratransit operations facility on COTA-owned property on Fields Avenue (scheduled completion December 2010);
- Renovations began at 33 N. High St., COTA's downtown administrative headquarters, which was purchased in 2008 (scheduled completion May 2010).

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.

In 2009, COTA completed renovations at its Grove City and Dublin Park and Ride facilities. Also in 2009, two new park and ride facilities were established: Renner Road, a COTA owned site near Hilliard and Interstate-70; and Gender Road in southeast Franklin County near Canal Winchester. COTA continues to perform due diligence to 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.

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 34.

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 49 to demonstrate budgetary compliance.

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, 2009. 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.

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

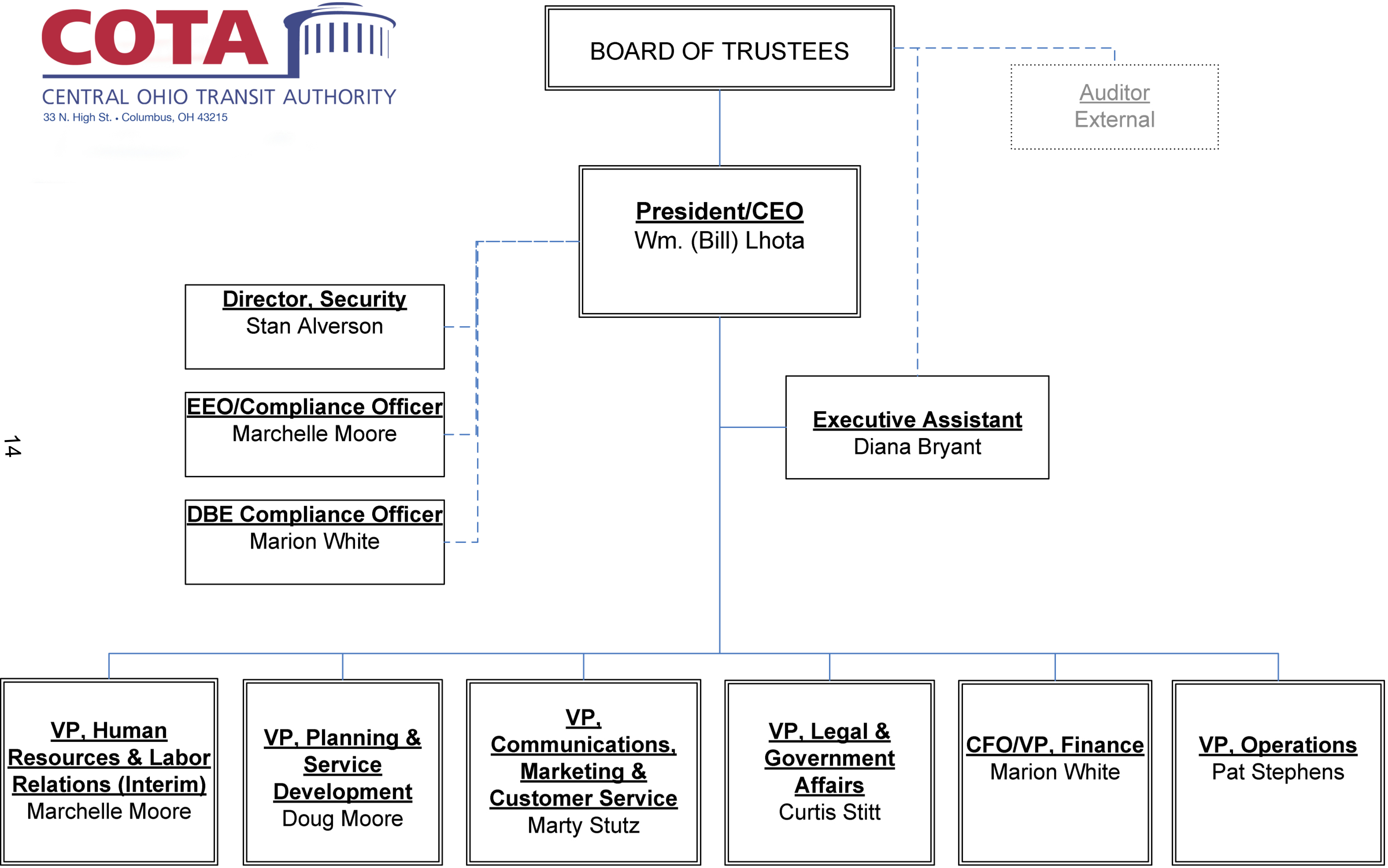
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

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.

President

Executive Director

COTA
CENTRAL OHIO TRANSIT AUTHORITY
33 N. High St. • Columbus, OH 43215



CENTRAL OHIO TRANSIT AUTHORITY
BOARD OF TRUSTEES AND ADMINISTRATION

BOARD OF TRUSTEES

As of December 31, 2009

ADMINISTRATION

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Financial Section

Deloitte.

Deloitte & Touche LLP
180 E. Broad Street
Suite 1400
Columbus, OH 43215-3763
USA
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www.deloitte.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Central Ohio Transit Authority
Columbus, Ohio

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, 2009 and 2008, 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, 2009 and 2008, 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 19–28 and the Supplemental Schedules of Revenues, Expenses, and Changes in Net Assets - Budget vs. Actual (Accrual Basis) on page 49 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 1–15) and the statistical section (pages 51–73) are presented for the purpose of additional analysis and are not a required part of the financial statements of the Authority. The additional information is the responsibility of Authority's management. Such additional information has not been subjected to the auditing procedures applied in the audits of the financial statements, and we express no opinion on it.

Deloitte & Touche LLP

June 16, 2010

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Central Ohio Transit Authority (the Authority or COTA), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2009. 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 $173.4 million. These net assets result from the difference between total assets of $189.1 million and total liabilities of $15.7 million.

- The Authority's net assets increased by $36.8 million in 2009 due to grant funding of $28.8 million and an increase in operating and non-operating activity of $8.0. The Authority's net assets increased by $36.7 million in 2008 due to a $23.0 million operating gain and $13.7 million in grant funding.

- Current assets of $68.9 million primarily consist of non-board designated cash and cash equivalents of $29.4 million; sales tax receivables of $24.6 million, inventory of $2.5 million, federal capital grant receivables of $2.4 million, and Board designated assets of $8.8 million.

- Current liabilities of $13.9 million primarily consist of accrued payroll and fringe benefits of $5.0 million, and accounts payable of $6.4 million.

- The Authority has no long-term debt.

Basic Financial Statements and Presentation

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

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

The Statements of Revenues, Expenses and Changes in Net Assets, on page 31, 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 32-33 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 34-48.

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
33 N. High Street
Columbus, OH 43215
www.cota.com

Financial Analysis of the Authority

Condensed Summary of Net Assets

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

Description	2009	2008	2007
Assets			
Current Assets	$ 60,148,894	$ 45,788,059	$ 31,342,953
Board Designated Assets (current)	8,772,831	9,059,642	3,822,846
Total Current Assets	68,921,725	54,847,701	35,165,799
Board Designated Assets (non-current)	13,926,732	14,427,603	10,584,131
Capital Assets (net of accumulated depreciation)	106,204,159	79,797,680	64,712,680
Total Non-Current Assets	120,130,891	94,225,283	75,296,811
Total Assets	189,052,616	149,072,984	110,462,610
Liabilities			
Current Liabilities	13,919,977	11,382,503	9,756,679
Non-Current Liabilities	1,757,401	1,143,037	888,572
Total Liabilities	15,677,378	12,525,540	10,645,251
Net Assets			
Net Assets Invested in Capital Assets	106,204,159	79,797,680	64,712,680
Net Assets Unrestricted	67,171,079	56,749,764	35,104,679
Total Net Assets	$ 173,375,238	$ 136,547,444	$ 99,817,359

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, Dublin, Reynoldsburg, and Westerville that are located in counties adjacent to Franklin County. The Authority's investment in capital assets as of December 31, 2009 amounts to $106.2 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 2009 was $26.4 million.

Major capital asset events during 2009 included the following:

- Purchase of (40) heavy duty transit buses
- Purchase of (18) paratransit vehicles
- Purchase of (12) non-revenue vehicles
- 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 Office

Additional information on the Authority's capital assets can be found in Note 5 in the Notes to the Financial Statements located on pages 42-43.

The Authority's current assets at the end of 2009 are composed of cash and cash equivalents (55.5%), receivables (39.9%), inventory (3.7%), and other assets (.9%) 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	2009	2008	2007
Transportation	$ 45,646,033	$ 45,197,904	$ 39,534,403
Vehicle Maintenance	13,766,100	12,845,853	12,557,009
Facilities Maintenance	6,013,460	4,917,892	4,073,816
General & Administrative	15,615,545	15,172,404	13,616,182
Total	$ 81,041,138	$ 78,134,053	$ 69,781,410

In accordance with NTDR guidelines, the 2009, 2008 and 2007 expenses include additional costs of $57,087, $44,953 and $34,751 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, 2009

