
Central Ohio Transit Authority Franklin County, Ohio

Reports on Internal Controls and Compliance
and Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011



Dave Yost • Auditor of State

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 Clark, Schaefer, Hackett & Co., for the audit period January 1, 2011 through December 31, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 25, 2012

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

Board of Trustees
Central Ohio Transit Authority
Columbus, Ohio 43215

We have audited the financial statements of the Central Ohio Transit Authority (the Authority), as of and for the year ended December 31, 2011, and have issued our report thereon dated May 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control 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.

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Compliance and Other Matters

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

We noted a certain matter that we reported to management of the Authority in a separate letter dated May 11, 2012.

This report is intended solely for the information and use of the Board of Trustees, management, the Auditor of the 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
May 11, 2012

**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 AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Trustees
Central Ohio Transit Authority
Columbus, Ohio 43215

Compliance

We have audited the compliance of the Central Ohio Transit Authority (the Authority) with the types of compliance requirements described in the *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, 2011. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the 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 programs for the year ended December 31, 2011.

Internal Control over Compliance

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 a major federal program to determine the 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.

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

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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Central Ohio Transit Authority, as of and for the year ended December 31, 2011, and have issued our report thereon dated May 11, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, the Auditor of the 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
May 11, 2012

CENTRAL OHIO TRANSIT AUTHORITY

**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011**

| Grantor/Title: | CFDA # | Grant # | Federal Expenditures |
|---|--------|-----------------|----------------------|
| Federal Transit Cluster | | | |
| U. S. Department of Transportation - Federal Transit Administration (FTA): Direct Programs | | | |
| Urbanized Area Formula Program | 20.507 | OH-90-X675 | 1,094,771 |
| | 20.507 | OH-90-X706 | 11,487,505 |
| | 20.507 | OH-90-X731 | 1,576,961 |
| | 20.507 | OH-95-X067 | 2,859,638 |
| | 20.507 | OH-95-X081 | 703,065 |
| | 20.507 | OH-95-X084 | 2,457,395 |
| ARRA | 20.507 | OH-96-X015 | 4,691,265 |
| Total Urbanized Area Formula Program | | | <u>24,870,600</u> |
| Capital Investment Program | 20.500 | OH-03-0298 | 8,347 |
| | 20.500 | OH-03-0229 | 277,578 |
| | 20.500 | OH-04-0037 | 9,355 |
| | 20.500 | OH-04-0042 | 1,122,821 |
| Pass Through Programs from Ohio Department of Transportation - | | | |
| Capital Investment Program | 20.500 | C&G OH-95-X077 | 2,340,000 |
| | 20.500 | C&G OH-95-X050 | 1,172,736 |
| ARRA | 20.500 | FHWA DERG 15374 | 479,770 |
| Total Capital Investment Program | | | <u>5,410,607</u> |
| Total Federal Transit Cluster | | | <u>30,281,207</u> |
| Transit Service Program Cluster | | | |
| U. S. Department of Transportation - Federal Transit Administration (FTA): Direct Programs | | | |
| Job Access/Reverse Commute Program | 20.516 | OH-37-X069 | 122,533 |
| | 20.516 | OH-37-X077 | 501,396 |
| | 20.516 | OH-37-X086 | 209,189 |
| Total Job Access/Reverse Commute Program | | | <u>833,118</u> |
| New Freedom Program | 20.521 | OH-57-X019 | 128,462 |
| | 20.521 | OH-57-X029 | 83,796 |
| | 20.521 | OH-57-X036 | 187,139 |
| Total New Freedom Program | | | <u>399,397</u> |
| Total Transit Service Program | | | <u>1,232,515</u> |
| Highway Planning and Construction | | | |
| U. S. Department of Transportation - Federal Transit Administration (FTA): Direct Programs | | | |
| Alternative Analysis Program | 20.522 | OH-39-0004 | 50,332 |
| Total Federal Financial Assistance | | | <u>\$ 31,564,054</u> |

See notes to schedule of expenditures of federal awards.

CENTRAL OHIO TRANSIT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011

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 accrual 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.

Section I – Summary of Auditors’ Results

Financial Statements

| | |
|--|-------------|
| Type of auditors’ report issued: | Unqualified |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | None noted |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | None noted |
| Noncompliance material to financial statements noted? | None noted |

Federal Awards

| | |
|--|-------------|
| Internal control over major programs: | |
| • Material weakness(es) identified? | None noted |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | None noted |
| Type of auditors’ report issued on compliance for major programs: | Unqualified |
| Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133? | None noted |

Identification of major programs:

Federal Transit Cluster:

- CFDA 20.507 – Urbanized Area Formula Grants
- CFDA 20.500 – Capital Investment Program Grants

Transit Service Program Cluster:

- CFDA 20.516 – Job Access/Reverse Commute Program
- CFDA 20.521 – New Freedom Program

| | |
|---|-----------|
| Dollar threshold to distinguish between Type A and Type B programs: | \$946,922 |
| Auditee qualified as low-risk auditee? | Yes |

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted

Section IV – Summary of Prior Audit Findings and Questioned Costs

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

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Trustees
Central Ohio Transit Authority
Columbus, Ohio 43215

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 *2011 Reporting Manual*, for the year ended December 31, 2011. 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 *2011 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 in the attached appendix, either for the purpose for which this report has been requested or for any other purpose.

FTA has established the following standards with regard to the data reported for the Federal Funding Allocation Statistics Form (901) of the Authority's annual National Transit Database (NTD) report:

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

The procedures were applied separately to each of the information systems used to develop the reported vehicle revenue miles, passenger miles and operating expenses of the Authority for the fiscal year ended December 31, 2011 for each of the following modes:

- Motor Bus – Directly Operated
- Demand Response – Purchased Transportation

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The following information and findings came to our attention as a result of performing the procedures described in the attachment to this report:

None Noted

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on 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 2011 Reporting Manual for the year ended December 31, 2011. Accordingly we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report relates only to the information described above and does not extend to the Authority's financial statements taken as a whole, or the forms in the Authority's NTD report, other than the Federal Funding Allocation Statistics From (901), for any date or period.

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.

Clark, Schaefer, Hackett & Co.

May 11, 2012

Section 9 Certification – Agreed-Upon Procedures

1. Discussed 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 2011 Reporting Manual. If procedures are not written, discuss the procedures with the personnel assigned responsibility of supervising the NTD data preparation and maintenance.
2. Discussed the procedures with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data to determine:
 - The extent to which the transit agency followed the procedures on a continuous basis, and
 - Whether they believe such procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, and January 15, 1993 and as presented in the 2011 Reporting Manual.
3. Inquired of same person concerning the retention policy that is followed by the transit agency with respect to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics Form (901).
4. Based on a description of Authority's procedures obtained in items 1 and 2 above, identified all the source documents which are to be retained by the Authority for a minimum of three years. For each type of source document, selected three months out of the year and observed that each type of document exists for each of these periods.
5. Discussed the system of internal controls with the person responsible for supervising and maintaining the NTD data. Inquired whether individuals, independent of the individuals preparing source documents and posting data summaries, review the source documents and data summaries for completeness, accuracy and reasonableness and how often such reviews are performed.
6. 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 and other review of electronic reports was noted.
7. Obtained the worksheets utilized by the Authority to prepare the final data that is transcribed onto the Federal Funding Allocation Statistics (FFA-10) form. Compared the periodic data included on the worksheets to the periodic summaries prepared by the Authority. Tested the arithmetical accuracy of the summarizations.
8. Discussed the Authority's procedures for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with the Authority's, noting that the Authority uses an estimate of passenger miles based on statistical sampling that meets the FTA's 95% confidence and 10% precision requirements. The Authority uses an alternative sampling procedure and, therefore, we inquired whether the procedure was approved by the FTA.
9. Discussed with transit agency staff the Authority's eligibility to conduct statistical sampling for PMT data every third year. Determined whether the Authority meets one of the three criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. However, the Authority has elected to conduct statistical samples on an annual basis.
10. Obtained a description of the sampling procedure for estimation of PMT data used by the Authority. 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.

