COTA
CENTRAL OHIO TRANSIT AUTHORITY

2010

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED DECEMBER 31, 2010

Board of Trustees
Central Ohio Transit Authority
33 North High Street
Columbus, Ohio 43215

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, 2010 through December 31, 2010. 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.

Dave Yost

Dave Yost
Auditor of State

July 19, 2011

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COTA

CENTRAL OHIO TRANSIT AUTHORITY
FRANKLIN COUNTY, OHIO

2010

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED DECEMBER 31, 2010

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

Table of Contents

Central Ohio Transit Authority
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2010

Introductory Section

COTA
CENTRAL OHIO TRANSIT AUTHORITY

33 N. High St
Columbus, OH 43215
(614) 275-5800
www.cota.com

June 15, 2011

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, 2010, is hereby 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 and completeness of the CAFR.

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, 2009. This was the eleventh 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 2010 report to the GFOA to determine its eligibility for another certificate.

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. In 2008, an amended agreement was executed which added the city of Dublin to the Authority. The Authority's territorial boundaries are conterminous with Franklin County, and small portions of Delaware, Fairfield, Union and Licking Counties.

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 overseen by a 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 10 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 2010 this service included 66 fixed-bus routes comprised of 19 Local lines (including one Link), eight Crosstown lines and 38 Express lines.

COTA makes 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.

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 2010, COTA was in the fourth year of a five-year contract for the purchase of 40 new buses annually. At the end of 2010, COTA had 300 fixed-route buses in its fleet, including six electric hybrid coaches.

COTA plans to increase fixed-route service hours 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.

Facilities Owned

33 N. High St. is a 78,000 square-foot, 10-story office building in downtown Columbus, which was purchased by the Authority in 2008. Following an extensive renovation, COTA relocated its administrative and pass sales functions to the new headquarters in 2010. The facility also serves as the downtown coach operator sign in station.

1600 McKinley Avenue was constructed in 1980, and is the larger of the Authority's two fixed-route bus operations and maintenance 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. COTA's customer information call center is also located at 1600 McKinley Avenue.

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 complete renovation.

1330 Fields Avenue is a newly constructed 104,000 square-foot building located on COTA's Fields Avenue Campus housing COTA's paratransit operations. The facility has a capacity of 104 paratransit vehicles. All Mobility Service operations including reservations, scheduling and dispatching occur at the new facility. The facility features six vehicle maintenance bays, two fueling islands and a bus wash. The new facility also houses a state-of-the-art eligibility assessment center.

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 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 the Easton 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 operated by an independent provider leasing the space from COTA. 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. 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 Street 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 offering neighborhood medical services as well as leased street-level retail space.

Facilities Leased

The South Terminal is a 41,000 square-foot facility opened in November 1989 serves commuters in the southern downtown area. The terminal is located in the downtown City Center parking garage between Rich and Main Streets. Eighteen Express routes and one Local bus route use this terminal.

SERVICE AREA

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 1,836,536 with Franklin County's population of 1,163,414 making it the MSA's largest county in terms of population.

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
2010	787,033	1,163,414

Source: U.S. Census Bureau

ECONOMIC OUTLOOK

While the local economy generally 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. In addition, the region's economy consists of large professional and service sectors heavy on finance, insurance, education and research industries. The overall, countywide assessed property valuation continues to increase as a result of vibrant 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.

SERVICE EXPANSION

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 2011, 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.

Paratransit Bus Service - COTA's service expansion and growth includes paratransit service. As fixed-route options expand, paratransit service and capacity grows with it. In addition, 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. Acquisition of park and ride sites will be explored where appropriate.

COTA has been awarded a federal grant to study the Cleveland Avenue corridor for the viability of Bus Rapid Transit between downtown Columbus and the Polaris area in southern Delaware County.

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 page 31.

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 45 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, 2010. This report is included in the financial section of this CAFR.

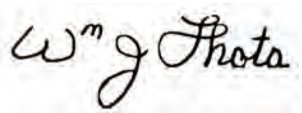
The Authority participates in the federal single audit program, which consists of a single audit of all federally funded programs administered by the Authority. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including 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

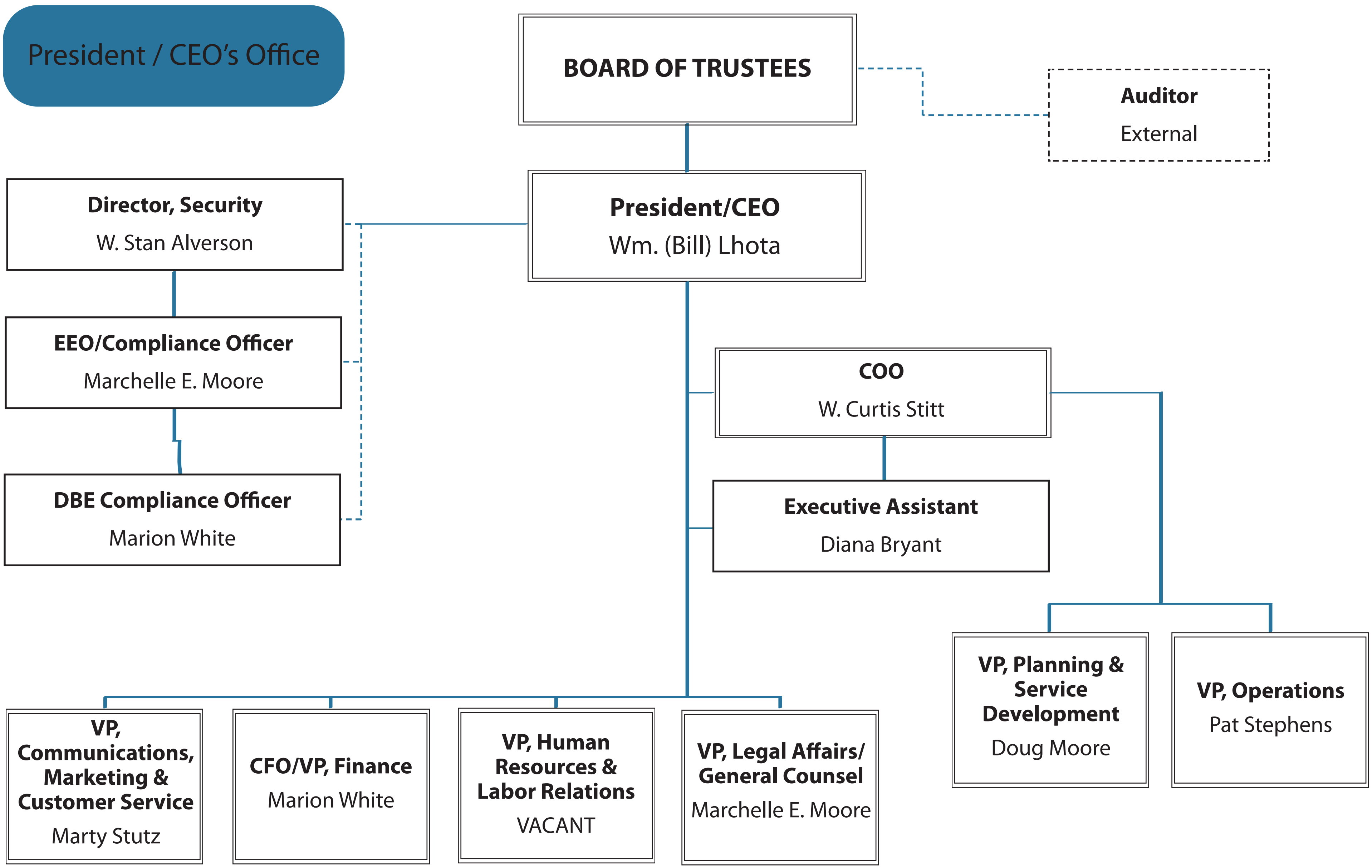
For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2009

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

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

President

Executive Director


President / CEO's Office
BOARD OF TRUSTEES
Auditor
External
Director, Security
W. Stan Alverson
President/CEO
Wm. (Bill) Lhota
EEO/Compliance Officer
Marchelle E. Moore
COO
W. Curtis Stitt
DBE Compliance Officer
Marion White
Executive Assistant
Diana Bryant
VP, Planning & Service Development
Doug Moore
VP, Operations
Pat Stephens
VP, Communications, Marketing & Customer Service
Marty Stutz
CFO/VP, Finance
Marion White
VP, Human Resources & Labor Relations
VACANT
VP, Legal Affairs/ General Counsel
Marchelle E. Moore

Central Ohio Transit Authority
Board of Trustees and Administration

BOARD OF TRUSTEES
(as of December 31, 2010)

Chair:	Linda J. Mauger, Representing Suburbs
Vice-Chair:	Dawn Tyler Lee, Representing City of Columbus
Trustee:	William A. Anthony, Jr., Representing City of Columbus
Trustee:	Frank J. Cipriano, Representing City of Columbus
Trustee:	James E. Daley, Representing Suburbs
Trustee:	James M. Hudson, Representing City of Columbus
Trustee:	James E. Kunk, Representing City of Columbus
Trustee:	Michael J. McMennamin, Representing Franklin County
Trustee:	Harry W. Proctor, Representing Franklin County
Trustee:	David L. Samuel, Representing Suburbs
Trustee:	Robert J. Weiler, Sr., Representing City of Columbus
Trustee:	Scott White, Representing City of Columbus
Trustee:	Kevin E. Wood, Representing City of Columbus

ADMINISTRATION

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

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Financial Section

Deloitte.

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USA

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Fax: +1 614 229 4647
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Central Ohio Transit Authority
Columbus, Ohio

Mr. Dave Yost
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, 2010 and 2009, 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, 2010 and 2009, 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 15–24 and the supplement schedules of revenues, expenses and changes in net Assets, budget vs. actual (accrual basis) on page 45 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 -11) and the statistical section (pages 47-67) 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 15, 2011

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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, 2010. 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 $213.7 million. These net assets result from the difference between total assets of $229.3 million and total liabilities of $15.6 million.

- The Authority's net assets increased by $40.2 million in 2010 mainly due to increased sales tax revenue, passenger fares, and grant revenue.

- Current assets of $80.8 million primarily consist of non-board designated cash and cash equivalents of $38.2 million, sales tax receivables of $26.0 million, inventory of $2.7 million, federal capital grant receivables of $4.1 million, and Board designated assets of $6.9 million.

- Current liabilities of $14.1 million primarily consist of accrued payroll and fringe benefits of $5.2 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 27, 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 28-29 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 30-44.

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	2010	2009	2008
Assets			
Current Assets	$ 73,960,973	$ 60,148,894	$ 45,788,059
Board Designated Assets (current)	6,865,855	8,772,831	9,059,642
Total Current Assets	80,826,828	68,921,725	54,847,701
Board Designated Assets (non-current)	13,994,345	13,926,732	14,427,603
Capital Assets (net of accumulated depreciation)	134,494,411	106,204,159	79,797,680
Total Non-Current Assets	148,488,756	120,130,891	94,225,283
Total Assets	229,315,584	189,052,616	149,072,984
Liabilities			
Current Liabilities	14,105,131	13,919,977	11,382,503
Non-Current Liabilities	1,519,878	1,757,401	1,143,037
Total Liabilities	15,625,009	15,677,378	12,525,540
Net Assets			
Net Assets Invested in Capital Assets	134,494,411	106,204,159	79,797,680
Net Assets Unrestricted	79,196,164	67,171,079	56,749,764
Total Net Assets	$ 213,690,575	$ 173,375,238	$ 136,547,444

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, 2010 amounts to $134.5 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 2010 was $28.3 million.

Major capital asset events during 2010 included the following:

- Purchase of (40) heavy duty transit buses
- Purchase of (6) hybrid transit buses
- Purchase of (60) new transit shelters
- Renovation of downtown administrative offices
- Renovation of Fields Avenue bus garage and maintenance facility

Contributions to construction in progress including the following projects:

- Construction of new paratransit facility
- CAD/AVL system upgrade
- Mckinley Avenue bus garage and maintenance facility lift renovation

Additional information on the Authority's capital assets can be found in Note 5 in the Notes to the Financial Statements located on pages 38-39.

The Authority's current assets at the end of 2010 are composed of cash and cash equivalents (56.0%), receivables (40.3%), inventory (3.3%), and other assets (.4%) 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	2010	2009	2008
Transportation	$ 49,019,975	$ 45,646,033	$ 45,197,904
Vehicle Maintenance	15,067,987	13,766,100	12,845,853
Facilities Maintenance	6,973,874	6,013,460	4,917,892
General & Administrative	16,272,000	15,615,545	15,172,404
Total	$ 87,333,836	$ 81,041,138	$ 78,134,053

In accordance with NTDR guidelines, the 2010, 2009 and 2008 expenses include additional costs of $38,492, $57,087 and $44,953 respectively, collected directly by the service provider from the Authority's customers for the Sedan Voucher Service for disabled passengers.