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

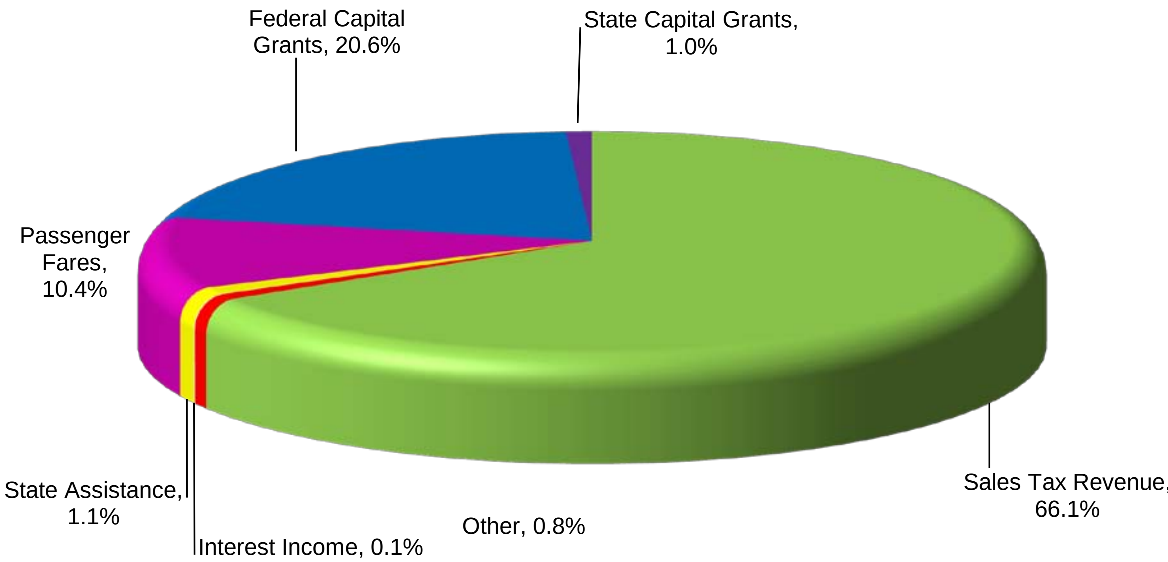
Description	2009	2008	2007
Operating Revenues			
Passenger Fare Revenues	$ 13,271,919	$ 13,492,073	$ 12,666,006
Special Services Revenue	535,169	486,200	390,960
Other: Auxiliary Transportation Revenues	-	64,408	237,929
Total Operating Revenues	13,807,088	14,042,681	13,294,895
Non-Operating Revenues			
Sales Tax Revenues	88,095,294	92,495,436	47,615,932
Federal Assistance	-	-	11,479,652
State Assistance	1,408,489	1,487,834	1,416,616
Investment Income	87,542	698,893	1,176,901
Non-transportation and Other Revenues	1,040,800	542,448	748,242
Total Non-Operating Revenues	90,632,125	95,224,611	62,437,343
Total Revenue before Capital Grants	104,439,213	109,267,292	75,732,238
Operating Expenses			
Labor	33,462,696	30,079,850	28,498,141
Fringe Benefits	21,489,831	18,929,623	18,334,414
Materials and Supplies	10,493,689	14,183,319	10,085,202
Purchased Transportation	6,052,586	6,070,681	5,015,657
Services	5,723,172	4,887,219	4,096,126
Other Expenses	4,159,455	4,200,217	3,737,395
Total Operating Expenses	81,381,429	78,350,909	69,766,935
Non-Operating Expenses			
Loss on disposal of fixed assets	1,156,816	-	-
Depreciation Expense	13,877,640	7,938,258	8,227,145
Tota Non-Operating Expenses	15,034,456	7,938,258	8,227,145
Gain (Loss) before Capital Grants and Special Item	8,023,328	22,978,125	(2,261,842)
Capital Grant Revenues:			
Federal	27,491,660	12,752,628	7,923,838
State	1,312,806	999,332	2,136,637
Total Capital Grant Revenues	28,804,466	13,751,960	10,060,475
Special Item: Loss on Project Impairment	-	-	(946,917)
Change in Net Assets during the Year	36,827,794	36,730,085	6,851,716
Net Assets, Beginning of Year	136,547,444	99,817,359	92,965,643
Net Assets, End of Year	$ 173,375,238	$ 136,547,444	$ 99,817,359

CENTRAL OHIO TRANSIT AUTHORITY

Revenues bv Source

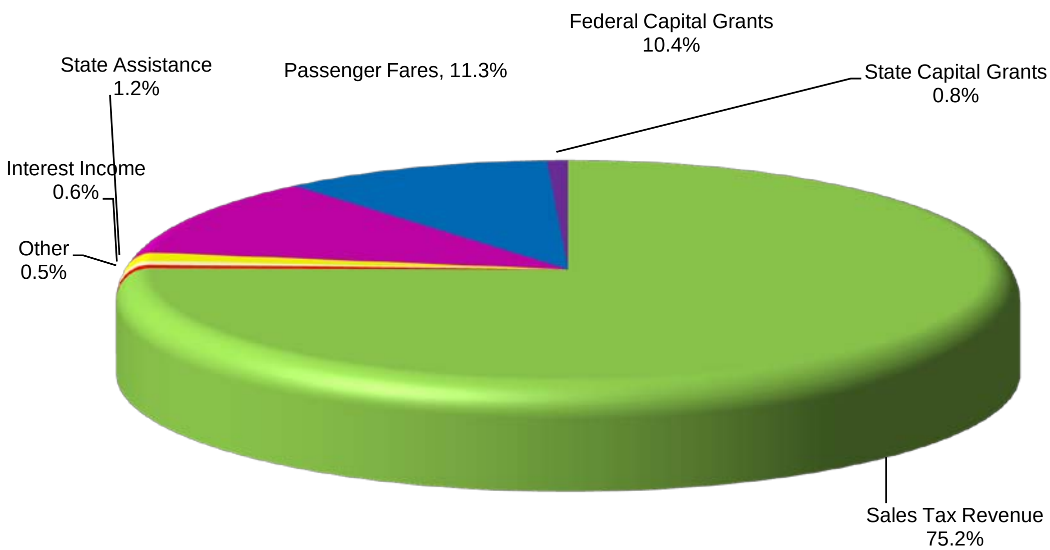
2009 Total Revenues

$133,243,679



2008 Total Revenues

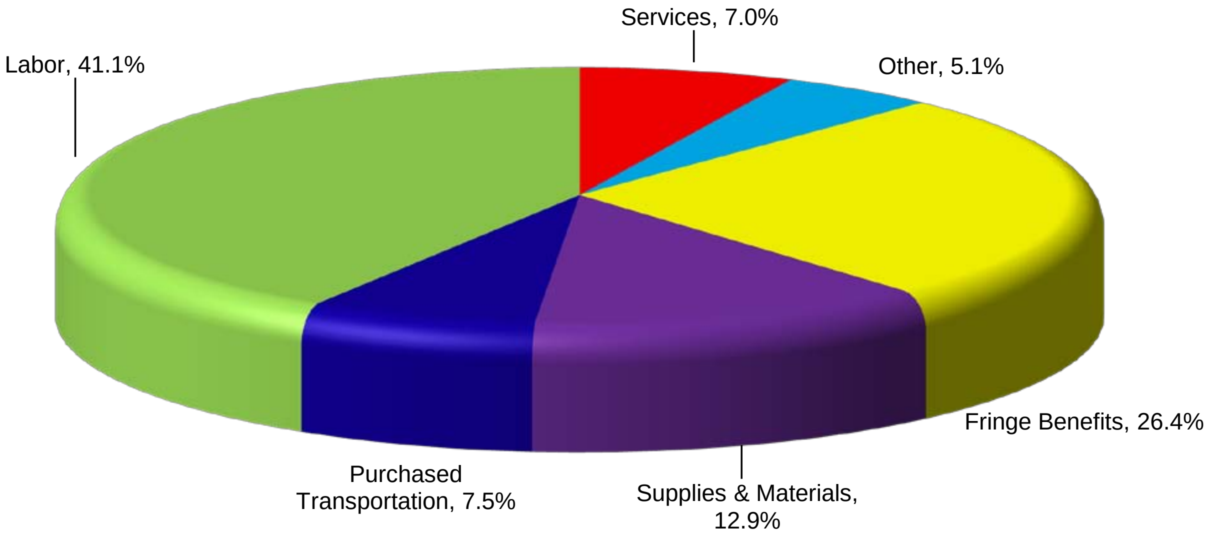
$123,019,252



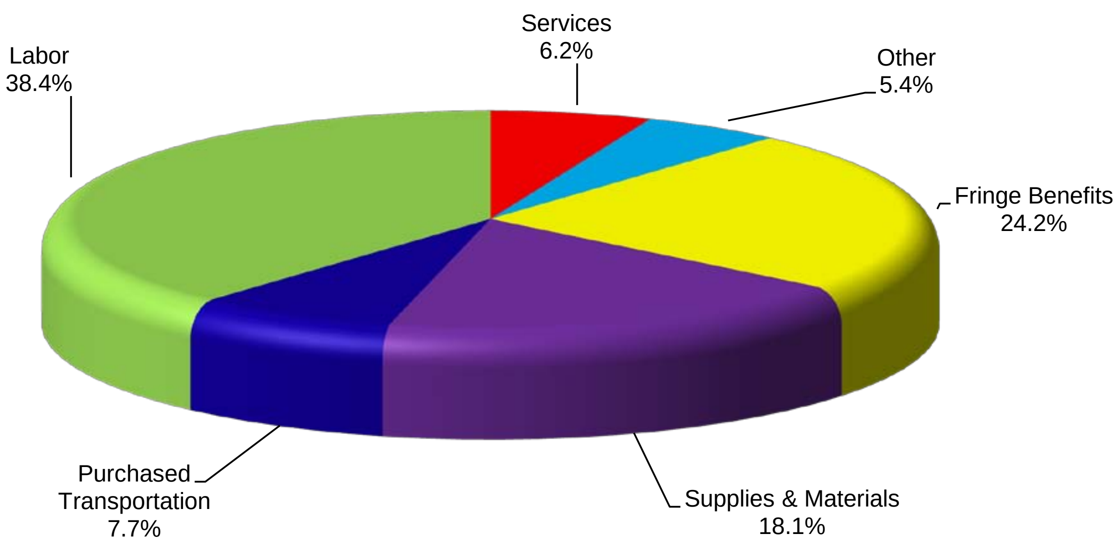
CENTRAL OHIO TRANSIT AUTHORITY

Expense by Object Class
(Excluding Depreciation)

2009 Total Expenses
$81,381,429



2008 Total Expenses
$78,350,909



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 2009 decrease is due to a decrease in ridership. The 2008 increase is due to an increase in ridership. The slight decrease in 2007 is due to flat ridership in comparison to 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. Due to an economic downturn in 2009, the sales tax revenue decreased. 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.