11. Obtained the passenger mile sample information generated from the APC system and, based on this information, recalculated the passenger miles for the year ended December 1, 2011.
12. Discussed the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with Authority's staff, noting this requirement is not applicable to the Authority.
13. For actual vehicle revenue mile (VRM) data, documented the collection and recording methodology and determined that deadhead miles are systematically excluded from the computation.
14. Compared operating expenses with audited financial data, after reconciling items are removed.
15. Inquired of personnel reporting the NTD data regarding the amount of purchased transportation (PT) generated fare revenues. Noted the PT fare revenues agreed to the amount reported on the Contractual Relationship form (B-30).
16. Obtained a copy of the PT contract and determined that the contract (1) specified the specific public transportation services to be provided; (2) specified the monetary consideration obligated by the transit agency contracting for the service; (3) specified the period covered by the contract and that this period overlaps the entire, or a portion of, the period covered by the Authority's NTD report; and (4) was signed by representatives of both parties to the contract. Inquired of the person responsible for the retention of the executed contract, and determined that copies of the contracts are retained for three years.
17. Compared the data reported on the Federal Funding Allocation Statistics Form (901) to comparable data for the prior period report year and calculated the percentage change from the prior year to the current year. Fluctuations greater than 10% were investigated and explained and reported to NTD.
18. The following 2011 Reporting Manual Section 9 test procedures were not applicable to the Authority and , therefore, were not performed:
 - Reporting Manual Section 9 Data Certification Procedures; n, o, p, q, r, s, v, and x.



**2011
Comprehensive Annual
Financial Report**

FOR FISCAL YEAR ENDED DECEMBER 31, 2011



2011 Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED DECEMBER 31, 2011

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

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Central Ohio Transit Authority Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2011

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Introductory Section

May 11, 2012

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 (COTA) for the fiscal year ended Dec. 31, 2011, is hereby submitted. This CAFR was prepared by the Finance Division and represents COTA's commitment to provide accurate, concise and high-quality financial information to its Board of Trustees and interested parties.

The CAFR contains financial statements and statistical data that provide full disclosure of all the material financial operations of COTA. The financial statements, supplemental schedules, statistical information and all data contained herein are the representations of COTA's management. COTA'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 Dec. 31, 2010. This was the twelfth consecutive year that COTA was recognized with the 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. The 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 2011 report to the GFOA to determine its eligibility for another certificate.

REPORTING ENTITY

General

COTA'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 the CAFR include all of the organizations, activities, functions and component units for which COTA is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either the reporting entity's ability to impose its will over the component unit or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the reporting entity. On this basis, COTA does not have financial accountability over any other entity, and no governmental units other than COTA itself are included in the reporting entity. COTA is not included as a component unit in the reporting entity of any other governmental unit's financial statements. A complete discussion of COTA'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. COTA is not dependent upon appropriations from Franklin County, the City of Columbus or any other political subdivision for local funding. COTA is empowered by the Ohio Revised Code to issue general obligation debt secured by its own taxing power.

COTA 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 COTA. COTA's territorial boundaries are conterminous with Franklin County and small portions of Delaware, Fairfield, Licking and Union 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

COTA is overseen by a Board of Trustees vested by Ohio law with the powers necessary to manage COTA. The legislation and agreements establish that COTA 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 the 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 COTA, 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 11 of the 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 2011, service included 67 fixed-bus routes comprised of 20 Local, including one LINK, 10 Crosstown and 37 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. COTA plans to increase fixed-route service hours to 996,000 hours by 2015 and 1.05 million by 2016.

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 area coverage, 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 2011, COTA was in the fourth year of a five-year contract to purchase up to 40 new buses annually. Twenty-three new buses were purchased in 2011, which are arriving in April of 2012. At the end of 2011, COTA had 296 fixed-route buses in its fleet, including six diesel-electric hybrid coaches.

In 2011, following a comprehensive study of fuel alternatives and markets, COTA management decided to begin using compressed natural gas (CNG) to power its buses. Over a 12 year conversion period, diesel-powered, fixed-route buses will be phased out of its fleet and new buses acquired will be CNG-powered. COTA will receive its first CNG buses in 2013. Also, in 2013, a CNG fueling station will be operational at the McKinley Operations facility.

Other Key Activities in 2011

In 2011, COTA led the nation in ridership increases among large bus agencies. Providing over 18.7 million passenger trips, COTA ridership rose nearly 10.2 percent.

In 2010, COTA received a Federal Transit Administration (FTA) grant to study a variety of transportation alternatives to improve public transit in the Cleveland Avenue corridor. Line #1, COTA's second busiest line operates along Cleveland Avenue between Downtown and Polaris Parkway. The study, officially called the Northeast Corridor Alternatives Analysis (NECAA) Project, began in 2011

and is the first step to securing federal funding to implement transit improvements in the corridor. A number of alternatives are being studied including Bus Rapid Transit. Several potential alignments for enhanced transit are being considered as well.

During 2011, COTA implemented a public involvement program to solicit public comment and input about the NECAA and provide ample opportunity for customers, residents and other stakeholders to participate in the alternatives analysis process.

Finally, in 2011, COTA embarked on a community involvement effort to identify a site for relocating the Graceland Shopping Center turnaround and layover. Working with stakeholders in the North High Street corridor, north of Graceland Shopping Center, staff and residents identified sites and conducted due diligence to determine the feasibility of potential locations. By late 2011, a location that met all of COTA's criteria and was amenable to area residents was identified and negotiations begun with the property owner to purchase the site. In 2012, COTA intends to take possession of the property, conduct further community involvement regarding the design of the facility, and begin construction. COTA plans to relocate the Graceland turnaround and layover to N. High Street and Westview Avenue in January 2013.

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 line. The contracted service for Mainstream operates during the same hours as fixed-route bus service. Individuals wishing to use the service must complete an eligibility process and obtain an Americans with Disabilities Act (ADA) ID card. Certified customers must maintain their eligibility by recertifying every three years.

Facilities Owned

William J. Lhota Building, 33 N. High St., is a 78,000 square-foot, 10-story office building in Downtown Columbus, which was purchased by COTA 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.

McKinley Operations, 1600 McKinley Ave., was constructed in 1980, and is the larger of COTA's two fixed-route bus operations and maintenance facilities. The 390,000 square-foot facility houses both heavy and light bus maintenance operations while providing an indoor storage capacity for 240 buses. COTA's customer information call center is also located at McKinley Operations.

Currently, COTA is updating the facility to accommodate and fuel CNG buses, which will begin arriving in 2013, and provide infrastructure improvements. Phase II of the renovation is scheduled to begin in 2012.

Fields Operations, 1333 Fields Ave., 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 work areas. In

September 2009, Fields Operations, which had been closed since 2006 due to service and budget reductions, was reopened after a complete renovation.