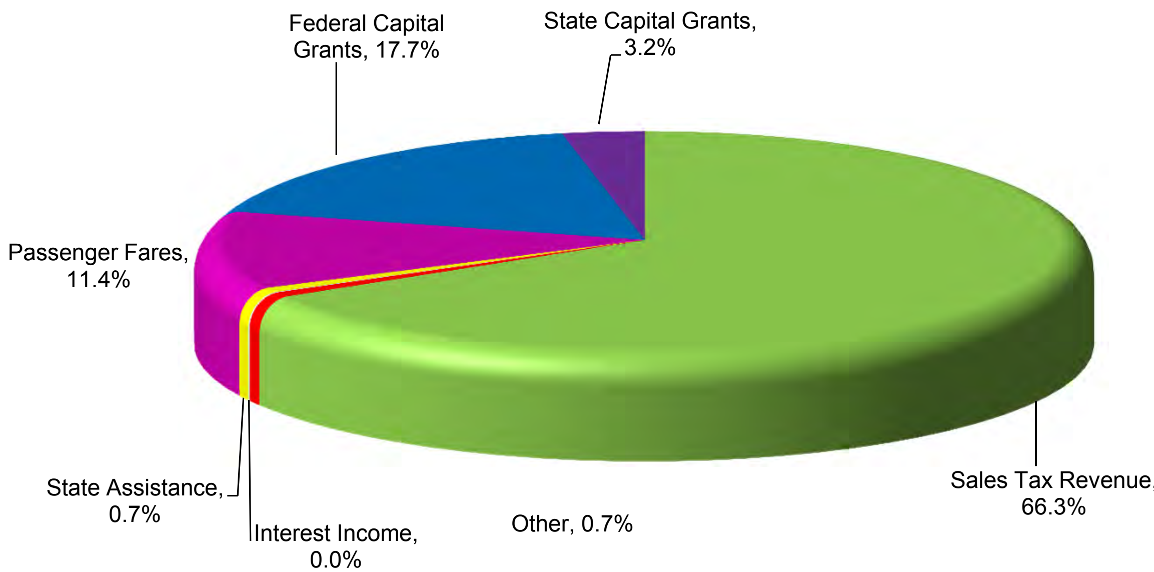
Condensed Summary of Revenues, Expenses and Changes in Net Assets:

Description	2010	2009	2008
Operating Revenues			
Passenger Fare Revenues	$ 15,401,602	$ 13,271,919	$ 13,492,073
Special Services Revenue	656,455	535,169	486,200
Other: Auxiliary Transportation Revenues	21,195	-	64,408
Total Operating Revenues	16,079,252	13,807,088	14,042,681
Non-Operating Revenues			
Sales Tax Revenues	93,437,059	88,095,294	92,495,436
Federal Assistance	89,791	-	-
State Assistance	962,247	1,408,489	1,487,834
Investment Income	37,572	87,542	698,893
Non-transportation and Other Revenues	987,164	1,040,800	542,448
Total Non-Operating Revenues	95,513,833	90,632,125	95,224,611
Total Revenue before Capital Grants	111,593,085	104,439,213	109,267,292
Operating Expenses			
Labor	35,675,628	33,462,696	30,079,850
Fringe Benefits	23,384,165	21,489,831	18,929,623
Materials and Supplies	12,211,150	10,493,689	14,183,319
Purchased Transportation	6,060,734	6,052,586	6,070,681
Services	6,118,037	5,723,172	4,887,219
Other Expenses	3,880,671	4,159,455	4,200,217
Total Operating Expenses	87,330,385	81,381,429	78,350,909
Non-Operating Expenses			
Loss on disposal of fixed assets	650,485	1,156,816	-
Depreciation Expense	12,671,636	13,877,640	7,938,258
Tota Non-Operating Expenses	13,322,121	15,034,456	7,938,258
Gain before Capital Grants	10,940,579	8,023,328	22,978,125
Capital Grant Revenues:			
Federal	24,914,321	27,491,660	12,752,628
State	4,460,437	1,312,806	999,332
Total Capital Grant Revenues	29,374,758	28,804,466	13,751,960
Change in Net Assets during the Year	40,315,337	36,827,794	36,730,085
Net Assets, Beginning of Year	173,375,238	136,547,444	99,817,359
Net Assets, End of Year	$ 213,690,575	$ 173,375,238	$ 136,547,444

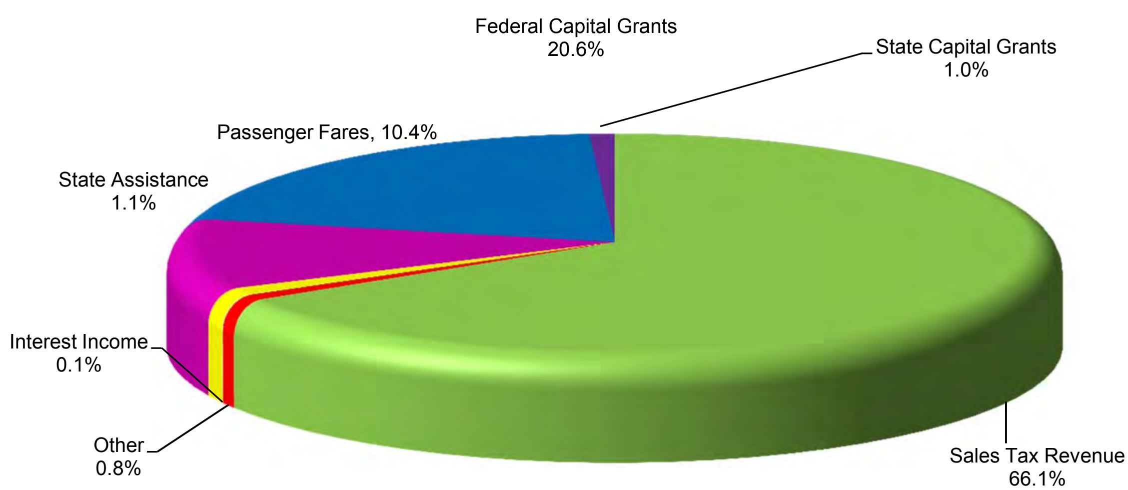
CENTRAL OHIO TRANSIT AUTHORITY

Revenues by Source

2010 Total Revenues
$140,967,843

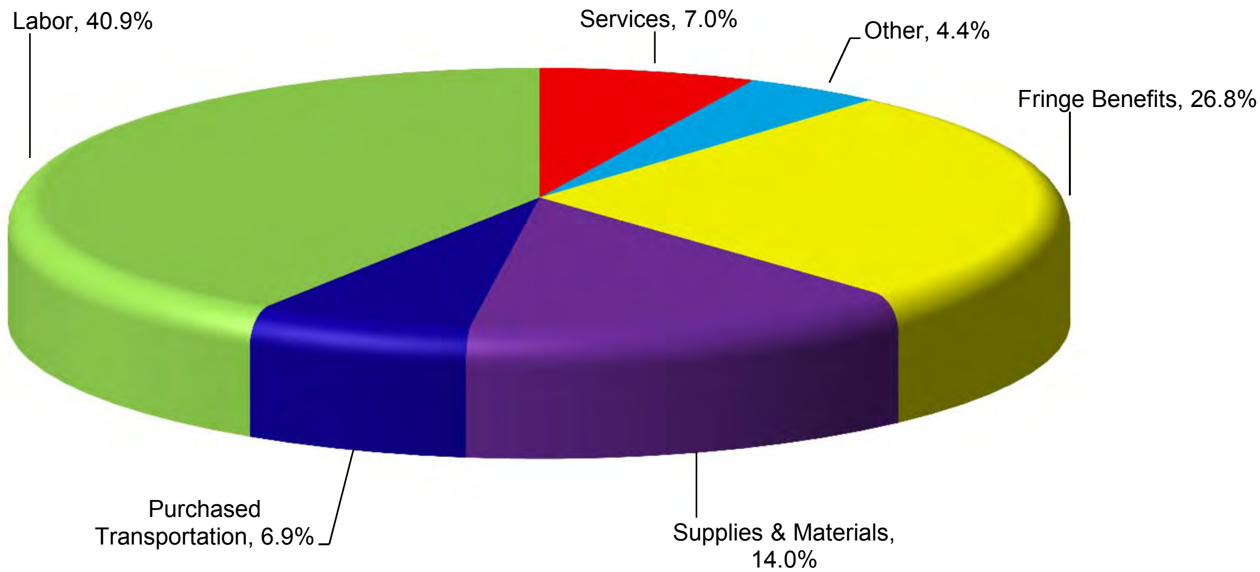


2009 Total Revenues
$133,243,679

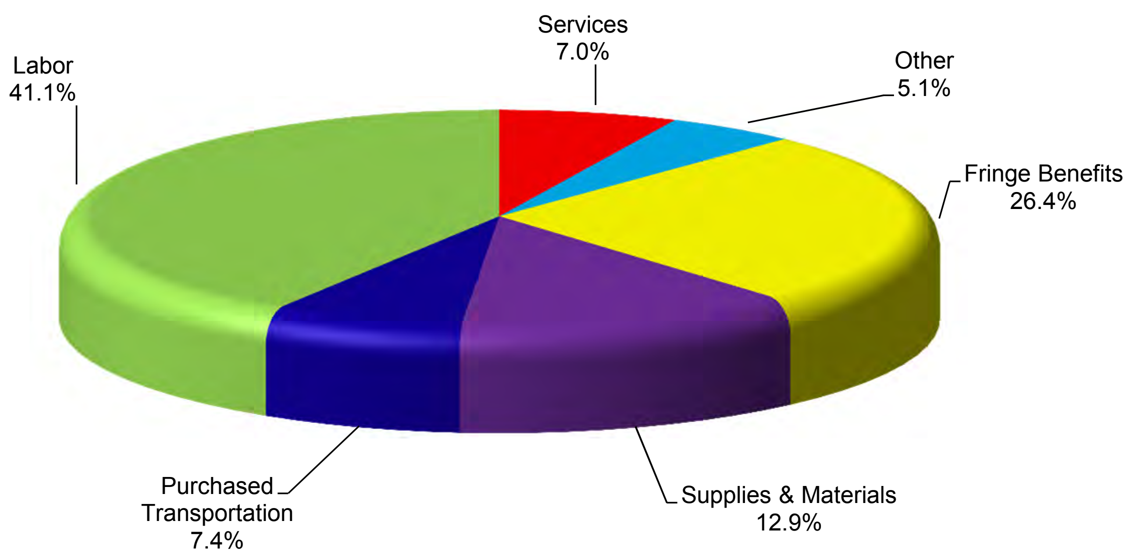


CENTRAL OHIO TRANSIT AUTHORITY
Expense by Object Class
(Excluding Depreciation)

2010 Total Expenses
$87,330,385



2009 Total Expenses
$81,381,429



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 2010 increase is due to increased ridership from increased service. The 2009 decrease is due to a decrease in ridership. The 2008 increase is due to an increase in ridership.

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. In 2010, the Authority saw a 6.1% increase in sales tax revenue over 2009. Due to an economic downturn in 2009, the sales tax revenue decreased. The 2008 increase was due to the additional ¼% which the Authority began collecting in April, 2008.

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 were only marginally increased in 2010. 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.

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 year-over year in both 2010 and 2009. The entire program was increased in 2008.

State Capital Grants are received from ODOT for capital projects and capital acquisitions. State Capital Grants reimburse the Authority in part for the purchase of new buses and equipment. Due to the State's strained financial capacity, there have been fewer grants awarded in 2010, 2009 and 2008.

Investment Income is earned on invested funds. Cash balances have continued to increase since 2008, but due to continued reduction in interest rates, interest income has continued to decrease each year.

Non-Transportation and Other Revenues consist of auxiliary transportation revenues and non-transportation revenues. Auxiliary transportation revenues represent fees collected for advertising placed in buses and bus shelters. A decision in late 2007 to discontinue the external bus advertising program has resulted in a significant decrease in advertising revenue in 2010, 2009, and 2008. COTA has 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 2010 over 2009. The increase in 2009 over 2008 was 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 was partially rented. In 2010 and 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.

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 2010, wages increased 6.6% driven by increased service hours and merit increases. 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.

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 2010, fringe benefits increased by 8.8% due to increasing health insurance premiums. 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.

Materials and Supplies include the Authority's diesel fuel expense and parts used in the maintenance of buses and facilities. Fuel costs increased 27.6% in 2010 while supplies associated with the maintenance of vehicles had a marginal increase of 6.2% over 2009. Fuel costs in 2009 were significantly less than costs experienced in 2008 with a reduction of 44.6 % 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.

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. Purchased transportations costs remain virtually unchanged in comparison to 2009 costs. 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.

Services are provided by outside contractors to the Authority for a wide variety of professional, technical, consulting and maintenance needs. 2010 service costs increased by 6.9% over 2009 due to continuing construction related professional services. 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.