Federal Assistance is received from the Federal Transit Administration (FTA). Transit funds can be used for a variety of expenditures as defined in 49 USC §5307. Eligible expenditures fall into two general categories: capital expenditures and other expenditures which are limited to specific programs. The Authority's funding, as authorized in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) comes primarily from §5307 which is the Urbanized Area Formula Program. The Authority utilizes these funds primarily for capital programs, transit improvements and enhancements, and preventative maintenance. The funds appropriated for §5307 increased in 2009 over 2008. Additionally, in 2009 the American Recovery and Reinvestment Act (ARRA) was signed into law resulting in additional funds being appropriated for transportation and to §5307. The Authority's allocation of the combined appropriations contributed to Federal Assistance more than doubling in 2009 compared to 2008. These Federal funds are being used for heavy duty transit bus replacements, paratransit vehicle replacements, non-revenue vehicle replacement, as well as completion of the renovation of the Fields Avenue facility, continued construction on the new Paratransit/Small Bus facility, and beginning renovation on the McKinley Avenue facility. The amount appropriated for § 5307 funds was increased in 2008, therefore increasing the share allocated to the Authority which was used to purchase heavy duty transit buses. In 2007, the appropriation to all public transit agencies for § 5307 funds increased which increased COTA's allocation proportionally. In 2007 the Authority elected to use its § 5307 funds on capitalized maintenance.

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 saw a slight decrease in 2009. The entire program was increased for both 2008 and 2007.

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 2009 and 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.

Investment Income is earned on invested funds. Cash balances in 2009 have continued to increase but due to a significant decline in interest rates, interest income is greatly reduced over prior years. The 2008 cash balances 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.

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. In 2009, COTA continued advertising inside the bus and inside the bus shelters. Non-transportation revenues include other miscellaneous income items such as rent income which increased in 2009 over 2008 due to a full year of rent collection on a facility acquired late in 2008. The increase in 2008 was 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 2009, the loss on sale of capital assets was disclosed separately as a non-operating expense. In 2008, the gain on sale of capital assets was offset against the loss from the sale of capital assets. Non-transportation revenue also includes a gain on sale of capital 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). In 2009, bus operations and maintenance staff was increased by seventy full time employees due to increased service and the administrative staff was increased by six thereby driving an 11.2% increase in labor costs. 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.

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 2009, fringe benefits increased by 13.5% primarily due to the increased headcount from 2008 and an increase in health insurance premiums. In 2008, fringe benefits increased by 3.2% due to increases in health insurance premiums. In 2007, fringe benefit expense was relatively unchanged due to a modest increase in premiums offset by increased employee cost sharing

Materials and Supplies include the Authority's diesel fuel expense and parts used in the maintenance of buses and facilities. Fuel costs in 2009 were significantly less than costs experienced in 2008 with a reduction of 44.9% while parts usage remained consistent with the previous year. In 2008, the Authority experienced significant increases in the price of diesel fuel. In addition, costs continued to increase in regards to materials and supplies associated with vehicle maintenance. In 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

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. In 2009, the Authority continued to see increases in ridership of 10.3% although expenses remained virtually unchanged due to variable changes in the contract. 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.

Services are provided by outside contractors to the Authority for a wide variety of professional, technical, consulting and maintenance needs. In 2009, services increased by 17% due to construction related professional services. 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.

Other Expenses consist primarily of utilities, taxes, interest, leases and rentals, claims and insurance and other miscellaneous expenses. In 2009, other expenses remained consistent with the prior year with a slight decrease of .9%. 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%. Real estate taxes are paid on non-exempt Authority property which includes transit center rental facilities and are partially reimbursed by the tenants.

Depreciation Expense in 2009 was significantly higher than prior years with an increase of 74.8% due to accelerated depreciation taken on capital assets due to an adjustment in their useful life.

Requests for Information

This report is designed to provide detailed information on the Authority's operations to all with an interest in the Authority's financial affairs and to demonstrate the Authority's accountability for the assets it controls and the funds it receives and expends. Questions concerning any of the information provided in this report or any request for additional information should be emailed to whiteme@cota.com or sent in writing to CFO, Central Ohio Transit Authority, 33 N. High Street, Columbus, Ohio 44215

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets
December 31, 2009 and 2008

ASSETS	2009	2008
CURRENT ASSETS:		
Cash and cash equivalents	$ 29,446,481	$ 15,955,423
Receivables:		
Sales tax	24,559,657	24,125,773
Federal capital grants receivable	2,369,859	1,479,515
Other	597,025	1,181,372
Inventory of materials and supplies	2,536,708	2,515,734
Other	639,164	530,242
Total	60,148,894	45,788,059
Board designated:		
Cash and cash equivalents - capital grants	7,926,045	8,297,161
Cash and cash equivalents - self insurance	846,786	762,481
Total	8,772,831	9,059,642
Total current assets	68,921,725	54,847,701
NON-CURRENT ASSETS:		
Board designated:		
Cash and cash equivalents - self insurance	13,926,732	14,427,603
Property and equipment		
Cost	204,518,540	174,738,802
Less accumulated depreciation	(98,314,381)	(94,941,122)
Total	106,204,159	79,797,680
Total non-current assets	120,130,891	94,225,283
TOTAL ASSETS	$ 189,052,616	$ 149,072,984

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets (continued)
December 31, 2009 and 2008

LIABILITIES AND NET ASSETS	2009	2008
CURRENT LIABILITIES:		
Accrued payroll and fringe benefits	$ 4,989,032	$ 5,284,943
Accounts payable	6,381,390	3,254,167
Accrued payroll taxes	742,519	655,662
Estimated workers compensation claims	596,796	428,141
Estimated claims payable	249,990	334,340
Other current liabilities	960,250	1,425,250
Total current liabilitites	13,919,977	11,382,503
NON-CURRENT LIABILITIES:		
Accrued fringe benefits	1,175,083	641,746
Deferred revenue lease property	-	9,256
Estimated workers compensation claims	302,336	314,485
Estimated claims payable	279,982	177,550
Total non-current liabilitites	1,757,401	1,143,037
TOTAL LIABILITIES	15,677,378	12,525,540
NET ASSETS:		
Invested in capital assets	106,204,159	79,797,680
Unrestricted	67,171,079	56,749,764
TOTAL NET ASSETS	173,375,238	136,547,444
TOTAL LIABILITIES AND NET ASSETS	$ 189,052,616	$ 149,072,984

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Revenues, Expenses and Changes in Net Assets
Years ended December 31, 2009 and 2008

	2009	2008
OPERATING REVENUES:		
Passenger fares for transit service	$ 13,271,919	$ 13,492,073
Special transit fares	535,169	486,200
Auxiliary transportation revenue	0	64,408
Total	13,807,088	14,042,681
OPERATING EXPENSES OTHER THAN DEPRECIATION:		
Labor	33,462,696	30,079,850
Fringe benefits	21,489,831	18,929,623
Materials and supplies	10,493,689	14,183,319
Purchased transportation	6,052,586	6,070,681
Services	5,723,172	4,887,219
Utilities	1,726,885	1,711,373
Taxes	900,000	817,434
Leases and rentals	351,110	223,095
Claims and insurance, net of settlements	348,406	508,536
Advertising	192,411	146,647
Miscellaneous	640,643	793,132
Total	81,381,429	78,350,909
DEPRECIATION	13,877,640	7,938,258
Total operating expenses	95,259,069	86,289,167
OPERATING LOSS	(81,451,981)	(72,246,486)
NON-OPERATING REVENUES(EXPENSES):		
Sales tax revenues	88,095,294	92,495,436
State operating grants, reimbursements and special fare assistance	1,408,489	1,487,834
Investment income	87,542	698,893
Nontransportation and other revenue	1,040,800	650,069
Loss on disposal of capital assets	(1,156,816)	(107,621)
Total	89,475,309	95,224,611
Gain before capital grants	8,023,328	22,978,125
CAPITAL GRANT REVENUES:		
Federal	27,491,660	12,752,628
State	1,312,806	999,332
Total	28,804,466	13,751,960
CHANGES IN NET ASSETS	36,827,794	36,730,085
NET ASSETS, BEGINNING OF YEAR	136,547,444	99,817,359
NET ASSETS, END OF YEAR	$ 173,375,238	$ 136,547,444

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows
Years ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 13,807,088	$ 13,978,268
Cash payments to suppliers for goods and services	(26,561,073)	(28,258,209)
Cash payments to employees for services	(33,598,856)	(29,650,304)
Cash payments for employees benefits	(20,959,738)	(18,807,257)
Cash payments for casualty and liability	(244,592)	(471,505)
Other receipts	1,550,499	615,623
Net cash used in operating activities	(66,006,672)	(62,593,384)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Sales taxes received	87,661,410	81,476,827
Federal operating assistance received	-	397,302
State operating and other assistance received	1,408,489	1,487,834
Net cash provided by non-capital financing activities	89,069,899	83,361,963
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal capital grants received	26,601,316	11,591,027
State capital grants received	1,312,806	1,118,034
Acquisition and construction of capital assets	(38,436,163)	(22,407,326)
Proceeds from sale of capital assets	74,648	149,245
Net cash used in capital and related financing activities	(10,447,393)	(9,549,020)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	87,542	698,893
Net cash provided by investing activities	87,542	698,893
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,703,376	11,918,452
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	39,442,668	27,524,216
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 52,146,044	$ 39,442,668

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows (continued)
Years ended December 31, 2009 and 2008

	2009	2008
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss…………………………………………………………	$ (81,451,981)	$ (72,246,486)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation…………………………………………………………	13,877,640	7,938,258
Inventory obsolescence reserve adjustments……………………	-	(14,903)
Deferred revenue……………………………………………………	(9,256)	(13,884)
Other receipts..	966,152	650,069
Change in assets and liabilities:		
Decrease (increase) in other receivables……………………	584,347	(98,854)
(Increase) decrease in materials and supplies inventory……	(20,974)	250,870
Increase in other assets………………………………………	(108,922)	(79,829)
Increase in accounts payable, accrued compensation, self-insurance liabilities and other…………	156,322	1,021,375
Net cash used in operating activities.................................	$ (66,006,672)	$ (62,593,384)
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Property purchases in accounts payable	$ 4,081,198	$ 976,396

See notes to financial statements.

(1) Organization and Reporting Entity

Organization

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

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

The Authority also has the power, under Section 306.40 of the Ohio Revised Code, to levy and collect both voted (after approval at an election) and unvoted ad valorem taxes on all the taxable property within the territorial boundaries of the Authority, in order to pay debt service on its bonds and notes issued in anticipation thereof. Ad valorem taxes were not levied during fiscal years 2009 and 2008.

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)

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.

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.

(continued)

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 – 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.