Mobility Services, 1330 Fields Ave., is a newly-constructed, 104,000 square-foot building. Located on COTA's Fields Avenue Campus and housing COTA's paratransit operations, its grand opening was held on April 27, 2011. The facility has a capacity for 104 paratransit, cutaway vehicles. All Mobility Services 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. It also houses a state-of-the-art eligibility assessment center.

Street and Remote Operations, 1325 Essex Ave., is a 12,000 square-foot facility on the Fields Avenue Campus. The building houses COTA's Street and Remote operations. COTA is planning to renovate and expand the Street and Remote Operations building. Planned facility renovations include the construction of an 8,000 square-foot addition, redesign of the administrative wing and addition of a salt dome.

Linden Transit Center, 1390 Cleveland Ave., 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 daycare 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 connections to job centers around the I-270 outerbelt such as the Polaris area, Easton and New Albany Business Park.

Easton Transit Center, 4260 Stelzer Road, is a 1,350 square-foot facility near Easton Town Center. The facility includes an 8,950 square-foot overhead canopy with four bus bays, 50-vehicle capacity park and ride lot and adjacent 9,650 square-foot daycare center operated by an independent provider, Iftin Child Care, that is leasing the space from COTA. Two Express, one Local and two Crosstown lines serve the Easton Transit Center.

North Terminal, 33 W. Spring St., is an outdoor facility located on Spring Street between High and Front Streets in Downtown Columbus. The terminal has six bus bays. One Local and seven Express lines use the terminal to serve commuters in the north Downtown area.

Near East Transit Center, 1125 E. Main St., 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 two Local lines. 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

South Terminal, 25 E. Rich St., is a 41,000 square-foot facility opened in November 1989 and serves commuters in the southern Downtown area. The terminal is located in the Downtown Columbus Commons parking garage between Rich and Main streets. One Local and 21 Express lines use the terminal.

SERVICE AREA

Franklin County, COTA’s primary service area, is located in central Ohio. The City of Columbus, Ohio’s largest city and 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, the 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 COTA’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 only major municipality in the state experiencing population growth. This is attributed in part to Columbus’ aggressive annexation policies and a pro-growth economic emphasis in city government. Franklin County’s sizable institutional component, stemming from the presence of Ohio’s capital and The Ohio State University, lends considerable stability to the local economy. The 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, which are COTA’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). COTA 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. The SRTP was updated in 2010 to cover the span from 2011 to 2015. Beginning in 2007 and in accordance with the SRTP and LRTP, COTA began improving service and embarked on capital projects such as park and rides, which support the system.

In 2012, COTA will update its LRTP to cover the span from 2012 to 2035 in cooperation and in congruence with the regional metropolitan planning organization's 2012 to 2035 Metropolitan Transportation Plan update.

The LRTP contains the following four components within the service plan:

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. Due to the downturn in the economy and subsequent decline of local sales tax receipts, COTA adjusted its service growth to a total of 30,000 annualized service hours. The plan called for acquiring 40 new fixed-route coaches annually for expansion and replacement, and hiring and training new bus operators to meet the service goals and increased demand for transit service. Since the expansion plan has been adjusted, the number of buses acquired annually has been reduced to approximately 30 with the exception of 2018 where no buses will be purchased.

Paratransit Bus Service - COTA's service expansion and growth includes Mainstream. As fixed-route options expand, paratransit service and capacity grows with it. COTA is analyzing options for Mainstream and exploring the possibility of expanding partnerships with local organizations to provide better demand-response service 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 light timing to expedite bus service.

Strategic Investments - COTA will continue to pursue advanced acquisition of right of way (ROW) and land for potential new park and rides and transit centers. As funding is made available, COTA will investigate the potential of alternative modes of transit.

Analysis - COTA is in the process of conducting an alternatives analysis within the Northeast Corridor, which is investigating ways to improve both transit service and surrounding neighborhoods. COTA won a federal Alternatives Analysis Program grant to fund the majority of the study, previously referred to as the NECAA Project.

FINANCIAL INFORMATION

Internal Control Structure

The management of COTA is responsible for establishing and maintaining an internal control structure designed to ensure that COTA'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 COTA'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

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 evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. Management trusts that COTA'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 COTA. Management trusts that all disclosures necessary to enable the reader to gain the maximum understanding of COTA's financial affairs have been included.

Basis of Accounting

COTA'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 COTA'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 COTA's management and adopted by the Board of Trustees in a public meeting, usually held in the month preceding a new fiscal year. The annual budget is prepared using overall guidelines established after consideration of COTA's long-range financial plan. The 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 44 to demonstrate budgetary compliance.

OTHER INFORMATION

Independent Audit

COTA's independent certified public accounting firm of Clark Schaefer Hackett has rendered an unqualified audit report on COTA's financial statements for the fiscal year ended Dec. 31, 2011. The report is included in the financial section of the CAFR.

COTA participates in the federal single audit program, which consists of a single audit of all federally-funded programs administered by COTA. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including COTA. The single audit, performed by Clark Schaefer Hackett met the requirements set forth by the State of Ohio, 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 COTA'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 of COTA's financial reporting in future years.

Acknowledgements

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

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



W. Curtis Stitt
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, 2010

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.