Other Expenses consist primarily of utilities, taxes, interest, leases and rentals, claims and insurance and other miscellaneous expenses. In 2010, other expenses had a decrease of 6.7% over 2009 mainly driven by an increase in claims recoveries. 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. 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 2010 was fairly consistent with 2009 with only a marginal decrease of 8.7%. In 2009, depreciation 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, 2010 and 2009

ASSETS	2010	2009
CURRENT ASSETS:		
Cash and cash equivalents	$ 38,212,323	$ 29,446,481
Receivables:		
Sales tax	26,034,826	24,559,657
Federal capital grants receivable	4,070,352	2,369,859
State capital grants receivable	1,332,662	-
Other	1,205,599	597,025
Inventory of materials and supplies	2,723,918	2,536,708
Other	381,293	639,164
Total	73,960,973	60,148,894
Board designated:		
Cash and cash equivalents - capital grants	5,845,987	7,926,045
Cash and cash equivalents - self insurance	1,019,868	846,786
Total	6,865,855	8,772,831
Total current assets	80,826,828	68,921,725
NON-CURRENT ASSETS:		
Board designated:		
Cash and cash equivalents - self insurance	13,994,345	13,926,732
Property and equipment		
Cost	229,020,324	204,518,540
Less accumulated depreciation	(94,525,913)	(98,314,381)
Total	134,494,411	106,204,159
Total non-current assets	148,488,756	120,130,891
TOTAL ASSETS	$ 229,315,584	$ 189,052,616

See notes to financial statements. (continued)

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets (continued)
December 31, 2010 and 2009

LIABILITIES AND NET ASSETS	2010	2009
CURRENT LIABILITIES:		
Accrued payroll and fringe benefits	$ 5,186,115	$ 4,989,032
Accounts payable	6,440,231	6,381,390
Accrued payroll taxes	796,838	742,519
Estimated workers' compensation claims	879,984	596,796
Estimated claims payable	139,884	249,990
Other current liabilities	662,079	960,250
Total current liabilitites	14,105,131	13,919,977
NON-CURRENT LIABILITIES:		
Accrued fringe benefits	1,321,388	1,175,083
Estimated workers' compensation claims	132,803	302,336
Estimated claims payable	65,687	279,982
Total non-current liabilitites	1,519,878	1,757,401
TOTAL LIABILITIES	15,625,009	15,677,378
NET ASSETS:		
Invested in capital assets	134,494,411	106,204,159
Unrestricted	79,196,164	67,171,079
TOTAL NET ASSETS	213,690,575	173,375,238
TOTAL LIABILITIES AND NET ASSETS	$ 229,315,584	$ 189,052,616

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Revenues, Expenses and Changes in Net Assets
Years ended December 31, 2010 and 2009

	2010	2009
OPERATING REVENUES:		
Passenger fares for transit service	$ 15,401,602	$ 13,271,919
Special transit fares	656,455	535,169
Auxiliary transportation revenue	21,195	-
Total	16,079,252	13,807,088
OPERATING EXPENSES OTHER THAN DEPRECIATION:		
Labor	35,675,628	33,462,696
Fringe benefits	23,384,165	21,489,831
Materials and supplies	12,211,150	10,493,689
Purchased transportation	6,060,734	6,052,586
Services	6,118,037	5,723,172
Utilities	1,894,023	1,726,885
Taxes	959,717	900,000
Leases and rentals	340,866	351,110
Claims and insurance, net of settlements	(83,514)	348,406
Advertising	240,270	192,411
Miscellaneous	529,309	640,643
Total	87,330,385	81,381,429
DEPRECIATION	12,671,636	13,877,640
Total operating expenses	100,002,021	95,259,069
OPERATING LOSS	(83,922,769)	(81,451,981)
NON-OPERATING REVENUES(EXPENSES):		
Sales tax revenues	93,437,059	88,095,294
Federal operating grants	89,791	-
State operating grants, reimbursements and special fare assistance	962,247	1,408,489
Investment income	37,572	87,542
Nontransportation and other revenue	987,164	1,040,800
Loss on disposal of capital assets	(650,485)	(1,156,816)
Total	94,863,348	89,475,309
Gain before capital grants	10,940,579	8,023,328
CAPITAL GRANT REVENUES:		
Federal	24,914,321	27,491,660
State	4,460,437	1,312,806
Total	29,374,758	28,804,466
CHANGES IN NET ASSETS	40,315,337	36,827,794
NET ASSETS, BEGINNING OF YEAR	173,375,238	136,547,444
NET ASSETS, END OF YEAR	$ 213,690,575	$ 173,375,238

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows
Years ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 16,058,057	$ 13,807,088
Cash payments to suppliers for goods and services	(28,600,288)	(26,561,073)
Cash payments to employees for services	(35,450,455)	(33,598,856)
Cash payments for employee benefits	(23,152,296)	(20,959,738)
Cash payments for casualty and liability	(518,872)	(244,592)
Other receipts	510,827	1,550,499
Net cash used in operating activities	(71,153,027)	(66,006,672)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Sales taxes received	91,961,890	87,661,410
Federal operating assistance received	89,791	-
State operating and other assistance received	962,247	1,408,489
Net cash provided by non-capital financing activities	93,013,928	89,069,899
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal capital grants received	23,213,828	26,601,316
State capital grants received	3,127,775	1,312,806
Acquisition and construction of capital assets	(41,482,165)	(38,436,163)
Proceeds from sale of capital assets	168,568	74,648
Net cash used in capital and related financing activities	(14,971,994)	(10,447,393)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	37,572	87,542
Net cash provided by investing activities	37,572	87,542
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,926,479	12,703,376
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	52,146,044	39,442,668
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 59,072,523	$ 52,146,044

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows (continued)
Years ended December 31, 2010 and 2009

	2010	2009
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss……	$ (83,922,769)	$ (81,451,981)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation……	12,671,636	13,877,640
Inventory obsolescence reserve adjustments……	161,215	-
Deferred revenue……	-	(9,256)
Other receipts……	872,504	966,152
Change in assets and liabilities:		
(Increase) decrease in other receivables……	(608,574)	584,347
(Increase) in materials and supplies inventory……	(348,425)	(20,974)
Decrease (increase) in other assets……	257,871	(108,922)
(Decrease) increase in accounts payable, accrued compensation, self-insurance liabilities and other……	(236,485)	156,322
Net cash used in operating activities……	$ (71,153,027)	$ (66,006,672)
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Property purchases in accounts payable	$ 4,307,213	$ 4,081,198

See notes to financial statements. (continued)

(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 2010 and 2009.

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 $3,000 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 workers' 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, 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
Vacation & Sick Liability Earned	3,505,658	146,305
Vacation & Sick Liability Paid	(3,533,759)	-
Compensated Absences Liability December 31, 2010	$ 3,105,887	$ 1,321,388

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 2010 will be recognized as revenue in 2010. 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 has appropriately implemented GASB 51 and there is no impact to the Authority's 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 has determined there is no impact to its 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, 2010 and 2009.

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, 2010, the carrying amount of the Authority's deposits with financial institutions was $7,060,379 and the bank balance was $8,530,095. 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, 2010, $250,000 was covered by Federal Deposit Insurance. The $8,280,095 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, 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 insurance coverage provided for accounts held at FDIC-insured banks. 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.

Other Deposits

As of December 31, 2010 and 2009, the Authority held equity of $52,007,494 and $47,055,423 respectively, in the STAR Ohio investment pool. As of June 2010, 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 projects as of December 31, 2010. The projects include 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-toDate	Remaining Commitment
Construction of Para-Transit Facility	$ 16,634,813	$ 2,947,237
(40) New Transit Buses	-	15,777,894
Downtown Administration Building	5,170,886	431,313
CAD/AVL System Replacement	2,151,513	5,614,023
Mckinley Lift Replacement	-	1,976,228
Retro-fit (11) Transit Buses	699,665	399,808
(11) New Paratransit Buses	-	725,923
TOTAL	$ 24,656,877	$ 27,872,426

(5) Capital Assets

Capital asset activities for the years ended December 31, 2010 and 2009 are as follow:

	January 1, 2010	Additions	Disposals	Transfers	December 31, 2010
Capital Assets Not Being Depreciated:					
Land	6,148,173	$ -	$ -	$ 742,057	$ 6,890,230
CIP	25,892,931	36,724,802	(69,012)	(39,903,253)	22,645,468
Total	32,041,104	36,724,802	(69,012)	(39,161,196)	29,535,698
Capital Assets Being Depreciated:					
Land and leasehold improvements	8,957,194	-	(1,079,639)	450,572	8,328,127
Building and improvements	47,718,829	8,433	(771,260)	23,990,219	70,946,221
Revenue vehicles	88,281,487	4,236,520	(9,462,385)	13,536,937	96,592,559
Transit shelter	1,470,580	285,276	(48,667)	-	1,707,189
Other equipment	26,049,346	480,265	(5,802,549)	1,183,468	21,910,530
Total	172,477,436	5,010,494	(17,164,500)	39,161,196	199,484,626
Less Accumulated Depreciation:					
Land and leasehold improvements	(7,907,429)	(270,106)	882,397	-	(7,295,138)
Building and improvements	(25,721,542)	(3,024,507)	349,463	-	(28,396,586)
Revenue vehicles	(44,281,168)	(7,397,555)	9,417,190	-	(42,261,533)
Transit shelter	(540,901)	(196,607)	20,929	-	(716,579)
Other equipment	(19,863,341)	(1,782,861)	5,790,125	-	(15,856,077)
Total	(98,314,381)	(12,671,636)	16,460,104	-	(94,525,913)
Total Capital Assets Being Depreciated, Net	74,163,055	(7,661,142)	(704,396)	39,161,196	104,958,713
Total Capital Assets, Net	$ 106,204,159	$ 29,063,660	$ (773,408)	$ (0)	$ 134,494,411

(continued)

(5) Capital Assets (continued)

	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

(6) Leases

COTA leases certain property and office equipment under operating leases. Rental expense for all operating leases was $470,605 in 2010 and $447,428 in 2009. No lease obligations exist after 2014. Future minimum payments, by year, and in the aggregate, under these leases with initial or remaining terms of one year or more, consisted of the following at December 31, 2010:

	Commitments under Operating Leases
2011	$ 60,904
2012	10,679
2013	8,367
2014	5,061
Total Minimum Lease Payments	$ 85,011

(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, 2010 and 2009, consist of the following:

	2010	2009
Federal:		
FTA Capital Assistance	$ 24,914,321	$ 27,491,660
FTA Operating Assistance	89,791	-
State:		
ODOT Elderly and Disabled Fare Assistance	$ 188,331	$ 711,496
ODOT Fuel Tax Reimbursement	773,916	696,993
ODOT Passing Federal Funds	2,853,111	-
ODOT Capital Assistance	1,607,326	1,312,806
Total	$ 5,422,684	$ 2,721,295

(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 $205,571 at December 31, 2010, and $529,972 at December 31, 2009, are included in estimated claims payable in the accompanying balance sheets. At December 31, 2010 and 2009, $15,014,213 and $14,773,518, 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 $1,012,787 at December 31, 2010, and $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, 2010 and 2009 follows:

	General Liability	Workers' Compensation
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
Incurred claims, net of favorable settlements	194,471	639,030
Claims paid	(518,872)	(525,375)
Claims liability at December 31, 2010	$ 205,571	$ 1,012,787

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 $139,884 and $879,984, respectively.

(9) Pension Plan

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

(continued)

(9) Pension Plan (continued)

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 statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2010 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 10.5% and 11.1%, respectively.

The 2010 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 17.87% of covered payroll.

Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records.

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.

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.

Funding Policy – 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.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 17.87%. The Ohio Revised

(continued)

(9) Pension Plan (continued)

Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. 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 Board of Trustees 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 for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, 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, 2010, 2009, and 2008 were approximately $5,638,000, $5,389,000, and $4,841,000 respectively, equal to the required contributions for each year. The Authority's contributions actually made to fund post-employment benefits totaled $1,811,000 in 2010, $2,259,000 in 2009, and $2,421,000 in 2008. Required employer contributions are equal to 100% of the dollar amount extracted from the Authority's records.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates, for state and local employers increased January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

(continued)

(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, 2010, 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, 2010, 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.

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, 2010 the open contracts had $1,182,711 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, 2010

	BUDGET	ACTUAL	(OVER)/ UNDER VARIANCE
OPERATING REVENUES	$ 16,004,295	$ 16,079,252	$ (74,957)
OPERATING EXPENSES OTHER THAN DEPRECIATION:			
Labor	41,219,814	35,675,628	5,544,186
Fringe benefits	18,780,652	23,384,165	(4,603,513)
Materials and supplies	12,928,461	12,211,150	717,311
Purchased transportation	6,303,275	6,060,734	242,541
Services	6,518,966	6,118,037	400,929
Utilities	2,172,817	1,894,023	278,794
Taxes	970,264	959,717	10,547
Leases and rentals	432,802	340,866	91,936
Claims and insurance, net of settlements	568,229	(83,514)	651,743
Advertising	224,850	240,270	(15,420)
Miscellaneous	870,316	529,309	341,007
Total	90,990,446	87,330,385	3,660,061
DEPRECIATION	12,150,000	12,671,636	(521,636)
Total operating expenses	103,140,446	100,002,021	3,138,425
OPERATING LOSS	(87,136,151)	(83,922,769)	3,063,468
NON-OPERATING REVENUES (EXPENSES):			
Sales tax revenues	89,411,017	93,437,059	(4,026,042)
Federal operating grant	116,000	89,791	26,209
State operating grants, reimbursements and special fare assistance	990,437	962,247	28,190
Investment income	240,000	37,572	202,428
Nontransportation and other revenues	1,028,278	987,164	41,114
Loss on sale of fixed assets	-	(650,485)	650,485
Total	91,785,732	94,863,348	(3,077,616)
Loss before capital grants	4,649,581	10,940,579	6,290,998
CAPITAL GRANT REVENUE:			
Federal	-	24,914,321	24,914,321
State	-	4,460,437	4,460,437
Total	-	29,374,758	29,374,758
CHANGE IN NET ASSETS	4,649,581	40,315,337	35,665,756
NET ASSETS, BEGINNING OF YEAR	173,375,238	173,375,238	-
NET ASSETS, END OF YEAR	$ 178,024,819	$ 213,690,575	$ 35,665,756

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.