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

(continued)

Classifications of Revenues

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

Recognition of Revenue and Receivables

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

When assets acquired with capital grant funds are disposed of before their useful life, the Authority is required to notify the granting federal agency 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 assets; 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:

Description	Years
Land and leasehold improvements	5-20
Buildings and improvements	20-40
Revenue vehicles	4-12
Transit shelters	5-8
Other equipment	2-10

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.

(continued)

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.

	Current	Non-current
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
Vacation & Sick Liability Earned	3,152,916	533,337
Vacation & Sick Liability Paid	(3,312,657)	-
Compensated Absences Liability December 31, 2009	$ 3,133,988	$ 1,175,083

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.

Budgetary Accounting and Control

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

(continued)

Use of Estimates

The accounting and reporting policies of COTA conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may 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 and use tax revenue and grants. On an accrual basis, revenue from sales and use taxes is recognized in the period when the underlying exchange transaction occurs. Therefore, taxes on items sold in 2009 will be recognized as revenue in 2009. 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, 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.

In June, 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* which becomes effective for the Authority in fiscal year 2010. The Authority is in the process of determining the impact to the financial statements.

In December, 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which becomes effective for the Authority in fiscal year 2012. The Authority is in the process of determining the impact to the financial statements.

(continued)

(3) Cash and Cash Equivalents

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.

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, 2009 and 2008.

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

(continued)

Deposits With Financial Institutions

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

At December 31, 2009, the carrying amount of the Authority's deposits with financial institutions was $5,085,969 and the bank balance was $8,241,427. 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, 2009, $250,000 was covered by Federal Deposit Insurance. The $7,991,427 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, 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.

Other Deposits

As of December 31, 2009 and 2008, the Authority held equity of $47,055,423 and $36,706,922 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)

(4) Commitments

The Authority has several active construction projects as of December 31, 2009. The projects include the renovation of the maintenance facility located at 1333 Fields Avenue, the construction of a new Paratransit Facility, the renovation of 33 N. High Admin Building, as well as a contractual obligation to purchase heavy duty revenue vehicles. At year-end, the Authority's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Construction of Para-Transit Facility	$ 5,732,203	$ 12,805,258
Renovation of Fields Ave Facility	15,853,371	426,493
Downtown Administration Building	2,089,063	3,991,376
Park-n-Ride Construction	1,027,131	50,775
CAD/AVL System Replacement	949,436	6,566,357
(6) Electric Hybrid Buses	-	3,582,507
Retro-fit (11) Transit Buses	-	1,099,473
(40) New Transit Buses	-	14,133,542
Total	$ 25,651,204	$ 42,655,781

(5) Capital Assets

Capital asset activities for the years ended December 31, 2009 and 2008 are as follow:

	January 1, 2009	Additions	Disposals	Transfers	December 31, 2009
Capital Assets Not Being Depreciated:					
Land	$ 5,454,393	$ 146,264	$ -	$ 547,516	$ 6,148,173
CIP	4,291,055	22,732,311	(100,030)	(1,030,405)	25,892,931
Total	9,745,448	22,878,575	(100,030)	(482,889)	32,041,104
Capital Assets Being Depreciated:					
Land and leasehold improvements	8,765,480	187,372	-	4,342	8,957,194
Building and improvements	50,389,586	62,477	(2,733,234)	-	47,718,829
Revenue vehicles	80,473,493	14,260,545	(6,452,551)	-	88,281,487
Transit shelter	1,468,464	279,436	(277,320)	-	1,470,580
Other equipment	23,896,331	3,872,560	(2,198,092)	478,547	26,049,346
Total	164,993,354	18,662,390	(11,661,197)	482,889	172,477,436
Less Accumulated Depreciation:					
Land and leasehold improvements	(7,570,872)	(336,557)	-	-	(7,907,429)
Building and improvements	(21,534,048)	(5,771,257)	1,583,763	-	(25,721,542)
Revenue vehicles	(44,731,194)	(5,999,471)	6,449,497	-	(44,281,168)
Transit shelter	(655,338)	(159,675)	274,112	-	(540,901)
Other equipment	(20,449,670)	(1,610,680)	2,197,009	-	(19,863,341)
Total	(94,941,122)	(13,877,640)	10,504,381	-	(98,314,381)
Total Capital Assets Being Depreciated, Net	70,052,232	4,784,750	(1,156,816)	482,889	74,163,055
Total Capital Assets, Net	$ 79,797,680	$ 27,663,325	$ (1,256,846)	$ -	$ 106,204,159

(continued)

(5) Capital Assets

	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	6,239,080	3,506,868	(500)	-	9,745,448
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	157,814,793	19,773,256	(12,594,695)	-	164,993,354
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	(99,341,193)	(7,938,258)	12,338,329	-	(94,941,122)
Total Capital Assets Being Depreciated, Net	58,473,600	11,834,998	(256,366)	-	70,052,232
Total Capital Assets, Net	$ 64,712,680	$ 15,341,866	$ (256,866)	$ -	$ 79,797,680

(6) Leases

COTA leases certain property and office equipment under operating leases. Rental expense for all operating leases was $447,428 in 2009 and $298,136 in 2008. Total minimum lease payments for 2010 are $184,983 with no lease obligations existing after 2010.

(continued)

(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, 2009 and 2008, consist of the following:

	2009	2008
Federal:		
FTA Capital Assistance	$ 27,491,660	$ 12,752,628
State:		
ODOT Elderly and Disabled Fare Assistance	$ 711,496	$ 766,168
ODOT Fuel Tax Reimbursement	696,993	721,666
ODOT Capital Assistance	1,312,806	999,332
Total	$ 2,721,295	$ 2,487,166

(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 $529,972 at December 31, 2009, and $511,890 at December 31, 2008, are included in estimated claims payable in the accompanying balance sheets. At December 31, 2009 and 2008, $14,773,518 and $15,190,084, 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 $899,132 at December 31, 2009, and is included as a liability in the accompanying balance sheet.

(continued)

(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's third party administrators. A summary of changes in self-insurance claims liability for the years ended December 31, 2009 and 2008 follows:

	General Liability	Workers' Compensation
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
Incurred claims, net of favorable settlements	262,674	830,097
Claims paid	(244,592)	(673,591)
Claims liability at December 31, 2009	$ 529,972	$ 899,132

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 $249,990 and $596,796, 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 – a cost-sharing multiple-employer defined benefit pension plan; The Member-Directed Plan–a defined contribution plan: and The Combined Plan–a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45 and 50.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

(continued)

OPERS issues a stand-alone, financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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.

The ORC provides statutory authority for member and employer contributions. The 2009 member contribution rates were 10.0% of their annual covered salary. In 2009 and 2008, the employer contribution rate for local employers was 14% of annual covered payroll. Active members do not make contributions to the OPEB Plan. OPERS' Post-Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.0% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. COTA's contributions actually made to fund post-employment benefits totaled $2,258,803 in 2009, $2,421,000 in 2008, and $1,792,000 in 2007. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Authority's contributions to OPERS for the years ending December 31, 2009, 2008, and 2007 were approximately $5,389,000, $4,841,000, and $4,513,000 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, 2008. 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 2008 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 3.00% for the next 6 years. In subsequent years, (7 and beyond) health care costs were assumed to increases at 4.00% (the projected wage inflation rate).

(continued)

(9) Pension Plan (continued)

OPEB is advance funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 363,503. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2008 was $10.7 billion. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2008, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at $29.6 billion and $18.9 billion, respectively.

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 on January 1 of each year from 2006 to 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, 2009, 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.

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, 2009, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of COTA's management, no material grant expenditures will be disallowed.

FTA grant stipulations also require the granter to retain assets acquired by FTA funds for the full estimated asset life (as determined by the FTA). If this provision is not met, the granter must refund FTA's un-depreciated basis in assets disposed with a net book value greater than $5,000.

(continued)

11) Fuel Pricing Management Program

Pursuant to Ohio Revised Code sections 9.835 (A), (B), and section (C) the Central Ohio Transit Authority has established an energy price risk management program to decrease the volatility of diesel fuel cost, and increase the likelihood that actual net fuel costs will remain below the budgeted cost, increase the certainty of future cost, attain a lower overall cost of fuel in the long-term, and manage year-over-year changes in fuel cost. Within this program, COTA will acquire, hold, and dispose of positions in exchange-traded futures contracts and other financial instruments including but not limited to fixed price contract, price floor discount, maximum price contract, minimum/maximum price contract, fixed price value trigger, and trigger price contract. The COTA Board approval limits (1) the maximum hedge at 100% of projected needs 12 months out, (2) 75% of projected needs 13-24 months out, and 3) 50% of projected needs 25-36 months out. The maximum maturity of heating oil futures positions taken in conjunction with the program is 36 months. As of December 31, 2009 the open contracts had $302,867 of unrealized gains. The amount realized will change based on market prices at the time contract settlements are fixed. There is no debt associated with these contracts.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Supplemental Schedule of Revenues, Expenses and Changes in Net Assets - Budget vs. Actual (Accrual Basis)
Year ended December 31, 2009

	BUDGET	ACTUAL	(OVER)/ UNDER VARIANCE
OPERATING REVENUES	$ 14,964,957	$ 13,807,088	$ (1,157,869)
OPERATING EXPENSES OTHER THAN DEPRECIATION:			
Labor	34,851,467	33,462,696	1,388,771
Fringe benefits	14,501,515	21,489,831	(6,988,316)
Materials and supplies	14,709,181	10,493,689	4,215,492
Purchased transportation	6,167,978	6,052,586	115,392
Services	4,652,183	5,723,172	(1,070,989)
Utilities	1,717,001	1,726,885	(9,884)
Taxes	862,973	900,000	(37,027)
Leases and rentals	264,231	351,110	(86,879)
Claims and insurance, net of settlements	635,740	348,406	287,334
Advertising	175,519	192,411	(16,892)
Miscellaneous	568,997	640,643	(71,646)
Total	79,106,785	81,381,429	(2,274,644)
DEPRECIATION	10,800,000	13,877,640	(3,077,640)
Total operating expenses	89,906,785	95,259,069	(5,352,284)
OPERATING LOSS	(74,941,828)	(81,451,981)	(6,510,153)
NON-OPERATING REVENUES (EXPENSES):			
Sales tax revenues	84,394,228	88,095,294	3,701,066
State operating grants, reimbursements and special fare assistance	1,493,154	1,408,489	(84,665)
Investment income	1,009,877	87,542	(922,335)
Nontransportation and other revenues	183,775	1,040,800	857,025
Loss on sale of fixed assets	-	(1,156,816)	(1,156,816)
Total	87,081,034	89,475,309	2,394,275
Loss before capital grants	12,139,206	8,023,328	(4,115,878)
CAPITAL GRANT REVENUE:			
Federal	-	27,491,660	27,491,660
State	-	1,312,806	1,312,806
Total	-	28,804,466	28,804,466
CHANGE IN NET ASSETS	12,139,206	36,827,794	24,688,588
NET ASSETS, BEGINNING OF YEAR	136,547,444	136,547,444	-
NET ASSETS, END OF YEAR	$ 148,686,650	$ 173,375,238	$ 24,688,588

See accompanying Independent Auditors' report.