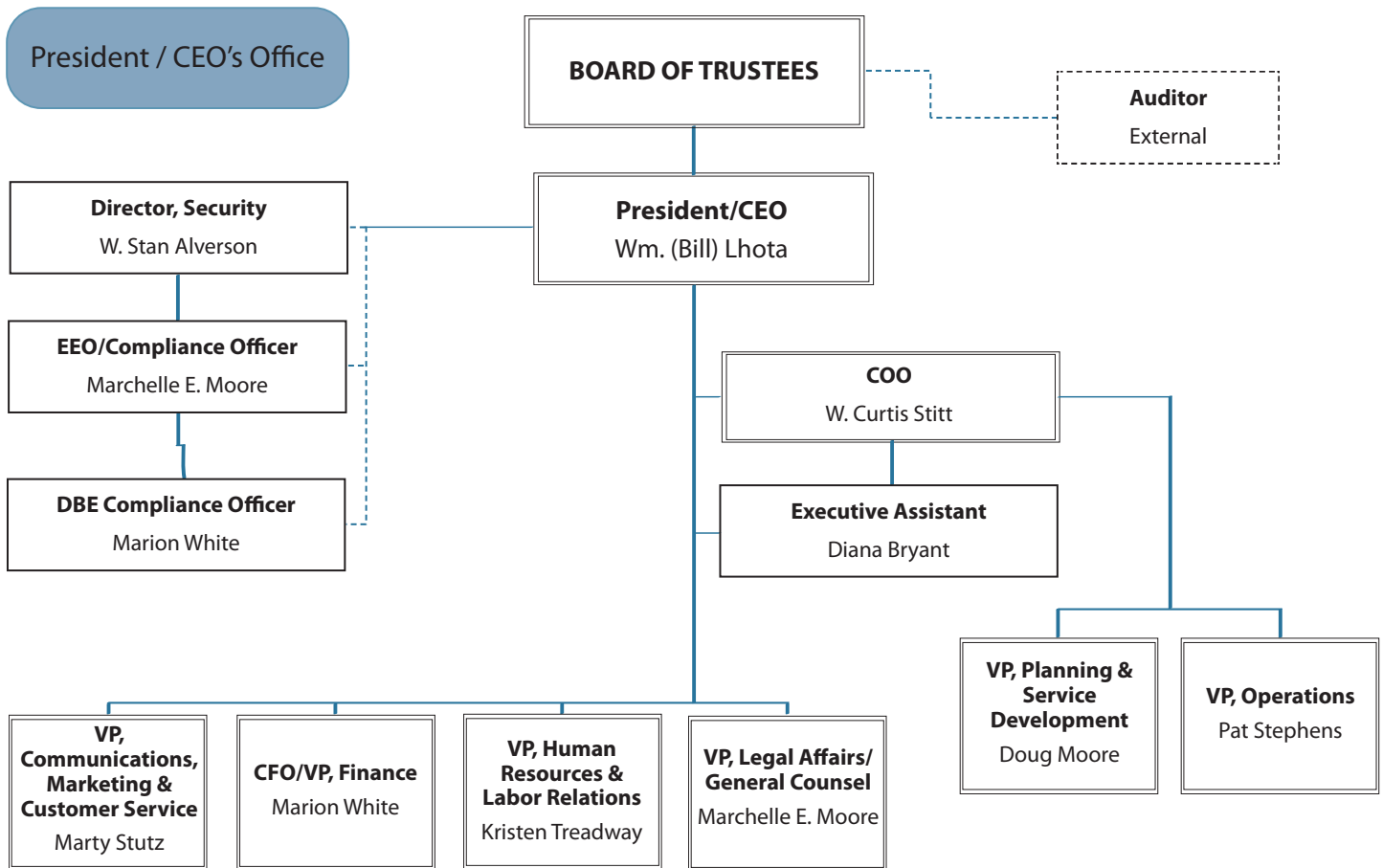
Linda C. Sandison

President

Jeffrey R. Emmer

Executive Director

As of December 31, 2011



BOARD OF TRUSTEES

| | |
|------------|--|
| 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 |
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| 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 | William J. Lhota CEO |
| Senior VP | W. Curtis Stitt COO |
| Vice President | Douglas B. Moore Planning & Service Development |
| Vice President | Patrick G. Stephens Operations |
| Vice President | Marchelle E. Moore Legal & Government Affairs |
| Vice President | Robert M. Stutz Communications, Marketing & Customer Service. |
| Vice President | Marion White Finance/CFO |
| Vice President | Kristen M. Treadway Human Resources & Labor Relations |

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Financial Section

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Central Ohio Transit Authority
Columbus, Ohio 43215

We have audited the balance sheet of the Central Ohio Transit Authority (the Authority), as of and for the year ended December 31, 2011, and the related statement of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. The balance sheet for the year ended December 31, 2010, and the related statements of revenues, expenses and changes in net assets and cash flows were audited by other auditors whose report dated June 15, 2011 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Central Ohio Transit Authority, as of December 31, 2011, and the respective changes in net assets, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

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or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements as a whole. The introductory section, supplement budget versus actual schedule, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplement budget versus actual schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
May 11, 2012

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, 2011. 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 \$251.2 million. These net assets result from the difference between total assets of \$266.3 million and total liabilities of \$15.1 million.
- The Authority's net assets increased by \$37.5 million in 2011 mainly due to increased sales tax revenue and passenger fares.
- Current assets of \$101.7 million primarily consist of non-board designated cash and cash equivalents of \$51.3 million, sales tax receivables of \$27.1 million, inventory of \$2.8 million, federal capital grant receivables of \$9.5 million, and Board designated assets of \$6.7 million.
- Current liabilities of \$13.3 million primarily consist of accrued payroll and fringe benefits of \$5.2 million, and accounts payable of \$6.6 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 and construction in progress, over their estimated useful lives.

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

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2011

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 30-43.

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
William J. Lhota Building
33 N. High Street
Columbus, OH 43215
www.cota.com

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2011

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 | 2011 | 2010 | 2009 |
|--|-----------------------|-----------------------|-----------------------|
| Assets | | | |
| Current Assets | \$ 95,023,858 | \$ 73,960,973 | \$ 60,148,894 |
| Board Designated Assets (current) | 6,672,935 | 6,865,855 | 8,772,831 |
| Total Current Assets | 101,696,793 | 80,826,828 | 68,921,725 |
| Board Designated Assets (non-current) | 14,612,706 | 13,994,345 | 13,926,732 |
| Capital Assets (net of accumulated depreciation) | 150,015,663 | 134,494,411 | 106,204,159 |
| Total Non-Current Assets | 164,628,369 | 148,488,756 | 120,130,891 |
| Total Assets | 266,325,162 | 229,315,584 | 189,052,616 |
| Liabilities | | | |
| Current Liabilities | 13,329,437 | 14,105,131 | 13,919,977 |
| Non-Current Liabilities | 1,770,340 | 1,519,878 | 1,757,401 |
| Total Liabilities | 15,099,777 | 15,625,009 | 15,677,378 |
| Net Assets | | | |
| Net Assets Invested in Capital Assets | 150,015,663 | 134,494,411 | 106,204,159 |
| Net Assets Unrestricted | 101,209,722 | 79,196,164 | 67,171,079 |
| Total Net Assets | <u>\$ 251,225,385</u> | <u>\$ 213,690,575</u> | <u>\$ 173,375,238</u> |

Most of the Authority's net assets reflect investment in capital assets such as buses, maintenance equipment, and operating facilities. The Authority uses these capital assets to provide public transportation services for Franklin County and portions of the cities of Columbus, Dublin, Reynoldsburg, and Westerville that are located in counties adjacent to Franklin County. The Authority's investment in capital assets as of December 31, 2011 amounts to \$150.0 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 2011 was \$15.5 million.

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2011

Major capital asset events during 2011 included the following:

- Purchase of (40) heavy duty transit buses
- Construction of new paratransit facility
- McKinley Avenue bus garage and maintenance facility lift renovation

Contributions to construction in progress including the following projects:

- Construction of statehouse shelters
- CAD/AVL system upgrade

Additional information on the Authority's capital assets can be found in Note 5 in the Notes to the Financial Statements located on pages 37-38.

The Authority's current assets at the end of 2011 are composed of cash and cash equivalents (57.0%), receivables (39.6%), inventory (2.8%), and other assets (.6%) 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 | 2011 | 2010 | 2009 |
| Transportation | \$ 52,611,779 | \$ 49,019,975 | \$ 45,646,033 |
| Vehicle Maintenance | 16,005,230 | 15,067,987 | 13,766,100 |
| Facilities Maintenance | 7,314,462 | 6,973,874 | 6,013,460 |
| General & Administrative | 16,904,701 | 16,272,000 | 15,615,545 |
| Total | \$ 92,836,172 | \$ 87,333,836 | \$ 81,041,138 |

In accordance with NTDR guidelines, the 2011, 2010 and 2009 expenses include additional costs of \$15,473, \$38,492 and \$57,087 respectively, collected directly by the service provider from the Authority's customers for the Sedan Voucher Service for disabled passengers.