Financial Trends and Revenue Capacity P47-55

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

Debt Capacity P56-59

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

Economic and Demographic Information P60-62

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

Operating Information P63-67

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

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
NET ASSETS/FUND BALANCES										
Invested in Capital Assets	$ 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	$ 134,494,411
Restricted for Capital Assets	2,154,730	149,287	437,146	536,110	649,631	-	-	-	-	-
Unrestricted	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	79,196,164
TOTAL NET ASSETS/FUND BALANCES	$ 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	$ 213,690,575

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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
OPERATING REVENUES:										
Passenger fares for transit service	$ 12,762	$ 12,773	$ 12,013	$ 11,421	$ 11,405	$ 12,817	$ 12,666	$ 13,492	$ 13,272	$ 15,402
Special transit fares	433	291	374	347	326	360	391	486	535	656
Charter service revenue	21	18	23	34	12	-	-	-	-	-
Auxiliary transportation revenue	887	730	568	515	372	243	238	64	-	21
Total operating revenues	14,103	13,812	12,978	12,317	12,115	13,420	13,295	14,042	13,807	16,079
OPERATING EXPENSES OTHER THAN DEPRECIATION										
Labor	34,037	32,590	32,752	32,053	31,829	27,522	28,498	30,080	33,463	35,676
Fringe Benefits	18,504	18,769	19,934	20,776	21,156	18,476	18,334	18,930	21,490	23,384
Services	4,714	3,765	3,808	3,952	3,722	3,738	4,096	4,887	5,723	6,118
Materials and Supplies	3,572	3,364	4,177	3,869	4,224	4,319	4,759	5,142	5,515	5,857
Fuel	2,713	2,119	2,478	2,990	4,364	4,917	5,326	9,041	4,979	6,354
Utilities	1,369	1,173	1,337	1,307	1,571	1,436	1,502	1,711	1,727	1,894
Claims and Insurance	440	337	390	275	595	1,118	675	509	348	(84)
Taxes	696	621	654	692	743	727	766	817	900	960
Purchased transportation	4,077	3,877	4,257	4,411	4,531	4,608	5,016	6,071	6,053	6,061
Leases and rentals	399	558	523	517	570	359	209	223	351	341
Miscellaneous	1,255	677	781	624	508	471	586	940	833	769
Total	71,776	67,850	71,091	71,466	73,813	67,691	69,767	78,351	81,382	87,330
Depreciation	10,851	13,644	10,939	9,860	9,114	8,565	8,227	7,938	13,877	12,672
Total operating expenses	82,627	81,494	82,030	81,326	82,927	76,256	77,994	86,289	95,259	100,002
OPERATING LOSS	(68,524)	(67,682)	(69,052)	(69,009)	(70,812)	(62,836)	(64,699)	(72,247)	(81,452)	(83,923)
NON-OPERATING REVENUES(EXPENSES)										
Sales Tax Revenues	41,748 (1)	41,245	43,774	44,985	44,821	47,007	47,616	92,495	88,095	93,437
Federal operating grants and reimbursements	11,389	12,400	10,874	10,688	11,056	10,867	11,480	-	-	90
State operating grants, reimbursements and special fare assistance	2,136	860	722	942	1,185	1,456	1,416	1,488	1,409	962
Investment income	1,310	900	423	293	650	1,008	1,177	699	87	38
Nontransportation and other revenue	400	1,184	440	402	538	549	748	650	1,041	987
Loss on sale of capital assets	-	-	-	-	-	-	-	(107)	(1,157)	(650)
Total non-operating revenues(expenses)	56,983	56,589	56,233	57,310	58,250	60,887	62,437	95,225	89,475	94,864
Gain(Loss) before capital grants and special item	(11,541)	(11,093)	(12,819)	(11,699)	(12,562)	(1,949)	(2,262)	22,978	8,023	10,941
CAPITAL GRANT REVENUES										
Federal	23,475	3,125	6,399	8,323	6,302	3,215	7,924	12,753	27,492	24,914
State	2,851	351	2,275	2,690	2,783	1,608	2,136	999	1,313	4,461
Other	-	-	-	-	-	7	-	-	-	-
Donated Capital	-	-	-	367	-	-	-	-	-	-
Total	26,326	3,476	8,674	11,380	9,085	4,830	10,060	13,752	28,805	29,375
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	14,785	(7,617)	(4,145)	(2,123)	(5,870)	(15,255)	6,851	36,730	36,828	40,316
NET ASSETS, BEGINNING OF YEAR	113,192	127,977	120,359	116,214	114,091	108,221	92,966	99,817	136,547	173,375
NET ASSETS, END OF YEAR	$ 127,977	$ 120,360	$ 116,214	$ 114,091	$ 108,221	$ 92,966	$ 99,817	$ 136,547	$ 173,375	$ 213,691

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

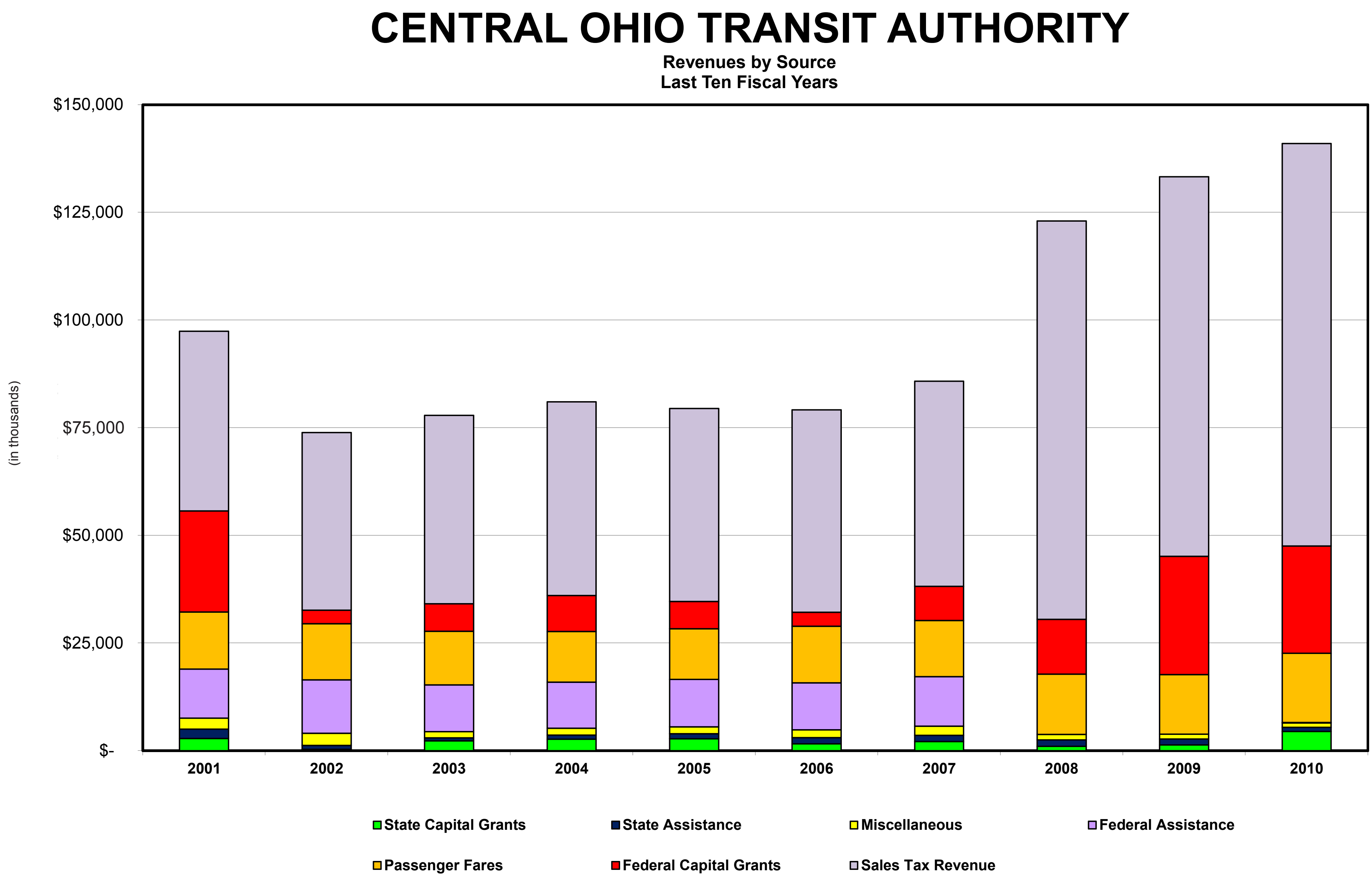
Source: The Authority's independently audited annual financial statements

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
OPERATING REVENUES:										
Passenger fares for transit service	$ 12,762	$ 12,773	$ 12,013	$ 11,421	$ 11,405	$ 12,817	$ 12,666	$ 13,492	$ 13,272	$ 15,402
Special transit fares	433	291	374	347	326	360	391	486	535	656
Charter service revenue	21	18	23	34	12	-	-	-	-	-
Auxiliary transportation revenue	887	730	568	515	372	243	238	64	-	21
Total operating revenues	14,103	13,812	12,978	12,317	12,115	13,420	13,295	14,042	13,807	16,079
NON-OPERATING REVENUES:										
Sales tax revenues (1)	41,748	41,245	43,774	44,985	44,821	47,007	47,616	92,495	88,095	93,437
Federal operating grants and reimbursements	11,389	12,400	10,874	10,688	11,056	10,867	11,480	-	-	90
State operating grants, reimbursements and special fare assistance	2,136	860	722	942	1,185	1,456	1,416	1,488	1,409	962
Investment income	1,310	900	423	293	650	1,008	1,177	699	87	38
Nontransportation and other revenues	400	1,184	440	402	538	549	748	543	1,041	987
Total nonoperating revenues before capital gifts and grants	56,983	56,589	56,233	57,310	58,250	60,887	62,437	95,225	90,632	95,514
Capital gifts and grants:										
Federal capital grants	23,475	3,125	6,399	8,323	6,302	3,215	7,924	12,753	27,492	24,914
State and other capital grants	2,850	351	2,275	2,690	2,783	1,615	2,137	999	1,313	4,461
Donated capital	-	-	-	367	-	-	-	-	-	-
Total non-operating revenues	83,308	60,065	64,907	68,690	67,335	65,717	72,498	108,977	119,437	124,889
TOTAL REVENUES	$ 97,411	$ 73,877	$ 77,885	$ 81,007	$ 79,450	$ 79,137	$ 85,793	$ 123,019	$ 133,244	$ 140,968

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
Revenues by Source
Last Ten Fiscal Years
(in thousands)
$150,000
$125,000
$100,000
$75,000
$50,000
$25,000
$-
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
State Capital Grants
State Assistance
Miscellaneous
Federal Assistance
Passenger Fares
Federal Capital Grants
Sales Tax Revenue

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

TRANSPORTATION INDUSTRY (1)

	OPERATING AND OTHER REVENUE			OPERATING ASSISTANCE			
YEAR	PASSENGER	OTHER	TOTAL	STATE & LOCAL	FEDERAL	TOTAL	TOTAL ALL REVENUES
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	31.5	12.5	44	47.8	8.2	56.0	100.0
2010	*	*	0	*	*	0.0	0.0

CENTRAL OHIO TRANSIT AUTHORITY (2)

	OPERATING AND OTHER REVENUE			OPERATING ASSISTANCE			
YEAR	PASSENGER	OTHER (3)	TOTAL	STATE & LOCAL (4)	FEDERAL	TOTAL	TOTAL ALL REVENUES
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
2010	11.4	21.5	32.9	67.0	0.1	67.1	100.0

* Information not available

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

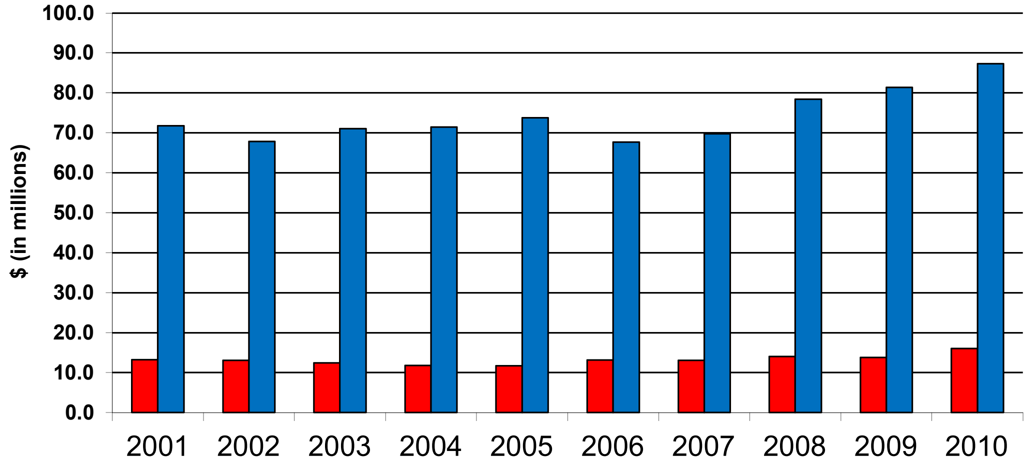
(2) Percentages are derived from the Authority's independently audited annual financial statements.