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STATISTICAL SECTION

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

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
NET ASSETS/FUND BALANCES										
Invested in Capital Assets	$ 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	$ 106,204,159
Restricted for Capital Assets	5,419,271	2,154,730	149,287	437,146	536,110	649,631	-	-	-	-
Unrestricted	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	67,171,079
TOTAL NET ASSETS/FUND BALANCES	$ 102,149,860	$ 127,976,842	$ 120,358,881	$ 116,213,913	$ 114,091,507	$ 108,220,881	$ 92,965,643	$ 99,817,359	$ 136,547,444	$ 173,375,238

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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
OPERATING REVENUES:										
Passenger fares for transit service	$ 12,779	$ 12,762	$ 12,773	$ 12,013	$ 11,421	$ 11,405	$ 12,817	$ 12,666	$ 13,492	$ 13,272
Special transit fares	476	433	291	374	347	326	360	391	486	535
Charter service revenue	30	21	18	23	34	12	-	-	-	-
Auxiliary transportation revenue	880	887	730	568	515	372	243	238	64	-
Total operating revenues	14,165	14,103	13,812	12,978	12,317	12,115	13,420	13,295	14,042	13,807
OPERATING EXPENSES OTHER THAN DEPRECIATION										
Labor	31,218	34,037	32,590	32,752	32,053	31,829	27,522	28,498	30,080	33,463
Fringe Benefits	14,694	18,504	18,769	19,934	20,776	21,156	18,476	18,334	18,930	21,490
Services	6,184	4,714	3,765	3,808	3,952	3,722	3,738	4,096	4,887	5,723
Materials and Supplies	3,350	3,572	3,364	4,177	3,869	4,224	4,319	4,759	5,142	5,515
Fuel	2,793	2,713	2,119	2,478	2,990	4,364	4,917	5,326	9,041	4,979
Utilities	1,137	1,369	1,173	1,337	1,307	1,571	1,436	1,502	1,711	1,727
Claims and Insurance	276	440	337	390	275	595	1,118	675	509	348
Taxes	649	696	621	654	692	743	727	766	817	900
Purchased transportation	3,912	4,077	3,877	4,257	4,411	4,531	4,608	5,016	6,071	6,053
Leases and rentals	285	399	558	523	517	570	359	209	223	351
Miscellaneous	1,578	1,255	677	781	624	508	471	586	940	833
Total	66,076	71,776	67,850	71,091	71,466	73,813	67,691	69,767	78,351	81,382
Depreciation	8,635	10,851	13,644	10,939	9,860	9,114	8,565	8,227	7,938	13,877
Total operating expenses	74,711	82,627	81,494	82,030	81,326	82,927	76,256	77,994	86,289	95,259
OPERATING LOSS	(60,546)	(68,524)	(67,682)	(69,052)	(69,009)	(70,812)	(62,836)	(64,699)	(72,247)	(81,452)
NON-OPERATING REVENUES(EXPENSES)										
Sales Tax Revenues	41,854 (1)	41,748	41,245	43,774	44,985	44,821	47,007	47,616	92,495	88,095
Federal operating grants and reimbursements	11,211	11,389	12,400	10,874	10,688	11,056	10,867	11,480	-	-
State operating grants, reimbursements and special fare assistance	3,919	2,136	860	722	942	1,185	1,456	1,416	1,488	1,409
Investment income	1,781	1,310	900	423	293	650	1,008	1,177	699	87
Nontransportation and other revenue	252	400	1,184	440	402	538	549	748	650	1,041
Loss on sale of capital assets	-	-	-	-	-	-	-	-	(107)	(1,157)
Interest Expense	(53)	-	-	-	-	-	-	-	-	-
Planning study expense	(21)	-	-	-	-	-	-	-	-	-
Planning study assistance revenues	17	-	-	-	-	-	-	-	-	-
Total non-operating revenues(expenses)	58,960	56,983	56,589	56,233	57,310	58,250	60,887	62,437	95,225	89,475
Gain(Loss) before capital grants and special item	(1,586)	(11,542)	(11,093)	(12,819)	(11,699)	(12,562)	(1,949)	(2,262)	22,978	8,023
CAPITAL GRANT REVENUES										
Federal	5,138	23,475	3,125	6,399	8,323	6,302	3,215	7,924	12,753	27,492
State	617	2,850	351	2,275	2,690	2,783	1,608	2,137	999	1,313
Other	-	-	-	-	-	-	7	-	-	-
Donated Capital	-	-	-	-	367	-	-	-	-	-
Total	5,755	26,325	3,476	8,674	11,380	9,085	4,830	10,061	13,752	28,805
SPECIAL ITEM										
Loss on transfer of assets	-	-	-	-	(1,804)	(2,393)	(666)	-	-	-
Loss on project impairment	-	-	-	-	-	-	(17,471)	(947)	-	-
Total	-	-	-	-	(1,804)	(2,393)	(18,137)	(947)	-	-
CHANGES IN NET ASSETS	4,169	14,784	(7,617)	(4,145)	(2,123)	(5,870)	(15,255)	6,852	36,730	36,828
NET ASSETS, BEGINNING OF YEAR	97,980	113,192	127,977	120,359	116,214	114,091	108,221	92,966	99,817	136,547
NET ASSETS, END OF YEAR	$ 102,149	$ 127,977	$ 120,360	$ 116,214	$ 114,091	$ 108,221	$ 92,966	$ 99,817	$ 136,547	$ 173,375

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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
OPERATING REVENUES:										
Passenger fares for transit service	$ 12,779	$ 12,762	$ 12,773	$ 12,013	$ 11,421	$ 11,405	$ 12,817	$ 12,666	$ 13,492	$ 13,272
Special transit fares	476	433	291	374	347	326	360	391	486	535
Charter service revenue	30	21	18	23	34	12	-	-	-	-
Auxiliary transportation revenue	880	887	730	568	515	372	243	238	64	-
Total operating revenues	14,165	14,103	13,812	12,978	12,317	12,115	13,420	13,295	14,042	13,807
NON-OPERATING REVENUES:										
Sales tax revenues (1)	41,543 (1)	41,748	41,245	43,774	44,985	44,821	47,007	47,616	92,495	88,095
Federal operating grants and reimbursements	11,211	11,389	12,400	10,874	10,688	11,056	10,867	11,480	-	-
State operating grants, reimbursements and special fare assistance	3,919	2,136	860	722	942	1,185	1,456	1,416	1,488	1,409
Investment income	1,781	1,310	900	423	293	650	1,008	1,177	699	87
Nontransportation and other revenues	252	400	1,184	440	402	538	549	748	543	1,041
Planning study assistance revenues	17	-	-	-	-	-	-	-	-	-
Total nonoperating revenues before capital gifts and grants	58,723	56,983	56,589	56,233	57,310	58,250	60,887	62,437	95,225	90,632
Capital gifts and grants:										
Federal capital grants	5,138	23,475	3,125	6,399	8,323	6,302	3,215	7,924	12,753	27,492
State and other capital grants	617	2,850	351	2,275	2,690	2,783	1,615	2,137	999	1,313
Donated capital	-	-	-	-	367	-	-	-	-	-
Total non-operating revenues	64,478	83,308	60,065	64,907	68,690	67,335	65,717	72,498	108,977	119,437
TOTAL REVENUES	$ 78,643	$ 97,411	$ 73,877	$ 77,885	$ 81,007	$ 79,450	$ 79,137	$ 85,793	$ 123,019	$ 133,244

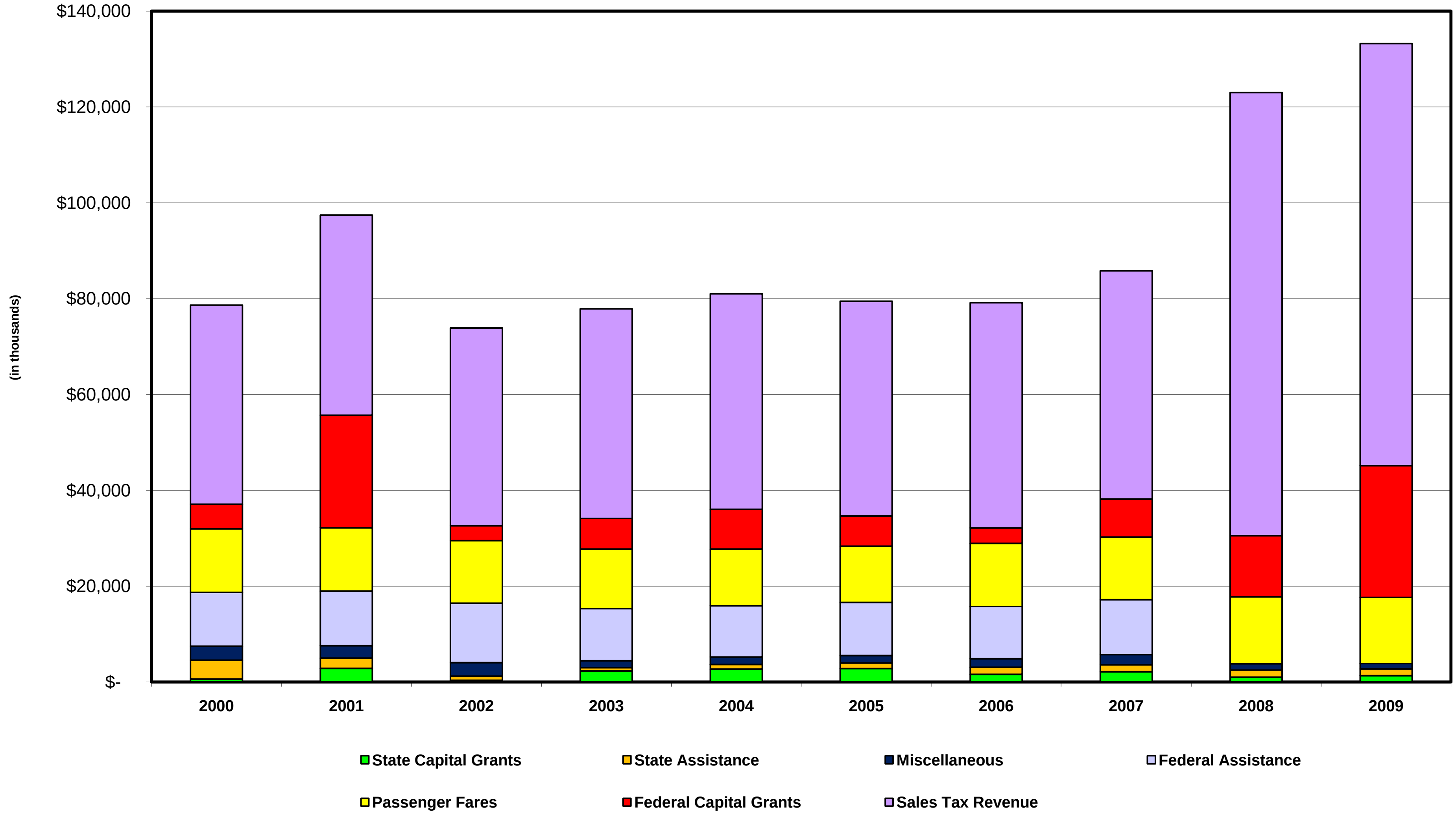
Amounts are presented in accordance with generally accepted accounting principles, on an accrual basis