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2011

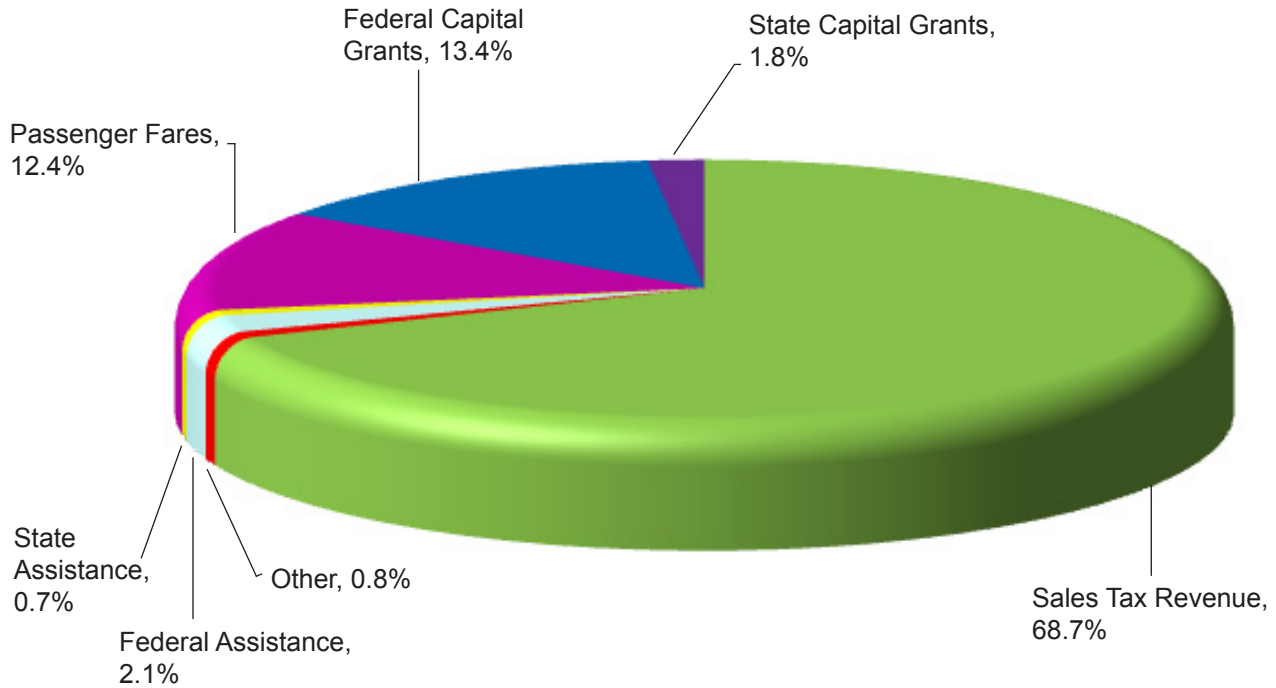
Condensed Summary of Revenues, Expenses and Changes in Net Assets:

| Description | 2011 | 2010 | 2009 |
|--|-----------------------|-----------------------|-----------------------|
| Operating Revenues | | | |
| Passenger Fare Revenues | \$ 17,224,642 | \$ 15,401,602 | \$ 13,271,919 |
| Special Services Revenue | 671,112 | 656,455 | 535,169 |
| Other: Auxiliary Transportation Revenues | 12,000 | 21,195 | - |
| Total Operating Revenues | <u>17,907,754</u> | <u>16,079,252</u> | <u>13,807,088</u> |
| Non-Operating Revenues | | | |
| Sales Tax Revenues | 98,993,307 | 93,437,059 | 88,095,294 |
| Federal Assistance | 2,995,411 | 89,791 | - |
| State Assistance | 996,521 | 962,247 | 1,408,489 |
| Investment Income | 28,760 | 37,572 | 87,542 |
| Non-transportation and Other Revenues | 1,088,266 | 987,164 | 1,040,800 |
| Total Non-Operating Revenues | <u>104,102,265</u> | <u>95,513,833</u> | <u>90,632,125</u> |
| Total Revenue before Capital Grants | <u>122,010,019</u> | <u>111,593,085</u> | <u>104,439,213</u> |
| Operating Expenses | | | |
| Labor | 37,623,495 | 35,675,628 | 33,462,696 |
| Fringe Benefits | 24,301,800 | 23,384,165 | 21,489,831 |
| Materials and Supplies | 13,884,864 | 12,211,150 | 10,493,689 |
| Purchased Transportation | 6,533,243 | 6,060,734 | 6,052,586 |
| Services | 6,522,447 | 6,118,037 | 5,723,172 |
| Other Expenses | 4,238,542 | 3,880,671 | 4,159,455 |
| Total Operating Expenses | <u>93,104,391</u> | <u>87,330,385</u> | <u>81,381,429</u> |
| Non-Operating Expenses | | | |
| Loss on disposal of fixed assets | 56,407 | 650,485 | 1,156,816 |
| Depreciation Expense | 13,332,969 | 12,671,636 | 13,877,640 |
| Total Non-Operating Expenses | <u>13,389,376</u> | <u>13,322,121</u> | <u>15,034,456</u> |
| Gain before Capital Grants | <u>15,516,252</u> | <u>10,940,579</u> | <u>8,023,328</u> |
| Capital Grant Revenues: | | | |
| Federal | 19,358,710 | 24,914,321 | 27,491,660 |
| State | 2,659,848 | 4,460,437 | 1,312,806 |
| Total Capital Grant Revenues | <u>22,018,558</u> | <u>29,374,758</u> | <u>28,804,466</u> |
| Change in Net Assets during the Year | 37,534,810 | 40,315,337 | 36,827,794 |
| Net Assets, Beginning of Year | 213,690,575 | 173,375,238 | 136,547,444 |
| Net Assets, End of Year | <u>\$ 251,225,385</u> | <u>\$ 213,690,575</u> | <u>\$ 173,375,238</u> |