(3) Includes auxiliary transportation revenues, interest income, 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

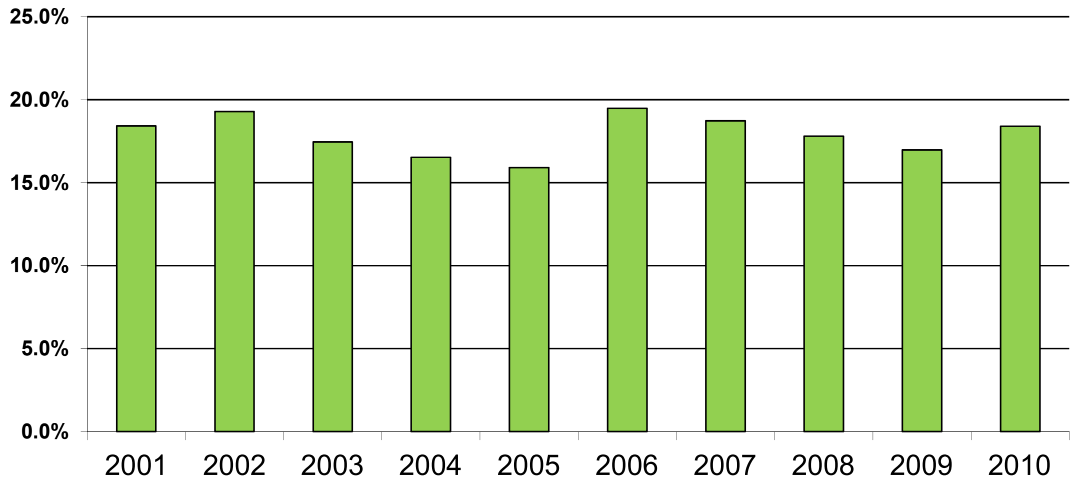
Farebox Revenues vs. Operating Expenses
Last Ten Fiscal Years



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)

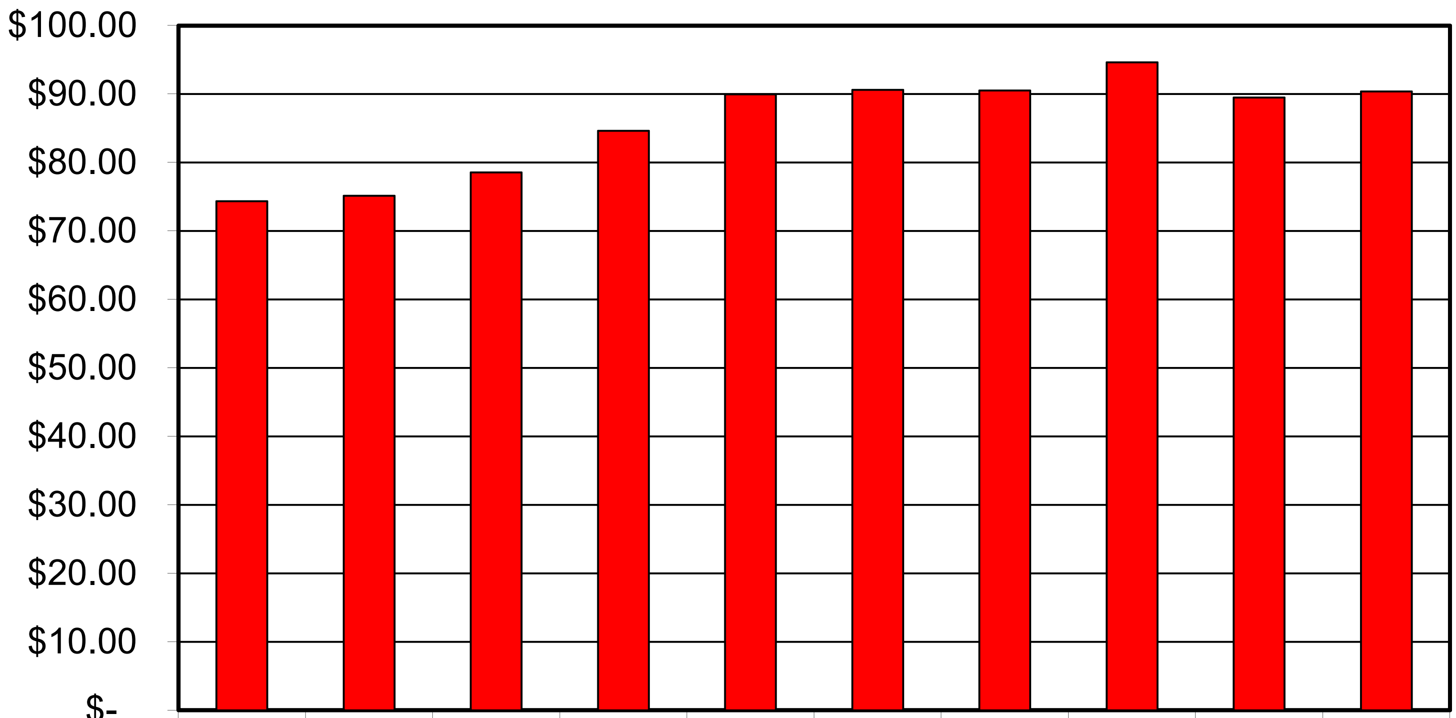
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
OPERATING EXPENSES OTHER THAN DEPRECIATION:										
Labor	$ 34,037	$ 32,590	$ 32,752	$ 32,053	$ 31,829	$ 27,522	$ 28,498	$ 30,080	$ 33,463	$ 35,676
Fringe benefits	18,504	18,769	19,934	20,776	21,156	18,476	18,334	18,930	21,490	23,384
Services	4,714	3,765	3,808	3,952	3,722	3,738	4,096	4,887	5,723	6,118
Materials and supplies	3,572	3,364	4,177	3,869	4,224	4,319	4,759	9,041	5,515	5,857
Fuel	2,713	2,119	2,478	2,990	4,364	4,917	5,326	5,142	4,979	6,354
Utilities	1,369	1,173	1,337	1,307	1,571	1,436	1,502	1,711	1,727	1,894
Claims and insurance	440	337	390	275	595	1,118	675	509	348	(84)
Taxes	696	621	654	692	743	727	766	817	900	960
Purchased transportation	4,077	3,877	4,257	4,411	4,531	4,608	5,016	6,071	6,053	6,061
Leases and rentals	399	558	523	517	570	359	209	223	351	341
Miscellaneous	1,255	677	781	624	508	471	586	940	833	769
Total	71,776	67,850	71,091	71,466	73,813	67,691	69,767	78,351	81,382	87,330
DEPRECIATION	10,851	13,644	10,939	9,860	9,114	8,565	8,227	7,938	13,877	12,672
Total operating expenses	82,627	81,494	82,030	81,326	82,927	76,256	77,994	86,289	95,259	100,002
NONOPERATING EXPENSES:										
Loss on sale of fixed assets	-	-	-	-	-	-	-	-	1,157	650
TOTAL EXPENSES	$ 82,627	$ 81,494	$ 82,030	$ 81,326	$ 82,927	$ 76,256	$ 77,994	$ 86,289	$ 96,416	$ 100,652

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



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expense per Vehicle Hour	$74.37	$75.14	$78.58	$84.63	$89.97	$90.63	$90.53	$94.65	$89.48	$90.38

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
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%	(2.3%)	100.0%
2009	64.8%	6.6%	11.3%	3.5%	2.3%	14.0%	(2.5%)	100.0%
2010	*	*	*	*	*	*	*	0.0%

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)
2001	73.2%	6.6%	8.8%	1.9%	0.6%	5.7%	3.2%	100.0%
2002	75.7%	5.5%	8.1%	1.7%	0.5%	5.7%	2.8%	100.0%
2003	74.1%	5.4%	9.4%	1.9%	0.5%	6.0%	2.7%	100.0%
2004	73.9%	5.5%	9.6%	1.8%	0.4%	6.2%	2.6%	100.0%
2005	71.8%	5.0%	11.6%	2.1%	0.8%	6.1%	2.6%	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%	0.6%	7.7%	2.6%	100.0%
2009	67.5%	7.0%	12.9%	2.1%	0.4%	7.4%	2.7%	100.0%
2010	67.7%	7.0%	14.0%	2.2%	0.0%	6.9%	2.2%	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

(3) Total operating expenses exclude depreciation

CENTRAL OHIO TRANSIT AUTHORITY
LEGAL DEBT MARGIN
DECEMBER 31, 2010
(IN THOUSANDS)

CALCULATION OF LEGAL OVERALL DEBT MARGIN:

Total assessed property valuation of Authority (2010 tax year valuation) (1)	$	28,868,030
Multiplied by: Legal overall debt limitation (%)		5.00%
Equals: Total legal voted and unvoted debt limitation	$	1,443,401
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)	$	1,443,401

CALCULATION OF LEGAL UNVOTED DEBT MARGIN:

Total assessed property valuation of Authority (2010 tax year valuation) (1)	$	28,868,030
Multiplied by: Legal unvoted debt limitation (%)		0.10%
Equals: Legal unvoted debt limitation	$	28,868
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)	$	28,868

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
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
2010	1,163,414	$ 28,868,029,740	$ -	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
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)	(4)	$ -	$ -	$ -	N/A
2005	$79,449,605	$9,085,249	$73,812,721	($3,448,365)	(4)	$ -	$ -	$ -	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
2010	$140,967,843	$29,374,758	$87,330,385	$24,262,700		$ -	$ -	$ -	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) Excludes Special Item (2004, 2005, and 2006)

COTA

Computation of Direct and Overlapping General Obligation Debt
December 31, 2010

Franklin County Total Value	$27,984,334,490
Licking County (City of Reynoldsburg)	$194,395,350
Delaware County (Westerville & Columbus)	$528,232,520
Fairfield County (Columbus and Reynoldsburg)	$161,067,380
***Assessed Value for COTA = $**	**$28,868,029,740**

* The above amounts are all less Tangible Personal

Political Subdivision	General Obligation Debt	Percentage Applicable to COTA	Amount Applicable to COTA
COTA	0	100.00%	0
Franklin County	229,375,000	100.00%	229,375,000
Cities wholly within COTA	1,279,200,739	100.00%	1,279,200,739
Cities with Overlapping:			
City of Dublin	49,046,701	83.65%	41,027,565
City of Pickerington	11,297,000	0.33%	37,280
Villages wholly within COTA	1,725,000	100.00%	1,725,000
Villages with Overlapping:			
Village of Canal Winchester	2,729,882	88.06%	2,403,934
Townships wholly within COTA	5,325,761	100.00%	5,325,761
Townships with Overlapping:			
Washington Township	1,874,999	84.07%	1,576,312
School Districts wholly within COTA	795,961,972	100.00%	795,961,972
School Districts with Overlapping:			
Canal Winchester Local S.D.	59,893,346	74.84%	44,824,180
Dublin City S.D.	180,881,129	79.56%	143,909,026
Hilliard City S.D.	145,172,731	99.99%	145,158,214
Licking Heights Local S.D.	53,419,017	54.99%	29,375,117
Olentangy Local S.D.	351,285,246	0.07%	245,900
Pickerington Local S.D.	139,015,435	1.51%	2,099,133
Plain Local S.D.	74,553,665	99.99%	74,546,210
South-Western City S.D.	78,184,989	99.84%	78,059,893
Teays Valley Local S.D.	37,849,989	0.07%	26,495
Westerville City S.D.	115,174,485	64.45%	74,229,956
Delaware County Joint Vocational S.D.	50,000	0.04%	20
Eastland Joint Vocational S.D.	300,000	61.10%	183,300
Licking County Joint Vocational S.D.	29,889,991	7.58%	2,265,661
Special District with Overlapping:			
Delaware County District Library	8,460,000	0.55%	46,530
New Albany/Plain Jnt Park District	13,214,998	99.99%	13,213,677
Total			$ 2,964,816,875

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. TY2010/CY2011 values are used.