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)

	OPERATING AND OTHER REVENUE			OPERATING ASSISTANCE			
YEAR	PASSENGER	OTHER	TOTAL	STATE & LOCAL	FEDERAL	TOTAL	TOTAL ALL REVENUES
2000	36.1	17.4	53.5	42.4	4.1	46.5	100.0
2001	35.2	14.1	49.3	46.2	4.5	50.7	100.0
2002	32.5	17.3	49.8	45.3	4.9	50.2	100.0
2003	32.6	18.1	50.7	43.5	5.8	49.3	100.0
2004	32.9	16.7	49.6	43.4	7.0	50.4	100.0
2005	32.4	15.7	48.1	44.6	7.3	51.9	100.0
2006	33.2	15.3	48.5	43.8	7.7	51.5	100.0
2007	31.4	14.1	45.5	47.0	7.5	54.5	100.0
2008	31.2	12.9	44.1	48.9	7.0	55.9	100.0
2009	*	*	*	*	*	*	*

CENTRAL OHIO TRANSIT AUTHORITY (2)

	OPERATING AND OTHER REVENUE			OPERATING ASSISTANCE			
YEAR	PASSENGER	OTHER (3)	TOTAL	STATE & LOCAL (4)	FEDERAL	TOTAL	TOTAL ALL REVENUES
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
2009	10.4	22.4	32.8	67.2	0.0	67.2	100.0

* Information not available

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

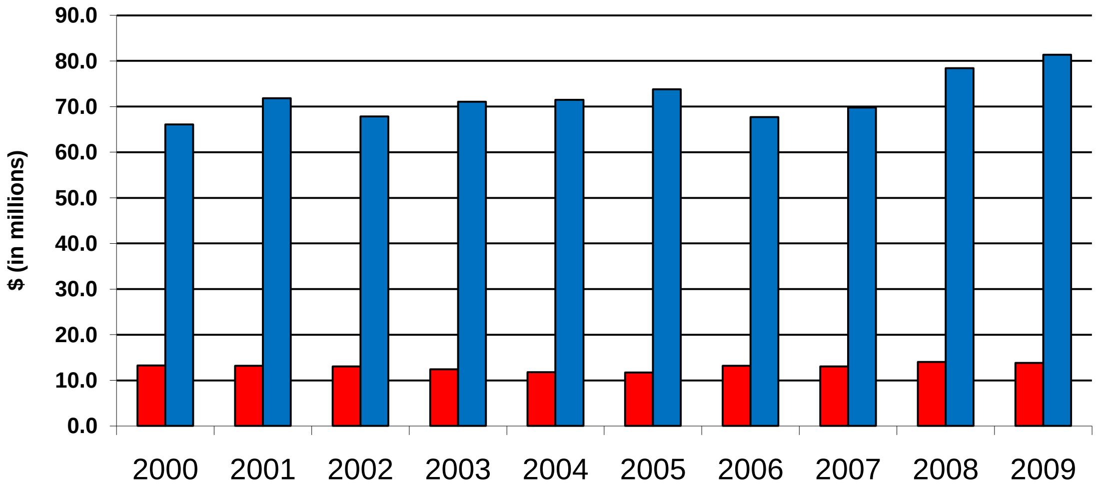
(2) Percentages are derived from the Authority's independently audited annual financial statements, restated prior to 2001 due to changes in the recording of local sales tax revenue and the recognition of capital grants and gifts as revenues.

(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

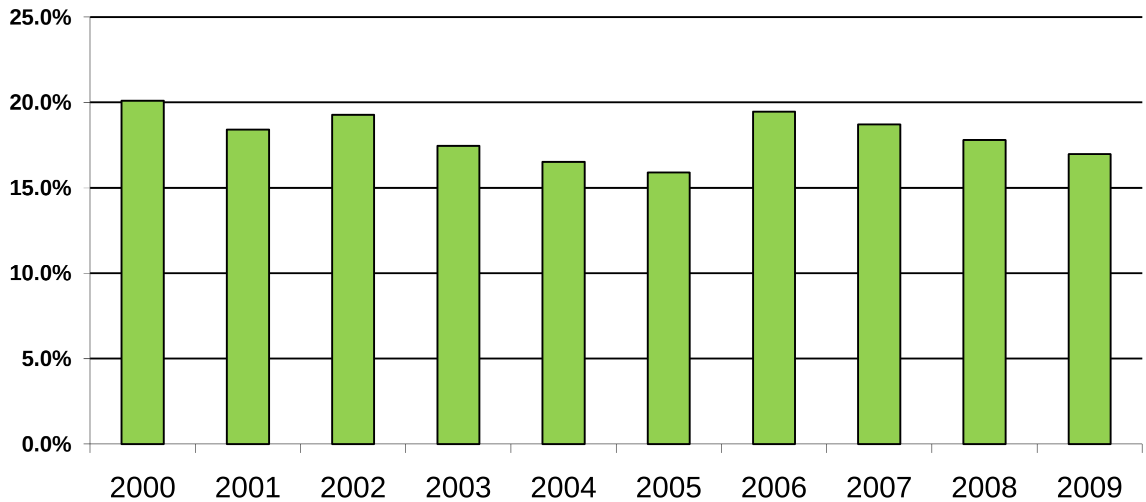
Farebox Revenues vs. Operating Expenses
Last Ten Fiscal Years



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

CENTRAL OHIO TRANSIT AUTHORITY

Farebox Recovery Ratio
Last Ten Fiscal Years



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

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

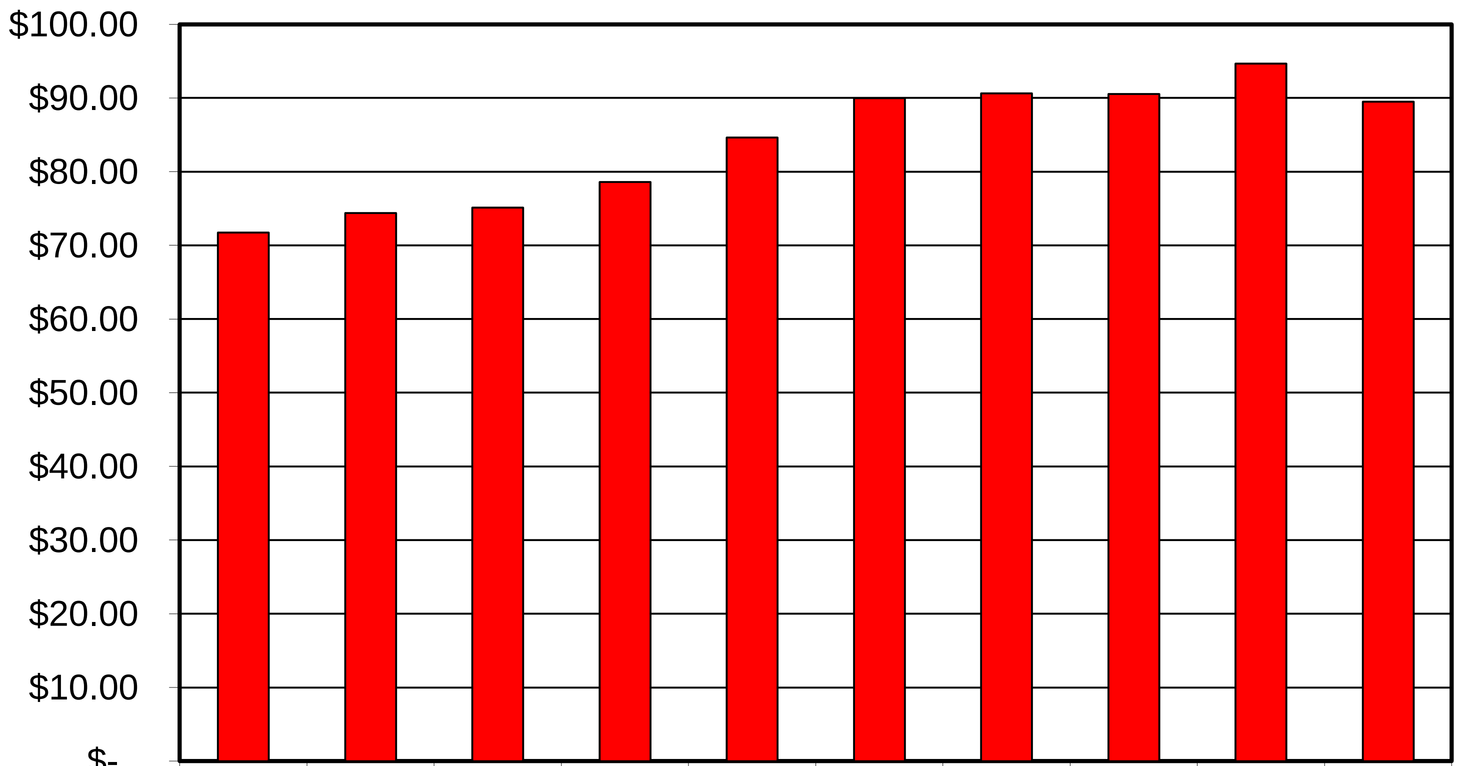
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
OPERATING EXPENSES OTHER THAN DEPRECIATION:										
Labor	$ 31,218	$ 34,037	$ 32,590	$ 32,752	$ 32,053	$ 31,829	$ 27,522	$ 28,498	$ 30,080	$ 33,463
Fringe benefits	14,694	18,504	18,769	19,934	20,776	21,156	18,476	18,334	18,930	21,490
Services	6,184	4,714	3,765	3,808	3,952	3,722	3,738	4,096	4,887	5,723
Materials and supplies	3,350	3,572	3,364	4,177	3,869	4,224	4,319	4,759	9,041	5,515
Fuel	2,793	2,713	2,119	2,478	2,990	4,364	4,917	5,326	5,142	4,979
Utilities	1,137	1,369	1,173	1,337	1,307	1,571	1,436	1,502	1,711	1,727
Claims and insurance	276	440	337	390	275	595	1,118	675	509	348
Taxes	649	696	621	654	692	743	727	766	817	900
Purchased transportation	3,912	4,077	3,877	4,257	4,411	4,531	4,608	5,016	6,071	6,053
Leases and rentals	285	399	558	523	517	570	359	209	223	351
Miscellaneous	1,578	1,255	677	781	624	508	471	586	940	833
Total	66,076	71,776	67,850	71,091	71,466	73,813	67,691	69,767	78,351	81,382
DEPRECIATION	8,635	10,851	13,644	10,939	9,860	9,114	8,565	8,227	7,938	13,877
Total operating expenses	74,711	82,627	81,494	82,030	81,326	82,927	76,256	77,994	86,289	95,259
NONOPERATING EXPENSES:										
Interest expense	53	-	-	-	-	-	-	-	-	-
Planning study expense	21	-	-	-	-	-	-	-	-	-
Loss on sale of fixed assets	-	-	-	-	-	-	-	-	-	(1,157)
TOTAL EXPENSES	$ 74,785	$ 82,627	$ 81,494	$ 82,030	$ 81,326	$ 82,927	$ 76,256	$ 77,994	$ 86,289	$ 94,102