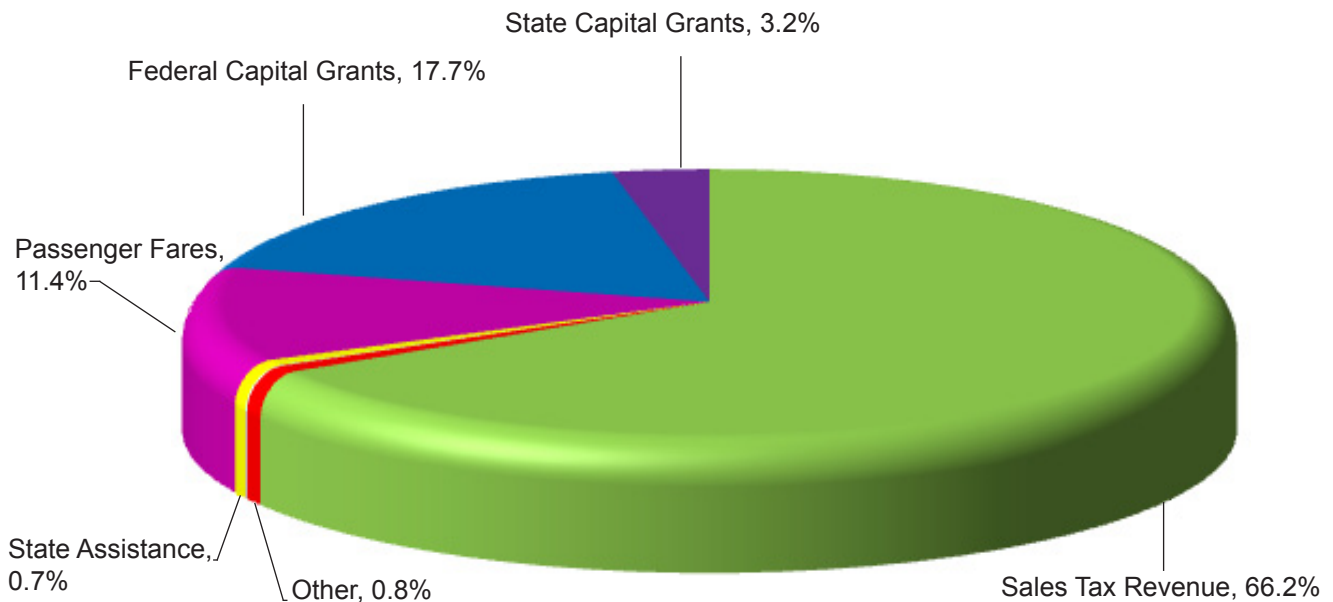
CENTRAL OHIO TRANSIT AUTHORITY

Revenues by Source

**2011 Total Revenues
\$144,028,577**



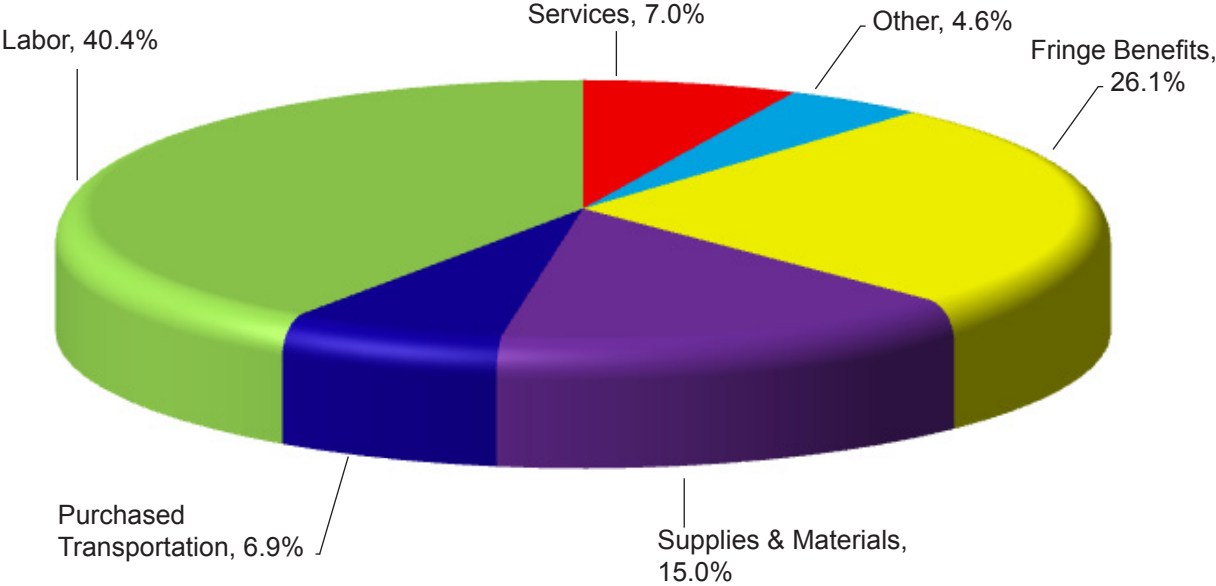
**2010 Total Revenues
\$140,967,843**



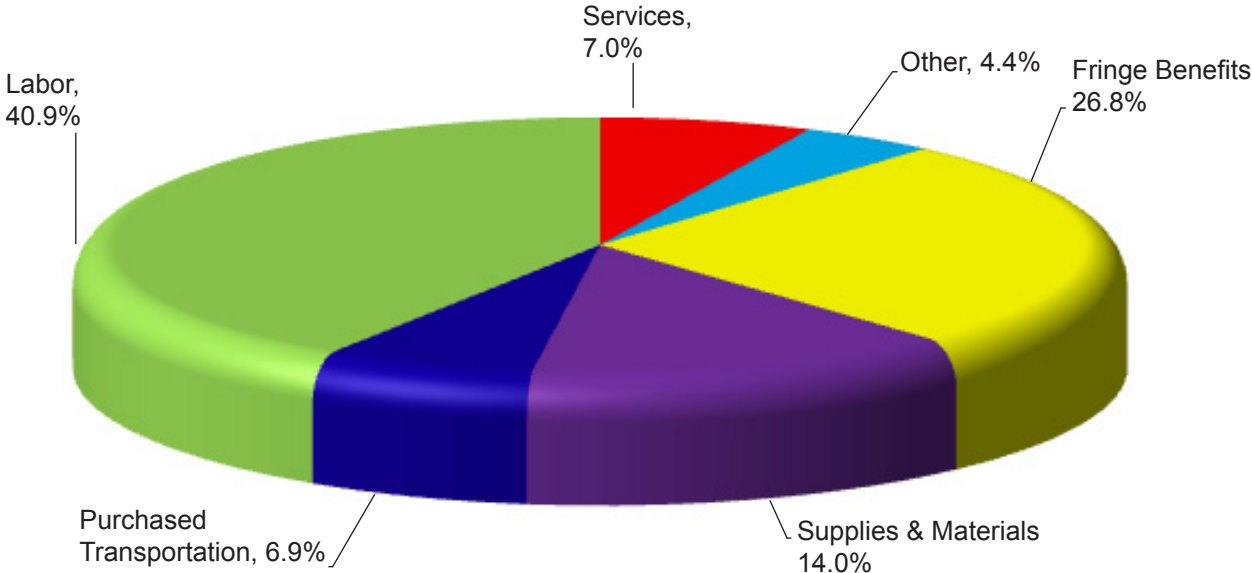
CENTRAL OHIO TRANSIT AUTHORITY

Expense by Object Class (Excluding Depreciation)

**2011 Total Expenses
\$ 93,104,391**



**2010 Total Expenses
\$87,330,385**



CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2011

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 2011 and 2010 increase is due to increased ridership from increased service. The 2009 decrease is due to a decrease 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 2011 and 2010, the Authority saw a 4.8% and 6.1% increase in sales tax revenue respectively. Due to an economic downturn in 2009, the sales tax revenue decreased.

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 for 2011 increased 4% over 2010. The funds appropriated for §5307 increased marginally 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. In 2011, ODOT redirected flexible federal Surface Transportation Program funds as a partnership with the FTA for the specific purpose of funding capitalized operating expenses. The Authority used these funds to offset operational costs in vehicle maintenance.

State Assistance is received from the Ohio Department of Transportation (ODOT) for elderly and disabled rider reduced-fare subsidies, and for reimbursement of state fuel taxes. COTA is required to remit state taxes on diesel fuel, but is refunded \$0.27 of the \$0.28 per gallon paid. The elderly and disabled rider reduced-fare subsidies amount saw a decrease year-over year in both 2011 and 2010.

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2011

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 state grants awarded in 2011, 2010, and 2009.

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. Non-transportation revenues include other miscellaneous income items such as rent income which has increased year-over year since 2009 due to full occupancy. The increase in 2009 over 2008 was due to a full year of rent collection on a facility acquired late in 2008. In 2011, as in 2010 and 2009, the loss on sale of capital assets was disclosed separately as a non-operating expense.

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 2011, wages increased 5.5% driven by increased headcount in operations driven by an increase in service hours and merit increases. 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.

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 2011, fringe benefits increased by 3.9% mainly due to the increase in headcount. 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.

Materials and Supplies include the Authority's diesel fuel expense and parts used in the maintenance of buses and facilities. In 2011, fuel costs increased by 19.4% driven by both increasing commodity cost and increased service hours. Materials and supplies increased by 7.0% in 2011 due to increasing prices. 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.

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2011

Purchased Transportation expense is comprised of amounts paid to a private local contractor to provide the Authority's Project Mainstream service door-to-door, service-on-demand in wheelchair lift-equipped minibuses for disabled. In 2011, purchased transportation costs increased by 7.8% due to an increase in ridership of 9.1%. Purchased transportation costs remain virtually unchanged in 2010 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.