Footnotes:
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)
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	$38,020	33.1	216,820	10.9%
2010	1,163,414	*	*	*	9.6%

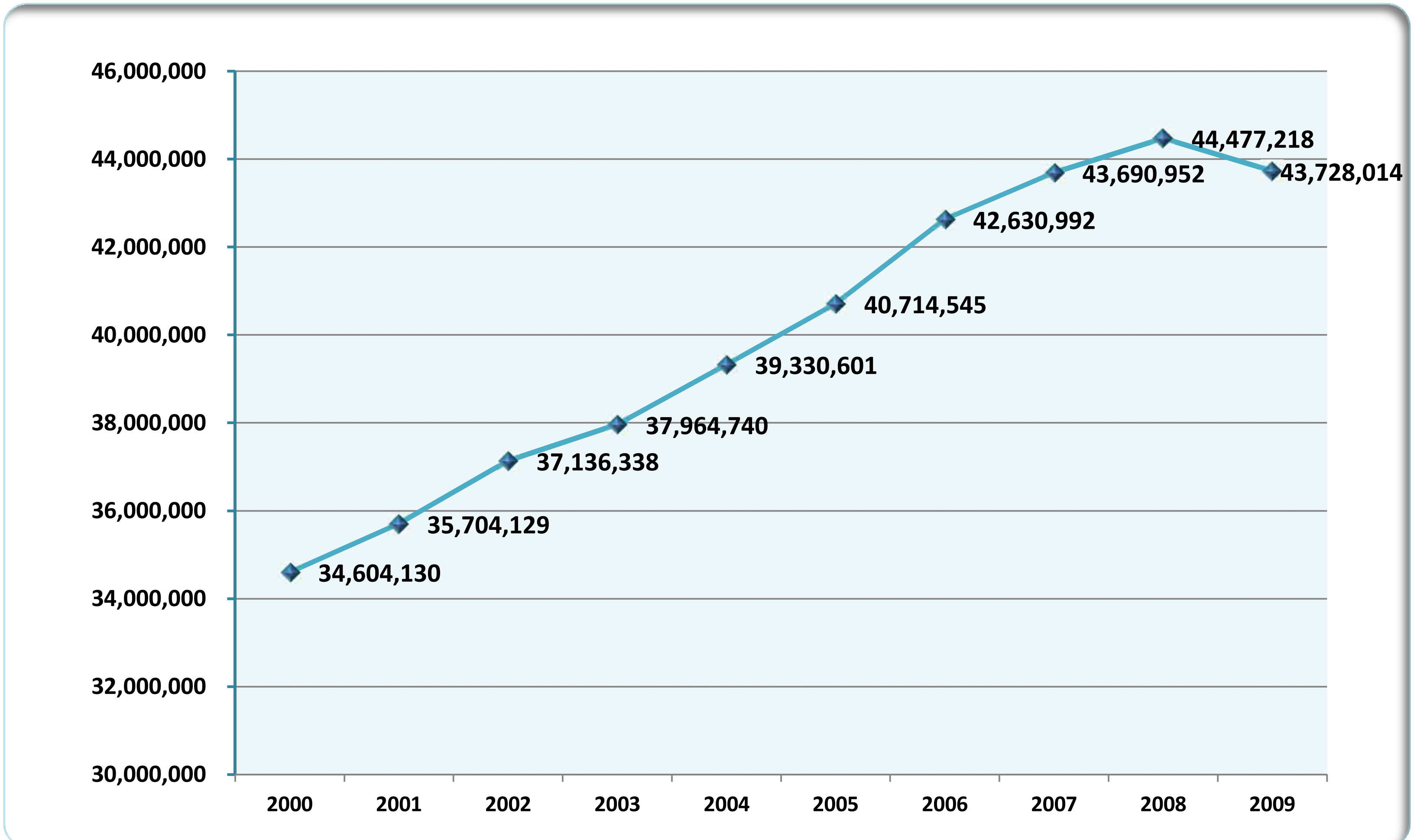
Note: All information presented is for Franklin County

* 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
2000-2009
(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 [1]	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.
Source: *Business First of Columbus*

CENTRAL OHIO TRANSIT AUTHORITY
Fare Rate Structure
December 31, 2010

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)		3.50
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 $0.75 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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
SYSTEM RIDERSHIP										
Motor bus..................................	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	17,034,878
Demand responsive...................	145,472	144,149	159,047	159,044	164,167	168,899	182,181	216,489	237,949	238,290
AVERAGE WEEKDAY SYSTEM RIDERSHIP										
Motor bus..................................	62,727	55,388	53,564	49,524	50,035	50,649	50,337	56,181	58,779	57,340
Demand responsive...................	494	491	545	533	556	559	591	709	779	782
VEHICLE MILES OPERATED										
Motor bus..................................	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	11,049,687
Demand responsive...................	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	3,478,991
AVERAGE WEEKDAY VEHICLE MILES OPERATED										
Motor bus..................................	39,685	36,773	35,334	33,560	32,819	29,465	30,085	32,134	35,331	36,911
Demand responsive...................	7,658	7,827	8,211	7,938	8,452	8,001	8,229	9,523	10,973	11,550
REVENUE MILES										
Motor bus..................................	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	9,075,389
Demand responsive...................	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	2,875,824
PASSENGER MILES										
Motor bus..................................	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	63,278,446
Demand responsive...................	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	2,387,942

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

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

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
VEHICLE HOURS OPERATED	(1)										
Motor bus..........................		838,841	776,011	759,778	714,525	692,438	623,987	635,828	678,302	753,377	801,137
Demand responsive...........		126,211	127,016	136,795	129,909	127,981	124,675	134,796	149,480	156,103	165,099
VEHICLE REVENUE HOURS	(1)										
Motor bus..........................		754,911	704,603	691,262	649,005	628,815	566,343	577,336	615,332	685,030	732,886
Demand responsive...........		108,908	103,217	112,263	110,153	109,141	106,225	116,211	133,899	138,847	142,958
DIESEL & BIODIESEL FUEL USAGE (IN GALLONS)..................	(1)	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	2,877,839
FLEET REQUIREMENTS (DURING PEAK HOURS)	(1)										
Motor bus..........................		282	250	247	230	228	195	195	219	235	241
Demand responsive...........		36	38	43	43	47	46	46	58	56	56
TOTAL REVENUE VEHICLES DURING PERIOD	(1)										
Motor bus..........................		346	299	308	276	274	234	234	268	292	306
Demand responsive...........		43	43	58	58	57	55	60	62	66	65
NUMBER OF EMPLOYEES	(1)	843	775	757	722	690	616	669	699	782	793

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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
VEHICLE OPERATIONS	538	494	488	469	451	394	450	486	531	532
VEHICLE MAINTENANCE	142	128	125	114	112	102	101	99	116	114
NON-VEHICLE MAINTENANCE	42	35	36	40	38	30	25	27	33	37
GENERAL ADMINISTRATION	121	118	98	99	89	90	93	87	102	110
TOTAL LABOR	**843**	**775**	**747**	**722**	**690**	**616**	**669**	**699**	**782**	**793**

CENTRAL OHIO TRANSIT AUTHORITY
Miscellaneous Statistics
For the Year ended December 31, 2010

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	1092.7
Number of routes	67
Number of bus stop locations	4,236
Number of bus stop passenger shelters	380
Number of Park-and-Ride facilities	29
Parking capacity, all Park-and-Ride facilities	2,296
Number of active fleet buses	293
Average bus vehicle age	5.91
Average fixed-route system speed	13.79 miles per hour
Average fixed-route system fuel economy	4.35
Number of customer information calls received	1,933,028

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

Central Ohio Transit Authority

Financial Statements for the Years Ended December 31, 2010 and 2009, and Reports Issued Pursuant to OMB Circular A-133 for the Year Ended December 31, 2010

CENTRAL OHIO TRANSIT AUTHORITY

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Central Ohio Transit Authority and
Dave Yost, Auditor of State of Ohio
Columbus, Ohio

We have audited the balance sheets of Central Ohio Transit Authority (the "Authority") as of December 31, 2010 and 2009, 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, 2010 and 2009, 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 15, 2011, 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 15, 2011

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, 2010. 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 $213.7 million. These net assets result from the difference between total assets of $229.3 million and total liabilities of $15.6 million.

- The Authority's net assets increased by $40.2 million in 2010 mainly due to increased sales tax revenue, passenger fares, and grant revenue.

- Current assets of $80.8 million primarily consist of non-board designated cash and cash equivalents of $38.2 million, sales tax receivables of $26.0 million, inventory of $2.7 million, federal capital grant receivables of $4.1 million, and Board designated assets of $6.9 million.

- Current liabilities of $14.1 million primarily consist of accrued payroll and fringe benefits of $5.2 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	2010	2009	2008
Assets			
Current Assets	$ 73,960,973	$ 60,148,894	$ 45,788,059
Board Designated Assets (current)	6,865,855	8,772,831	9,059,642
Total Current Assets	80,826,828	68,921,725	54,847,701
Board Designated Assets (non-current)	13,994,345	13,926,732	14,427,603
Capital Assets (net of accumulated depreciation)	134,494,411	106,204,159	79,797,680
Total Non-Current Assets	148,488,756	120,130,891	94,225,283
Total Assets	229,315,584	189,052,616	149,072,984
Liabilities			
Current Liabilities	14,105,131	13,919,977	11,382,503
Non-Current Liabilities	1,519,878	1,757,401	1,143,037
Total Liabilities	15,625,009	15,677,378	12,525,540
Net Assets			
Net Assets Invested in Capital Assets	134,494,411	106,204,159	79,797,680
Net Assets Unrestricted	79,196,164	67,171,079	56,749,764
Total Net Assets	$ 213,690,575	$ 173,375,238	$ 136,547,444

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, 2010 amounts to $134.5 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 2010 was $28.3 million.

Major capital asset events during 2010 included the following:

- Purchase of (40) heavy duty transit buses
- Purchase of (6) hybrid transit buses
- Purchase of (60) new transit shelters
- Renovation of downtown administrative offices
- Renovation of Fields Avenue bus garage and maintenance facility

Contributions to construction in progress including the following projects:

- Construction of new paratransit facility
- CAD/AVL system upgrade
- Mckinley Avenue bus garage and maintenance facility lift renovation

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 2010 are composed of cash and cash equivalents (56.0%), receivables (40.3%), inventory (3.3%), and other assets (.4%) 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	2010	2009	2008
Transportation	$ 49,019,975	$ 45,646,033	$ 45,197,904
Vehicle Maintenance	15,067,987	13,766,100	12,845,853
Facilities Maintenance	6,973,874	6,013,460	4,917,892
General & Administrative	16,272,000	15,615,545	15,172,404
Total	$ 87,333,836	$ 81,041,138	$ 78,134,053

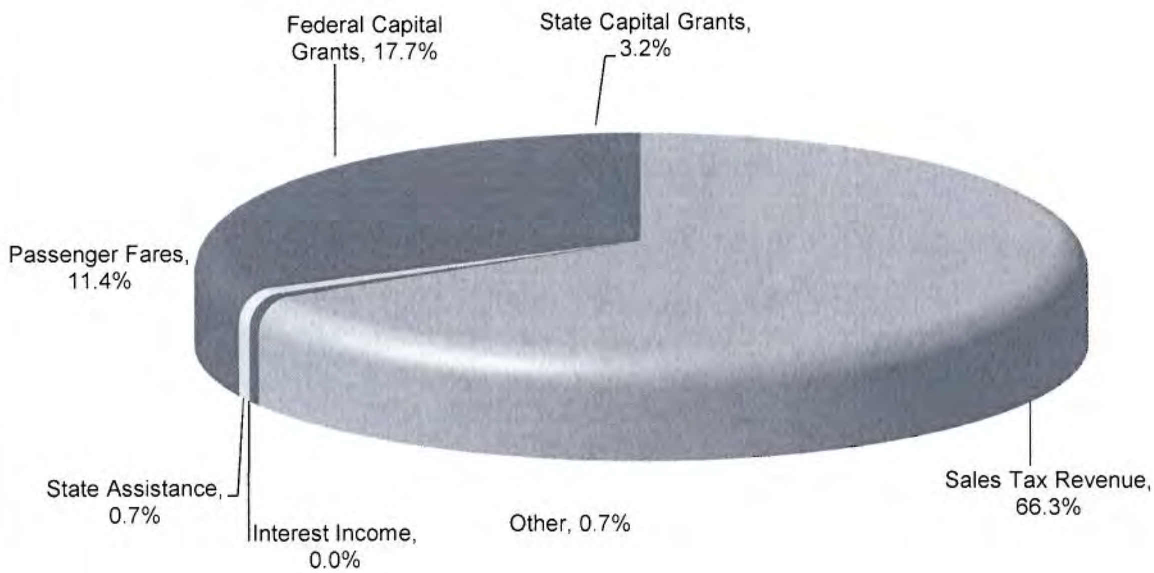
In accordance with NTDR guidelines, the 2010, 2009 and 2008 expenses include additional costs of $38,492, $57,087 and $44,953 respectively, collected directly by the service provider from the Authority's customers for the Sedan Voucher Service for disabled passengers.