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



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Expense per Vehicle Hour	$71.71	$74.37	$75.14	$78.58	$84.63	$89.97	$90.63	$90.53	$94.65	$89.48

Operating expenses exclude depreciation

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

TRANSPORTATION INDUSTRY (1)

YEAR	LABOR AND FRINGES	SERVICES	MATERIALS AND SUPPLIES	UTILITIES	CLAIMS AND INSURANCE	PURCHASED TRANS-PORTATION	OTHER	TOTAL OPERATING EXPENSES
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	65.8%	6.1%	11.6%	3.4%	2.4%	13.0%	(2.3%)	100.0%
2008	63.9%	6.3%	12.8%	3.4%	2.2%	13.7%	(2.4%)	100.0%
2009	*	*	*	*	*	*	*	*

CENTRAL OHIO TRANSIT AUTHORITY (2)

YEAR	LABOR AND FRINGES	SERVICES	MATERIALS AND SUPPLIES	UTILITIES	CLAIMS AND INSURANCE	PURCHASED TRANS-PORTATION	OTHER	TOTAL OPERATING EXPENSES (3)
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%
2009	67.5%	7.0%	12.9%	2.1%	0.5%	7.4%	2.6%	100.0%

* Information not available

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

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

(3) Total operating expenses exclude depreciation

CENTRAL OHIO TRANSIT AUTHORITY
LEGAL DEBT MARGIN
DECEMBER 31, 2009
(IN THOUSANDS)

CALCULATION OF LEGAL OVERALL DEBT MARGIN:

Total assessed property valuation of Authority (2009 tax year valuation) (1)	$	28,943,091
Multiplied by: Legal overall debt limitation (%)		5.00%
Equals: Total legal voted and unvoted debt limitation	$	1,447,155
Less: Nonexempt general obligation debt (voted and unvoted) (2)	$	-
Equals: Legal overall debt margin (maximum amount permitted for new voted and unvoted nonexempt general obligation debt issuances)	$	1,447,155

CALCULATION OF LEGAL UNVOTED DEBT MARGIN:

Total assessed property valuation of Authority (2009 tax year valuation) (1)	$	28,943,091
Multiplied by: Legal unvoted debt limitation (%)		0.10%
Equals: Legal unvoted debt limitation	$	28,943
Less: Maximum aggregate amounts of principal and interest payable in any one calendar year (2)	$	-
Equals: Legal unvoted debt margin (maximum annual debt service charges permitted for new unvoted nonexempt general obligation debt issuances)	$	28,943

Sources

(1) Franklin County Auditor's Office

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

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

YEAR	POPULATION (1)	ASSESSED VALUE (2)	GENERAL BONDED DEBT (3)	RATIO OF BONDED DEBT TO ASSESSED VALUE	BONDED DEBT PER CAPITA
2000	1,068,978	$ 22,321,127,505	$ -	0.00%	$0.00
2001	1,071,524	$ 22,705,244,424	$ -	0.00%	$0.00
2002	1,086,814	$ 25,447,191,720	$ -	0.00%	$0.00
2003	1,088,944	$ 25,474,792,681	$ -	0.00%	$0.00
2004	1,088,971	$ 26,007,315,683	$ -	0.00%	$0.00
2005	1,112,880	$ 29,101,151,990	$ -	0.00%	$0.00
2006	1,095,662	$ 29,193,651,687	$ -	0.00%	$0.00
2007	1,153,932	$ 28,259,014,070	$ -	0.00%	$0.00
2008	1,160,308	$ 28,772,964,620	$ -	0.00%	$0.00
2009	1,164,725	$ 28,943,091,370	$ -	0.00%	$0.00

Sources:

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

(2) Franklin County Auditor's Office

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

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

YEAR	REVENUES (1)		CAPITAL GRANTS	EXPENSES (2)	NET REVENUE OVER EXPENSES AVAILABLE FOR DEBT SERVICE		DEBT SERVICE REQUIREMENTS (3) PRINCIPAL	INTEREST	TOTAL	DEBT COVERAGE RATIO
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
2009	$133,243,679		$28,804,466	$81,381,429	$23,057,784		$ -	$ -	$ -	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, 2009

Political Subdivision	General Obligation	--Applicable to the Authority-- Percentage	Amount
COTA	$ -	100.00%	$ -
1 Franklin County	249,014,940	100.00%	249,014,940
Cities wholly within COTA	1,139,956,045	100.00%	1,139,956,045
Cities with Overlapping:			
City of Dublin	16,777,117	84.97%	14,255,516
City of Pickerington	11,304,000	0.33%	37,303
Villages wholly within COTA	6,345,000	100.00%	6,345,000
Villages with Overlapping:			
Village of Canal Winchester	2,776,470	87.28%	2,423,303
Townships wholly within COTA	5,770,830	100.00%	5,770,830
Townships with Overlapping:			
Washington Township	2,049,999	85.35%	1,749,674
School Districts wholly within COTA	735,943,542	100.00%	735,943,542
School Districts with Overlapping:			
Canal Winchester Local S.D.	61,113,346	74.72%	45,663,892
Dublin City S.D.	184,953,363	80.40%	148,702,504
Hilliard City S.D.	153,917,290	99.99%	153,901,898
Licking Heights Local S.D.	54,194,017	54.99%	29,801,290
Olentangy Local S.D.	361,974,753	0.07%	253,382
Pickerington Local S.D.	144,911,788	1.51%	2,188,168
Plain Local S.D.	77,047,038	99.99%	77,039,333
South-Western City S.D.	88,504,989	99.85%	88,372,232
Teays Valley Local S.D.	39,119,988	0.07%	27,384
Westerville City S.D.	94,207,212	64.43%	60,697,707
Delaware County Joint Vocational S.D.	83,334	0.04%	33
Eastland Joint Vocational S.D.	450,000	61.76%	277,920
Licking County Joint Vocational S.D.	26,865,000	7.58%	2,036,367
Special District with Overlapping:			
Delaware County District Library	8,800,000	0.55%	48,400
New Albany/Plain Jnt Park District	77,047,038	99.99%	77,039,333
Total			$ 2,841,545,996

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. 2009 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

YEAR	POPULATION (1)	PER CAPITA INCOME (2)	MEDIAN AGE (3)	K - 12 SCHOOL ENROLLMENT (4)	UNEMPLOYMENT RATE (5)
2000	1,068,978	$31,908	32.5	170,708	2.4%
2001	1,071,524	$32,169	*	175,121	2.8%
2002	1,086,814	$33,294	*	175,391	4.4%
2003	1,088,944	$33,576	*	177,666	4.9%
2004	1,088,971	$34,664	*	185,678	5.4%
2005	1,112,880	$36,135	*	186,756	5.3%
2006	1,095,662	$37,492	*	188,737	4.9%
2007	1,153,932	$38,556	34.5	189,072	4.7%
2008	1,160,300	$39,165	32.6	206,197	5.5%
2009	1,164,725	*	*	*	10.9%