Services are provided by outside contractors to the Authority for a wide variety of professional, technical, consulting and maintenance needs. In 2011, similar to 2010, services costs increased by 6.6% and 6.9% respectively, due to maintenance related costs such as paving and repairs of park-n-rides and bus-turn around locations and professional services for operational studies. In 2009, services increased by 17%, due to an increase in construction related professional services.

Other Expenses consist primarily of utilities, taxes, interest, leases and rentals, claims and insurance and other miscellaneous expenses. In 2011, other expenses increased by 9.2% due to increasing utility costs as well as a reduction in claims recovery and an increase in claims expense. 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%.

Depreciation Expense increased in 2011 by 5.2% due to completion of the paratransit facility in January. In 2010, depreciation increased by 8.7% due to the completion of the administrative office renovation and the Fields Avenue bus garage and maintenance facility renovation. 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.

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets
December 31, 2011 and 2010

| <u>ASSETS</u> | <u>2011</u> | <u>2010</u> |
|---|-----------------------|-----------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents..... | \$ 51,256,062 | \$ 38,212,323 |
| Receivables: | | |
| Sales tax..... | 27,075,618 | 26,034,826 |
| Federal capital grants receivable..... | 9,535,873 | 4,070,352 |
| Federal operating assistance..... | 50,332 | - |
| State capital grants receivable..... | 2,340,003 | 1,332,662 |
| State operating grant receivable..... | 5,340 | - |
| Other..... | 1,284,488 | 1,205,599 |
| Inventory of materials and supplies..... | 2,818,295 | 2,723,918 |
| Other..... | 657,847 | 381,293 |
| Total..... | <u>95,023,858</u> | <u>73,960,973</u> |
| Board designated: | | |
| Cash and cash equivalents - capital grants..... | 6,289,542 | 5,845,987 |
| Cash and cash equivalents - self insurance..... | 383,393 | 1,019,868 |
| Total..... | <u>6,672,935</u> | <u>6,865,855</u> |
| Total current assets..... | <u>101,696,793</u> | <u>80,826,828</u> |
| NON-CURRENT ASSETS: | | |
| Board designated: | | |
| Cash and cash equivalents - self insurance..... | 14,612,706 | 13,994,345 |
| Property and equipment | | |
| Cost | 246,301,402 | 229,020,324 |
| Less accumulated depreciation..... | <u>(96,285,739)</u> | <u>(94,525,913)</u> |
| Total..... | <u>150,015,663</u> | <u>134,494,411</u> |
| Total non-current assets..... | <u>164,628,369</u> | <u>148,488,756</u> |
| TOTAL ASSETS..... | <u>\$ 266,325,162</u> | <u>\$ 229,315,584</u> |

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets (continued)
December 31, 2011 and 2010

| <u>LIABILITIES AND NET ASSETS</u> | <u>2011</u> | <u>2010</u> |
|---|-----------------------|-----------------------|
| CURRENT LIABILITIES: | | |
| Accrued payroll and fringe benefits..... | \$ 5,230,926 | \$ 5,186,115 |
| Accounts payable..... | 6,576,252 | 6,440,231 |
| Accrued payroll taxes..... | 790,842 | 796,838 |
| Estimated workers' compensation claims..... | 213,871 | 879,984 |
| Estimated claims payable | 169,522 | 139,884 |
| Other current liabilities..... | 348,024 | 662,079 |
| Total current liabilities..... | <u>13,329,437</u> | <u>14,105,131</u> |
| NON-CURRENT LIABILITIES: | | |
| Accrued fringe benefits..... | 1,169,040 | 1,321,388 |
| Estimated workers' compensation claims..... | 457,550 | 132,803 |
| Estimated claims payable | 143,750 | 65,687 |
| Total non-current liabilities..... | <u>1,770,340</u> | <u>1,519,878</u> |
| TOTAL LIABILITIES..... | <u>15,099,777</u> | <u>15,625,009</u> |
| NET ASSETS: | | |
| Invested in capital assets..... | 150,015,663 | 134,494,411 |
| Unrestricted..... | 101,209,722 | 79,196,164 |
| TOTAL NET ASSETS..... | <u>251,225,385</u> | <u>213,690,575</u> |
| TOTAL LIABILITIES AND NET ASSETS..... | <u>\$ 266,325,162</u> | <u>\$ 229,315,584</u> |

CENTRAL OHIO TRANSIT AUTHORITY

Statements of Revenues, Expenses and Changes in Net Assets

Years ended December 31, 2011 and 2010

| | 2011 | 2010 |
|---|----------------|----------------|
| OPERATING REVENUES: | | |
| Passenger fares for transit service..... | \$ 17,224,642 | \$ 15,401,602 |
| Special transit fares..... | 671,112 | 656,455 |
| Auxiliary transportation revenue..... | 12,000 | 21,195 |
| Total..... | 17,907,754 | 16,079,252 |
| OPERATING EXPENSES OTHER THAN DEPRECIATION: | | |
| Labor..... | 37,623,495 | 35,675,628 |
| Fringe benefits..... | 24,301,800 | 23,384,165 |
| Materials and supplies..... | 13,884,864 | 12,211,150 |
| Purchased transportation..... | 6,533,243 | 6,060,734 |
| Services..... | 6,522,447 | 6,118,037 |
| Utilities..... | 1,936,699 | 1,894,023 |
| Taxes..... | 936,779 | 959,717 |
| Leases and rentals | 283,692 | 340,866 |
| Claims and insurance, net of settlements..... | 337,621 | (83,514) |
| Advertising..... | 180,254 | 240,270 |
| Miscellaneous..... | 563,497 | 529,309 |
| Total..... | 93,104,391 | 87,330,385 |
| DEPRECIATION..... | 13,332,969 | 12,671,636 |
| Total operating expenses..... | 106,437,360 | 100,002,021 |
| OPERATING LOSS..... | (88,529,606) | (83,922,769) |
| NON-OPERATING REVENUES(EXPENSES): | | |
| Sales tax revenues..... | 98,993,307 | 93,437,059 |
| Federal operating grants..... | 2,995,411 | 89,791 |
| State operating grants, reimbursements and special fare assistance | 996,521 | 962,247 |
| Investment income..... | 28,760 | 37,572 |
| Nontransportation and other revenue..... | 1,088,266 | 987,164 |
| Loss on disposal of capital assets..... | (56,407) | (650,485) |
| Total..... | 104,045,858 | 94,863,348 |
| Gain before capital grants..... | 15,516,252 | 10,940,579 |
| CAPITAL GRANT REVENUES: | | |
| Federal | 19,358,710 | 24,914,321 |
| State | 2,659,848 | 4,460,437 |
| Total | 22,018,558 | 29,374,758 |
| CHANGES IN NET ASSETS | 37,534,810 | 40,315,337 |
| NET ASSETS, BEGINNING OF YEAR..... | 213,690,575 | 173,375,238 |
| NET ASSETS, END OF YEAR..... | \$ 251,225,385 | \$ 213,690,575 |