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

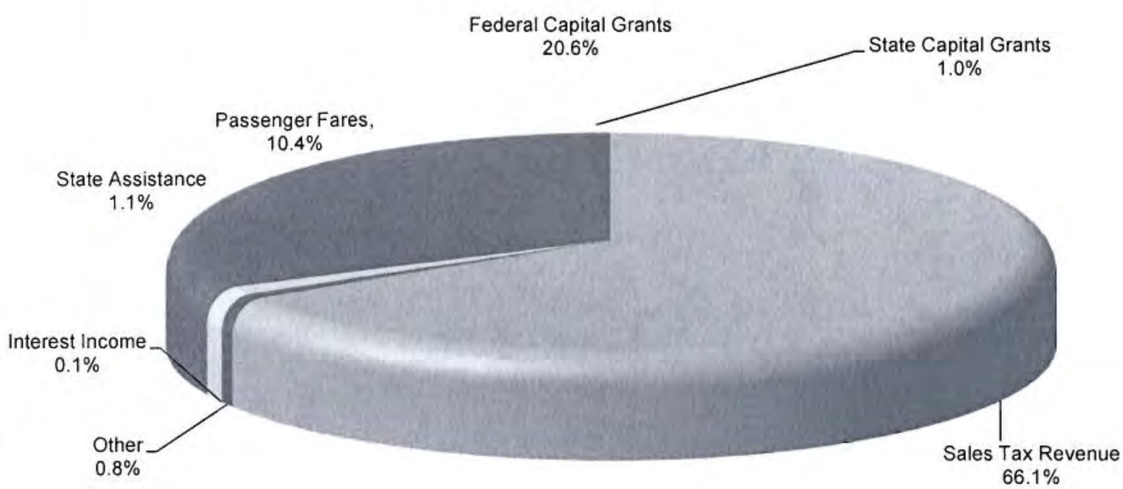
Description	2010	2009	2008
Operating Revenues			
Passenger Fare Revenues	$ 15,401,602	$ 13,271,919	$ 13,492,073
Special Services Revenue	656,455	535,169	486,200
Other: Auxiliary Transportation Revenues	21,195	-	64,408
Total Operating Revenues	16,079,252	13,807,088	14,042,681
Non-Operating Revenues			
Sales Tax Revenues	93,437,059	88,095,294	92,495,436
Federal Assistance	89,791	-	-
State Assistance	962,247	1,408,489	1,487,834
Investment Income	37,572	87,542	698,893
Non-transportation and Other Revenues	987,164	1,040,800	542,448
Total Non-Operating Revenues	95,513,833	90,632,125	95,224,611
Total Revenue before Capital Grants	111,593,085	104,439,213	109,267,292
Operating Expenses			
Labor	35,675,628	33,462,696	30,079,850
Fringe Benefits	23,384,165	21,489,831	18,929,623
Materials and Supplies	12,211,150	10,493,689	14,183,319
Purchased Transportation	6,060,734	6,052,586	6,070,681
Services	6,118,037	5,723,172	4,887,219
Other Expenses	3,880,671	4,159,455	4,200,217
Total Operating Expenses	87,330,385	81,381,429	78,350,909
Non-Operating Expenses			
Loss on disposal of fixed assets	650,485	1,156,816	-
Depreciation Expense	12,671,636	13,877,640	7,938,258
Tota Non-Operating Expenses	13,322,121	15,034,456	7,938,258
Gain before Capital Grants	10,940,579	8,023,328	22,978,125
Capital Grant Revenues:			
Federal	24,914,321	27,491,660	12,752,628
State	4,460,437	1,312,806	999,332
Total Capital Grant Revenues	29,374,758	28,804,466	13,751,960
Change in Net Assets during the Year	40,315,337	36,827,794	36,730,085
Net Assets, Beginning of Year	173,375,238	136,547,444	99,817,359
Net Assets, End of Year	$ 213,690,575	$ 173,375,238	$ 136,547,444

CENTRAL OHIO TRANSIT AUTHORITY
Revenues by Source

2010 Total Revenues
$140,967,843



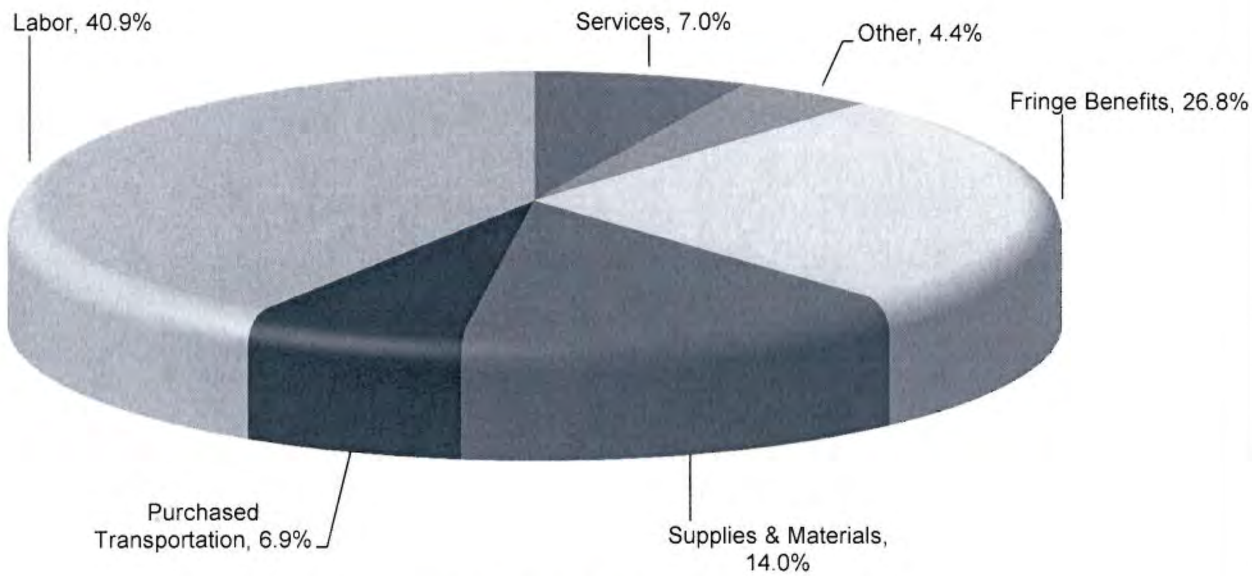
2009 Total Revenues
$133,243,679



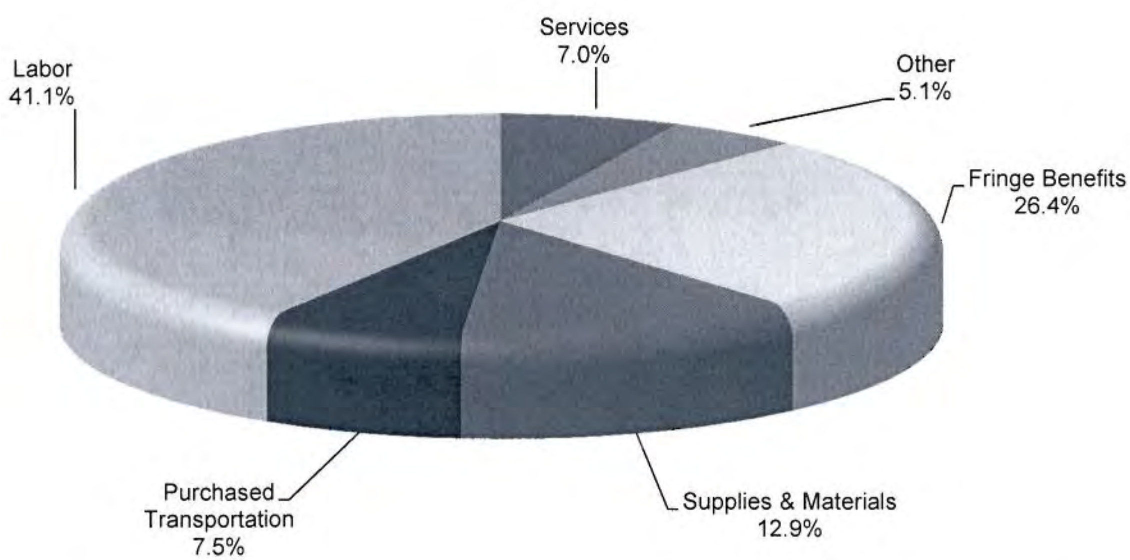
CENTRAL OHIO TRANSIT AUTHORITY

Expense by Object Class
(Excluding Depreciation)

2010 Total Expenses
$87,330,385



2009 Total Expenses
$81,381,429



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 2010 increase is due to increased ridership from increased service. The 2009 decrease is due to a decrease in ridership. The 2008 increase is due to an increase in ridership.

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. In 2010, the Authority saw a 6.1% increase in sales tax revenue over 2009. Due to an economic downturn in 2009, the sales tax revenue decreased. The 2008 increase was due to the additional ¼% which the Authority began collecting in April, 2008.

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 were only marginally increased in 2010. 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.

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 year-over year in both 2010 and 2009. The entire program was increased in 2008.

State Capital Grants are received from ODOT for capital projects and capital acquisitions. State Capital Grants reimburse the Authority in part for the purchase of new buses and equipment. Due to the State's strained financial capacity, there have been fewer grants awarded in 2010, 2009 and 2008.

Investment Income is earned on invested funds. Cash balances have continued to increase since 2008, but due to continued reduction in interest rates, interest income has continued to decrease each year.

Non-Transportation and Other Revenues consist of auxiliary transportation revenues and non-transportation revenues. Auxiliary transportation revenues represent fees collected for advertising placed in buses and bus shelters. A decision in late 2007 to discontinue the external bus advertising program has resulted in a significant decrease in advertising revenue in 2010, 2009, and 2008. COTA has 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 2010 over 2009. The increase in 2009 over 2008 was 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 was partially rented. In 2010 and 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.

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 2010, wages increased 6.6% driven by increased service hours and merit increases. 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.

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 2010, fringe benefits increased by 8.8% due to increasing health insurance premiums. 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.

Materials and Supplies include the Authority's diesel fuel expense and parts used in the maintenance of buses and facilities. Fuel costs increased 27.6% in 2010 while supplies associated with the maintenance of vehicles had a marginal increase of 6.2% over 2009. Fuel costs in 2009 were significantly less than costs experienced in 2008 with a reduction of 44.6 % 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.

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. Purchased transportations costs remain virtually unchanged in comparison to 2009 costs. 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.

Services are provided by outside contractors to the Authority for a wide variety of professional, technical, consulting and maintenance needs. 2010 service costs increased by 6.9% over 2009 due to continuing construction related professional services. 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.

Other Expenses consist primarily of utilities, taxes, interest, leases and rentals, claims and insurance and other miscellaneous expenses. In 2010, other expenses had a decrease of 6.7% over 2009 mainly driven by an increase in claims recoveries. 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. 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 2010 was fairly consistent with 2009 with only a marginal decrease of 8.7%. In 2009, depreciation 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, 2010 and 2009

ASSETS	2010	2009
CURRENT ASSETS:		
Cash and cash equivalents	$ 38,212,323	$ 29,446,481
Receivables:		
Sales tax	26,034,826	24,559,657
Federal capital grants receivable	4,070,352	2,369,859
State capital grants receivable	1,332,662	-
Other	1,205,599	597,025
Inventory of materials and supplies	2,723,918	2,536,708
Other	381,293	639,164
Total	73,960,973	60,148,894
Board designated:		
Cash and cash equivalents - capital grants	5,845,987	7,926,045
Cash and cash equivalents - self insurance	1,019,868	846,786
Total	6,865,855	8,772,831
Total current assets	80,826,828	68,921,725
NON-CURRENT ASSETS:		
Board designated:		
Cash and cash equivalents - self insurance	13,994,345	13,926,732
Property and equipment		
Cost	229,020,324	204,518,540
Less accumulated depreciation	(94,525,913)	(98,314,381)
Total	134,494,411	106,204,159
Total non-current assets	148,488,756	120,130,891
TOTAL ASSETS	$ 229,315,584	$ 189,052,616

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets (continued)
December 31, 2010 and 2009

LIABILITIES AND NET ASSETS	2010	2009
CURRENT LIABILITIES:		
Accrued payroll and fringe benefits	$ 5,186,115	$ 4,989,032
Accounts payable	6,440,231	6,381,390
Accrued payroll taxes	796,838	742,519
Estimated workers' compensation claims	879,984	596,796
Estimated claims payable	139,884	249,990
Other current liabilities	662,079	960,250
Total current liabilitites	14,105,131	13,919,977
NON-CURRENT LIABILITIES:		
Accrued fringe benefits	1,321,388	1,175,083
Estimated workers' compensation claims	132,803	302,336
Estimated claims payable	65,687	279,982
Total non-current liabilitites	1,519,878	1,757,401
TOTAL LIABILITIES	15,625,009	15,677,378
NET ASSETS:		
Invested in capital assets	134,494,411	106,204,159
Unrestricted	79,196,164	67,171,079
TOTAL NET ASSETS	213,690,575	173,375,238
TOTAL LIABILITIES AND NET ASSETS	$ 229,315,584	$ 189,052,616

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Revenues, Expenses and Changes in Net Assets
Years ended December 31, 2010 and 2009

	2010	2009
OPERATING REVENUES:		
Passenger fares for transit service	$ 15,401,602	$ 13,271,919
Special transit fares	656,455	535,169
Auxiliary transportation revenue	21,195	-
Total	16,079,252	13,807,088
OPERATING EXPENSES OTHER THAN DEPRECIATION:		
Labor	35,675,628	33,462,696
Fringe benefits	23,384,165	21,489,831
Materials and supplies	12,211,150	10,493,689
Purchased transportation	6,060,734	6,052,586
Services	6,118,037	5,723,172
Utilities	1,894,023	1,726,885
Taxes	959,717	900,000
Leases and rentals	340,866	351,110
Claims and insurance, net of settlements	(83,514)	348,406
Advertising	240,270	192,411
Miscellaneous	529,309	640,643
Total	87,330,385	81,381,429
DEPRECIATION	12,671,636	13,877,640
Total operating expenses	100,002,021	95,259,069
OPERATING LOSS	(83,922,769)	(81,451,981)
NON-OPERATING REVENUES(EXPENSES):		
Sales tax revenues	93,437,059	88,095,294
Federal operating grants	89,791	-
State operating grants, reimbursements and special fare assistance	962,247	1,408,489
Investment income	37,572	87,542
Nontransportation and other revenue	987,164	1,040,800
Loss on disposal of capital assets	(650,485)	(1,156,816)
Total	94,863,348	89,475,309
Gain before capital grants	10,940,579	8,023,328
CAPITAL GRANT REVENUES:		
Federal	24,914,321	27,491,660
State	4,460,437	1,312,806
Total	29,374,758	28,804,466
CHANGES IN NET ASSETS	40,315,337	36,827,794
NET ASSETS, BEGINNING OF YEAR	173,375,238	136,547,444
NET ASSETS, END OF YEAR	$ 213,690,575	$ 173,375,238

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows
Years ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 16,058,057	$ 13,807,088
Cash payments to suppliers for goods and services	(28,600,288)	(26,561,073)
Cash payments to employees for services	(35,450,455)	(33,598,856)
Cash payments for employee benefits	(23,152,296)	(20,959,738)
Cash payments for casualty and liability	(518,872)	(244,592)
Other receipts	510,827	1,550,499
Net cash used in operating activities	(71,153,027)	(66,006,672)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Sales taxes received	91,961,890	87,661,410
Federal operating assistance received	89,791	-
State operating and other assistance received	962,247	1,408,489
Net cash provided by non-capital financing activities	93,013,928	89,069,899
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal capital grants received	23,213,828	26,601,316
State capital grants received	3,127,775	1,312,806
Acquisition and construction of capital assets	(41,482,165)	(38,436,163)
Proceeds from sale of capital assets	168,568	74,648
Net cash used in capital and related financing activities	(14,971,994)	(10,447,393)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	37,572	87,542
Net cash provided by investing activities	37,572	87,542
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,926,479	12,703,376
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	52,146,044	39,442,668
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 59,072,523	$ 52,146,044

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows (continued)
Years ended December 31, 2010 and 2009

	2010	2009
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	$ (83,922,769)	$ (81,451,981)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	12,671,636	13,877,640
Inventory obsolescence reserve adjustments	161,215	-
Deferred revenue	-	(9,256)
Other receipts	872,504	966,152
Change in assets and liabilities:		
(Increase) decrease in other receivables	(608,574)	584,347
(Increase) in materials and supplies inventory	(348,425)	(20,974)
Decrease (increase) in other assets	257,871	(108,922)
(Decrease) increase in accounts payable, accrued compensation, self-insurance liabilities and other	(236,485)	156,322
Net cash used in operating activities	$ (71,153,027)	$ (66,006,672)
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Property purchases in accounts payable	$ 4,307,213	$ 4,081,198

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 2010 and 2009.