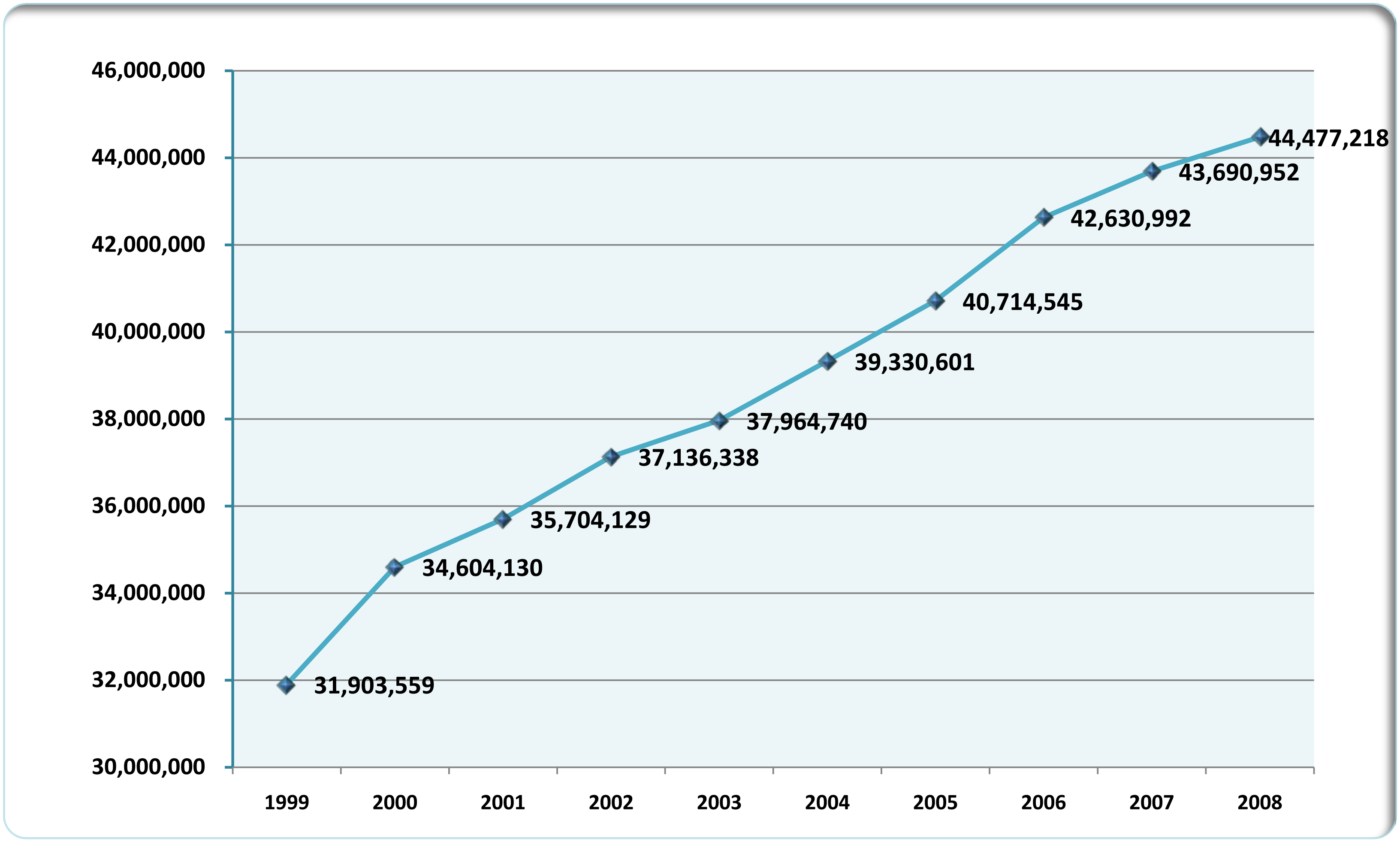
Note: All information presented is for Franklin County

* Information not available

Sources:

(1) Mid-Ohio Regional Planning Commission estimate for the year ended
(2) U. S. Department of Commerce - Bureau of Economic Analysis
(3) U.S. Census Bureau
(4) Ohio Department of Education - Division of Information Management Services
(5) Ohio Department of Job and Family Services

CENTRAL OHIO TRANSIT AUTHORITY
PERSONAL INCOME OF FRANKLIN COUNTY, OHIO
1999-2008
(in thousands)



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
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, 2009

CASH OR TICKET FARES:	
Express	$ 2.50
Local and crosstown	1.75
Project Mainstream ADA Trip (1)	3.00
Project Mainstream Non-ADA Trip (1)	3.50
COTA LINK (2)	0.75
Transfer	Free
DAY PASSES (3):	
Adult (4)	$ 4.00
Human Service Agency (5)	3.00
Children over 48" and under 12 years old, Senior Discount Card (6), or Key Card (7)	2.00
Seven-Day Pass	22.00
MONTHLY PASSES:	
Express	$ 76.00
Local	55.00
Project Mainstream (1)	89.00
Senior Discount Card (6), or Key Card (7)	27.50
SPECIAL FARES:	
Children over 48" and under 12 years old, Senior Discount Card (6), or Key Card (7)	$ 0.85
Children under 48" tall	Free
All ADA Card (8) recipients on fixed-route bus service only	Free

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

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

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

(4) Additional $0.50 required for express service

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

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

(7) Photo identification card, for eligible disabled riders

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

CENTRAL OHIO TRANSIT AUTHORITY
Operating Statistics
Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
SYSTEM RIDERSHIP										
Motor bus..................................	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	17,208,787
Demand responsive..................	132,083	145,472	144,149	159,047	159,044	164,167	168,899	182,181	216,489	237,949
AVERAGE WEEKDAY SYSTEM RIDERSHIP										
Motor bus..................................	64,195	62,727	55,388	53,564	49,524	50,035	50,649	50,337	56,181	58,779
Demand responsive..................	448	494	491	545	533	556	559	591	709	779
VEHICLE MILES OPERATED										
Motor bus..................................	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	10,519,662
Demand responsive..................	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	3,318,535
AVERAGE WEEKDAY VEHICLE MILES OPERATED										
Motor bus..................................	37,611	39,685	36,773	35,334	33,560	32,819	29,465	30,085	32,134	35,331
Demand responsive..................	6,815	7,658	7,827	8,211	7,938	8,452	8,001	8,229	9,523	10,973
REVENUE MILES										
Motor bus..................................	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	8,523,927
Demand responsive..................	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	2,803,983
PASSENGER MILES										
Motor bus..................................	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	65,605,753
Demand responsive..................	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	2,352,821

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

(continued on next page)

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
VEHICLE HOURS OPERATED (1)										
Motor bus	806,190	838,841	776,011	759,778	714,525	692,438	623,987	635,828	678,302	753,377
Demand responsive	116,232	126,211	127,016	136,795	129,909	127,981	124,675	134,796	149,480	156,103
VEHICLE REVENUE HOURS (1)										
Motor bus	723,458	754,911	704,603	691,262	649,005	628,815	566,343	577,336	615,332	685,030
Demand responsive	100,346	108,908	103,217	112,263	110,153	109,141	106,225	116,211	133,899	138,847
DIESEL & BIODIESEL FUEL USAGE (IN GALLONS) (1)	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	2,738,935
FLEET REQUIREMENTS (DURING PEAK HOURS) (1)										
Motor bus	277	282	250	247	230	228	195	195	219	235
Demand responsive	36	36	38	43	43	47	46	46	58	56
TOTAL REVENUE VEHICLES DURING PERIOD (1)										
Motor bus	322	346	299	308	276	274	234	234	268	292
Demand responsive	43	43	43	58	58	57	55	60	62	66
NUMBER OF EMPLOYEES (1)	815	843	775	757	722	690	616	669	699	782

Source:

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

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

CLASSIFICATION	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
VEHICLE OPERATIONS	527	538	494	488	469	451	394	450	486	531
VEHICLE MAINTENANCE	129	142	128	125	114	112	102	101	99	116
NON-VEHICLE MAINTENANCE	39	42	35	36	40	38	30	25	27	33
GENERAL ADMINISTRATION	120	121	118	98	99	89	90	93	87	102
TOTAL LABOR	**815**	**843**	**775**	**747**	**722**	**690**	**616**	**669**	**699**	**782**

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	939
Number of routes	66
Number of bus stop locations	4,266
Number of bus stop passenger shelters	377
Number of Park-and-Ride facilities	28
Parking capacity, all Park-and-Ride facilities	2,304
Number of active fleet buses	282
Average bus vehicle age	6.73
Average fixed-route system speed	14.10 miles per hour
Average fixed-route system fuel economy	4.31
Number of customer information calls received	2,494,885

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COTA

CENTRAL OHIO TRANSIT AUTHORITY

33 N. High St. • Columbus, OH 43215

Central Ohio Transit Authority

Independent Accountants' Report on Information Reported to the Federal Transit Administration for the Years Ended December 31, 2009 and 2008

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INDEPENDENT ACCOUNTANTS' REPORT ON INFORMATION REPORTED TO THE FEDERAL TRANSIT ADMINISTRATION

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 *2009 Reporting Manual* for the year ended December 31, 2009. 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 *2009 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 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 the date in accordance with NTD definitions. The correct data is being measured and no systematic errors exist.
- A system is in place to record dates 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 control 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 periods and other facts known about the Authority's operations.

The procedures were applied separately to each of the information systems to develop the reported vehicle miles, passenger miles, and operating expenses of the Authority for the fiscal years ended December 31, 2009 and 2008, for each of the following modes:

- Motor bus — directly operated
- Demand response — purchased transportation

This report related 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 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 *2009 Reporting Manual* for the years ended December 31, 2009 and 2008. Accordingly, we do not express 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 your 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 the 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 16, 2010

APPENDIX A

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 date 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 by 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the 2009 *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 date reported on the 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) that 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 2009 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 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 the 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 summarization without exception.

h. Inquired of the Authority's procedures for accumulation and recording passenger mile data in accordance with the 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 as to 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, 2009. 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, 2009.

l. The *2009 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 2009 and performed recalculations.

n. The *2009 Reporting Manual section 9* test procedure was not applicable to the Authority and, therefore, was not performed.

o. The *2009 Reporting Manual section 9* test procedure was not applicable to the Authority and, therefore, was not performed.

p. The *2009 Reporting Manual section 9* test procedure was not applicable to the Authority and, therefore, was not performed.

q. The *2009 Reporting Manual section 9* test procedure was not applicable to the Authority and, therefore, was not performed.

r. The *2009 Reporting Manual section 9* test procedure was not applicable to the Authority and, therefore, was not performed.

s. The *2009 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 2009 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 personnel 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 on upon copies obtained.

x. The *2009 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-period 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 2009 to 2008 were noted for motor bus actual vehicle revenue miles and demand responsive passenger miles. All variances were investigated and explained by the Strategic Budget Analyst and reported to the NTD by April 30, 2010.

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
SEPTEMBER 14, 2010

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