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 $3,000 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 workers' 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, 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
Vacation & Sick Liability Earned	3,505,658	146,305
Vacation & Sick Liability Paid	(3,533,759)	-
Compensated Absences Liability December 31, 2010	$ 3,105,887	$ 1,321,388

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 2010 will be recognized as revenue in 2010. 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 has appropriately implemented GASB 51 and there is no impact to the Authority's 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 has determined there is no impact to its 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, 2010 and 2009.

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, 2010, the carrying amount of the Authority's deposits with financial institutions was $7,060,379 and the bank balance was $8,530,095. 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, 2010, $250,000 was covered by Federal Deposit Insurance. The $8,280,095 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, 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 insurance coverage provided for accounts held at FDIC-insured banks. 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.

Other Deposits

As of December 31, 2010 and 2009, the Authority held equity of $52,007,494 and $47,055,423 respectively, in the STAR Ohio investment pool. As of June 2010, 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 projects as of December 31, 2010. The projects include 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-toDate	Remaining Commitment
Construction of Para-Transit Facility	$	16,634,813	$ 2,947,237
(40) New Transit Buses		-	15,777,894
Downtown Administration Building		5,170,886	431,313
CAD/AVL System Replacement		2,151,513	5,614,023
Mckinley Lift Replacement		-	1,976,228
Retro-fit (11) Transit Buses		699,665	399,808
(11) New Paratransit Buses		-	725,923
TOTAL	$	24,656,877	$ 27,872,426

(5) Capital Assets

Capital asset activities for the years ended December 31, 2010 and 2009 are as follow:

	January 1, 2010	Additions	Disposals	Transfers	December 31, 2010
Capital Assets Not Being Depreciated:					
Land	$ 6,148,173	$ -	$ -	$ 742,057	$ 6,890,230
CIP	25,892,931	36,724,802	(69,012)	(39,903,253)	22,645,468
Total	32,041,104	36,724,802	(69,012)	(39,161,196)	29,535,698
Capital Assets Being Depreciated:					
Land and leasehold improvements	8,957,194	-	(1,079,639)	450,572	8,328,127
Building and improvements	47,718,829	8,433	(771,260)	23,990,219	70,946,221
Revenue vehicles	88,281,487	4,236,520	(9,462,385)	13,536,937	96,592,559
Transit shelter	1,470,580	285,276	(48,667)	-	1,707,189
Other equipment	26,049,346	480,265	(5,802,549)	1,183,468	21,910,530
Total	172,477,436	5,010,494	(17,164,500)	39,161,196	199,484,626
Less Accumulated Depreciation:					
Land and leasehold improvements	(7,907,429)	(270,106)	882,397	-	(7,295,138)
Building and improvements	(25,721,542)	(3,024,507)	349,463	-	(28,396,586)
Revenue vehicles	(44,281,168)	(7,397,555)	9,417,190	-	(42,261,533)
Transit shelter	(540,901)	(196,607)	20,929	-	(716,579)
Other equipment	(19,863,341)	(1,782,861)	5,790,125	-	(15,856,077)
Total	(98,314,381)	(12,671,636)	16,460,104	-	(94,525,913)
Total Capital Assets Being Depreciated, Net	74,163,055	(7,661,142)	(704,396)	39,161,196	104,958,713
Total Capital Assets, Net	$ 106,204,159	$ 29,063,660	$ (773,408)	$ (0)	$ 134,494,411

(continued)

(5) Capital Assets (continued)

	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

(6) Leases

COTA leases certain property and office equipment under operating leases. Rental expense for all operating leases was $470,605 in 2010 and $447,428 in 2009. No lease obligations exist after 2014. Future minimum payments, by year, and in the aggregate, under these leases with initial or remaining terms of one year or more, consisted of the following at December 31, 2010:

	Commitments under Operating Leases
2011	$ 60,904
2012	10,679
2013	8,367
2014	5,061
Total Minimum Lease Payments	$ 85,011

(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, 2010 and 2009, consist of the following:

	2010	2009
Federal:		
FTA Capital Assistance	$ 24,914,321	$ 27,491,660
FTA Operating Assistance	89,791	-
State:		
ODOT Elderly and Disabled Fare Assistance	$ 188,331	$ 711,496
ODOT Fuel Tax Reimbursement	773,916	696,993
ODOT Passing Federal Funds	2,853,111	-
ODOT Capital Assistance	1,607,326	1,312,806
Total	$ 5,422,684	$ 2,721,295

(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 $205,571 at December 31, 2010, and $529,972 at December 31, 2009, are included in estimated claims payable in the accompanying balance sheets. At December 31, 2010 and 2009, $15,014,213 and $14,773,518, 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 $1,012,787 at December 31, 2010, and $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, 2010 and 2009 follows:

	General Liability	Workers' Compensation
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
Incurred claims, net of favorable settlements	194,471	639,030
Claims paid	(518,872)	(525,375)
Claims liability at December 31, 2010	$ 205,571	$ 1,012,787

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 $139,884 and $879,984, respectively.

(9) Pension Plan

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

(continued)

(9) Pension Plan (continued)

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 statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2010 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 10.5% and 11.1%, respectively.

The 2010 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 17.87% of covered payroll.

Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records.

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.

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.

Funding Policy – 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.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 17.87%. The Ohio Revised

(continued)

(9) Pension Plan (continued)

Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. 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 Board of Trustees 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 for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, 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, 2010, 2009, and 2008 were approximately $5,638,000, $5,389,000, and $4,841,000 respectively, equal to the required contributions for each year. The Authority's contributions actually made to fund post-employment benefits totaled $1,811,000 in 2010, $2,259,000 in 2009, and $2,421,000 in 2008. Required employer contributions are equal to 100% of the dollar amount extracted from the Authority's records.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates, for state and local employers increased January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

(continued)

(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, 2010, 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, 2010, 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.

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, 2010 the open contracts had $1,182,711 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.

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

To the Board of Trustees of
Central Ohio Transit Authority:

We have audited the financial statements of Central Ohio Transit Authority (the "Authority") as of and for the year ended December 31, 2010, and have issued our report thereon dated June 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 15, 2011

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Central Ohio Transit Authority's (the "Authority") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2010. 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 the 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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2010-1.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements 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 and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's response and, accordingly, we express no opinion on the response.

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 15, 2011

CENTRAL OHIO TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
YEAR ENDED DECEMBER 30, 2010

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	$ 4,362
	20.500	OH-03-0298	30,244
	20.500	OH-04-0037	24,400
	20.500	OH-04-0042	6,782,800
	20.507	OH-90-X402	55,638
	20.507	OH-90-X539	3,291
	20.507	OH-90-X627	68,145
	20.507	OH-90-X675	9,415,353
	20.507	OH-95-X035	1,399,749
	20.507	OH-95-X036	612,237
Indirect Capital Grants Passed Through Ohio			
Department of Transportation -	20.507	UPT-0025-675-10	117,483
			18,513,702
ARRA	20.507	OH-96-X015	4,738,557
Total Federal Transit Cluster			23,252,259
Non-Urbanized Area Formula Program			
Indirect Capital Grants Passed Through Ohio			
Department of Transportation -	20.509	15561	2,100,000
Transit Service Program *			
Job Access - Reverse Commute Program	20.516	OH-37-X034	89,791
	20.516	OH-37-X069	340,294
Total Transit Service Program			430,085
Highway Planning and Construction Cluster	20.205	OH-26-7004	79,052
Indirect Capital Grants Passed Through Ohio			
Department of Transportation -	20.205	UPT-0025-675-10	236,060
	20.205	15374	399,808
Total Highway Planning and Construction Cluster			714,920
Total Federal Financial Assistance			$ 26,497,264

See notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2010

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.

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	No
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?	X	Yes	____	No
Type of auditors' report issued on compliance for major programs	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	X	Yes	____	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster Number
20.500 and 20.507	Federal Transit Cluster
20.509	Nonurbanized Area Formula Program

Dollar threshold used to distinguish between Type A and Type B programs	$ 794,918			
Auditee qualified as low-risk auditee?	X	Yes	____	No

Part II—Financial Statements Findings

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

No matters are reportable.

Part III—Federal Award Findings and Questioned Costs

Finding 2010-1: Noncompliance with Reporting on the Schedule of Expenditures of Federal Awards (SEFA)

Federal Program Information: Federal Transit Cluster, CFDA 20.500, Federal Transit Administration

Criteria: The auditee shall prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. At a minimum the schedule shall 1) list individual Federal programs by Federal agency, 2) for Federal awards received as a sub-recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included. 3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. 4) Include notes that describe the significant accounting policies used in preparing the schedule. 5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to sub-recipients from each Federal program.

Condition: The Authority identified certain grants passed through by the Ohio Department of Transportation that were not included on the 2009 SEFA. The amounts were determined to be immaterial to the Federal Transit Program.

Effect: The effect is that the SEFA did not contain a complete listing of all grant funds expended during 2009.

Cause: The Authority did not verify that all pass-through funds had been appropriately included on the SEFA.

Recommendation: Management should consider confirming the source of their funds prior to issuance of their reports to ensure no funds from other sources were actually passed through Federal funds.

Views of responsible officials and planned corrective actions: Original source of all funding passed through the Ohio Department of Transportation to the Authority will be validated at the time the revenue is recognized in our financial statements.

Central Ohio Transit Authority

Independent Accountants' Report on Information Reported to the Federal Transit Administration for the Years Ended December 31, 2010 and 2009

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

Board of Trustees
Central Ohio Transit Authority
Columbus, Ohio

Mr. Dave Yost
Auditor of the State of Ohio
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 *2010 Reporting Manual*, for the year ended December 31, 2010. 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 *2010 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 date in accordance with NTD definitions. The correct data is being measured and no systematic errors exist.
- A system is in place to record date 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, 2010 and 2009, 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 Federal Funding Allocation Statistics Form (FFA-10), for any date or period.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the Authority's compliance with the requirements of the *Uniform System of Accounts and Records and Reporting System, Final Rule*, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the *2010 Reporting Manual* for the years ended December 31, 2010 and 2009. Accordingly we do not express an opinion. 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 State of Ohio and federal agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

June 15, 2011

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 *2010 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 *2010 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 bases 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 *2010 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 Federal Funding allocation Statistics Form ("FFA-10").

d. Based on a description of the Authority's procedures obtained in items a. and b. above, identified all the source documents (Section 15 Survey, Service Changes Report, Pullout Summary Report, Special Service Mileage Report, Total Vehicle Miles Report, Time and Miles by Line Report, DRS Vehicle Trip Sheet, and Daily Summary Report) which are to be retained by the Authority for a minimum of three years.

   For each type of source document, randomly select the months January, May and September 2010 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 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, 2010. 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, 2010.

l. The *2010 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 2010 and performed recalculations.

n. *2010 Reporting Manual section 9* test procedure was not applicable to the Authority and, therefore, was not performed.

o. *2010 Reporting Manual section 9* test procedure was not applicable to the Authority and, therefore, was not performed.

p. *2010 Reporting Manual section 9* test procedure was not applicable to the Authority and, therefore, was not performed.

q. *2010 Reporting Manual section 9* test procedure was not applicable to the Authority and, therefore, was not performed.

r. *2010 Reporting Manual section 9* test procedure was not applicable to the Authority and, therefore, was not performed.

s. *2010 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 2010 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 person responsible for maintaining the NTD data regarding the retention of the executed contract, and ascertained that copies of the contracts are retained for three years based on upon copies obtained.

x. *2010 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 2010 to 2009 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, 2011.

Dave Yost • Auditor of State

CENTRAL OHIO TRANSIT AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 2, 2011

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