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows
Years ended December 31, 2011 and 2010

| | 2011 | 2010 |
|--|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers.....; | \$ 17,895,754 | \$ 16,058,057 |
| Cash payments to suppliers for goods and services..... | (30,978,585) | (28,600,288) |
| Cash payments to employees for services..... | (37,457,172) | (35,450,455) |
| Cash payments for employee benefits..... | (24,917,026) | (23,152,296) |
| Cash payments for casualty and liability..... | (297,610) | (518,872) |
| Other receipts..... | 864,520 | 510,827 |
| Net cash used in operating activities..... | (74,890,119) | (71,153,027) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | |
| Sales taxes received..... | 97,952,515 | 91,961,890 |
| Federal operating assistance received..... | 2,945,079 | 89,791 |
| State operating and other assistance received..... | 991,181 | 962,247 |
| Net cash provided by non-capital financing activities..... | 101,888,775 | 93,013,928 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Federal capital grants received..... | 13,893,189 | 23,213,828 |
| State capital grants received..... | 1,652,507 | 3,127,775 |
| Acquisition and construction of capital assets..... | (29,266,934) | (41,482,165) |
| Proceeds from sale of capital assets..... | 163,002 | 168,568 |
| Net cash used in capital and related financing activities..... | (13,558,236) | (14,971,994) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest received from investments..... | 28,760 | 37,572 |
| Net cash provided by investing activities..... | 28,760 | 37,572 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 13,469,180 | 6,926,479 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR..... | 59,072,523 | 52,146,044 |
| CASH AND CASH EQUIVALENTS, END OF YEAR..... | \$ 72,541,703 | \$ 59,072,523 |

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flow (continued)
Years ended December 31, 2011 and 2010

| | 2011 | 2010 |
|---|------------------------|------------------------|
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES: | | |
| Operating Loss..... | \$ (88,529,606) | \$ (83,922,769) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation..... | 13,332,969 | 12,671,636 |
| Inventory obsolescence reserve adjustments..... | (229,789) | 161,215 |
| Other receipts..... | 931,409 | 872,504 |
| Change in assets and liabilities: | | |
| (Increase) in other receivables..... | (78,889) | (608,574) |
| (Increase) decrease in materials and supplies inventory..... | 135,412 | (348,425) |
| Decrease (increase) in other assets..... | (276,554) | 257,871 |
| (Decrease) in accounts payable, accrued compensation, self-insurance liabilities and other..... | (175,071) | (236,485) |
| Net cash used in operating activities..... | <u>\$ (74,890,119)</u> | <u>\$ (71,153,027)</u> |
| SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY | | |
| Property purchases in accounts payable | <u>\$ 3,957,052</u> | <u>\$ 4,307,213</u> |

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

Years ended December 31, 2011 and 2010

(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 2011 and 2010.

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

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

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

Years ended December 31, 2011 and 2010

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)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

Years ended December 31, 2011 and 2010

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 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)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

Years ended December 31, 2011 and 2010

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)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

Years ended December 31, 2011 and 2010

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, 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 | \$ 3,105,886 | \$ 1,321,388 |
| Vacation & Sick Liability Earned | 3,635,973 | - |
| Vacation & Sick Liability Paid | (3,565,461) | (152,348) |
| Compensated Absences Liability December 31, 2011 | \$ 3,176,398 | \$ 1,169,040 |

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)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

Years ended December 31, 2011 and 2010

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 2011 will be recognized as revenue in 2011. 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.

(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, 2011 and 2010.

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

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

Years ended December 31, 2011 and 2010

(3) Cash and Cash Equivalents (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, 2011, the carrying amount of the Authority's deposits with financial institutions was \$25,881,353 and the bank balance was \$26,369,778. 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, 2011, \$250,000 was covered by Federal Deposit Insurance. The \$26,119,778 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, 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 insurance coverage provided for accounts held at FDIC-insured banks. 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.

Other Deposits

As of December 31, 2011 and 2010, the Authority held equity of \$46,655,699 and \$52,007,494 respectively, in the STAR Ohio investment pool. As of September 2011, Star Ohio has maintained the highest Standard and Poors rating of AAA. This investment has not been categorized based on a custodial risk because it is not a security. The relationship between the Authority and the investment asset is a direct contractual relationship and the investments evidence ownership or creditorship.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years ended December 31, 2011 and 2010

(4) Commitments

The Authority has several active projects as of December 31, 2011. The projects include the construction of a new Paratransit Facility, upgrade of the farebox system, as well as a contractual obligation to purchase heavy duty revenue vehicles. At year-end, the Authority's commitments with contractors are as follows:

| Project | Spent-to Date | Remaining Commitment |
|---------------------------------------|----------------------|-----------------------------|
| Construction of Para-Transit Facility | \$ 15,396,488 | \$ 994,024 |
| CAD/AVL System Replacement | 2,323,103 | 5,529,525 |
| New Transit Buses | 0 | 9,868,836 |
| New Paratransit Buses | 1,394,043 | 1,277,674 |
| Mckinley Lift Replacement | 3,746,019 | 713,528 |
| Farebox Upgrade | 2,056,472 | 293,527 |
| TOTAL | \$ 24,916,125 | \$ 18,677,114 |

(5) Capital Assets

Capital asset activities for the years ended December 31, 2011 and 2010 are as follows:

| | January 1, 2011 | Additions | Disposals | Transfers | December 31, 2011 |
|--|-----------------------|----------------------|---------------------|---------------------|-----------------------|
| Capital Assets Not Being Depreciated: | | | | | |
| Land | \$ 6,890,230 | \$ 39,594 | \$ - | \$ - | \$ 6,929,824 |
| CIP | 22,645,468 | 8,442,928 | - | (27,846,498) | 3,241,898 |
| Total | 29,535,698 | 8,482,522 | \$ - | (27,846,498) | 10,171,722 |
| Capital Assets Being Depreciated: | | | | | |
| Land and leasehold improvements | 8,328,127 | | (327,608) | 426,209 | 8,426,728 |
| Building and improvements | 70,946,221 | 55,271 | (59,329) | 19,851,723 | 90,793,886 |
| Revenue vehicles | 96,592,559 | 16,933,722 | (7,617,650) | 399,808 | 106,308,439 |
| Transit shelter | 1,707,189 | | | 216,456 | 1,923,645 |
| Other equipment | 21,910,530 | 3,445,259 | (3,631,109) | 6,952,302 | 28,676,982 |
| Total | 199,484,626 | 20,434,252 | (11,635,696) | 27,846,498 | 236,129,680 |
| Less Accumulated Depreciation: | | | | | |
| Land and leasehold improvements | (7,295,138) | (148,641) | 305,999 | - | (7,137,780) |
| Building and improvements | (28,396,586) | (3,759,263) | 59,324 | - | (32,096,525) |
| Revenue vehicles | (42,261,533) | (7,388,899) | 7,591,473 | - | (42,058,959) |
| Transit shelter | (716,579) | (220,629) | | - | (937,208) |
| Other equipment | (15,856,077) | (1,815,529) | 3,616,339 | - | (14,055,267) |
| Total | (94,525,913) | (13,332,961) | 11,573,135 | \$ - | (96,285,739) |
| Total Capital Assets Being Depreciated, Net | 104,958,713 | 7,101,291 | (62,561) | 27,846,498 | 139,843,941 |
| Total Capital Assets, Net | \$ 134,494,411 | \$ 15,583,813 | \$ (62,561) | \$ - | \$ 150,015,663 |

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years ended December 31, 2011 and 2010

(5) Capital Assets (continued)

| | 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) | \$ - | \$ 134,494,411 |

(6) Leases

COTA leases certain property and office equipment under operating leases. Rental expense for all operating leases was \$396,365 in 2011 and \$470,605 in 2010. 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, 2011:

| | Commitments under Operating Leases |
|-------------------------------------|---------------------------------------|
| 2012 | \$ 10,679 |
| 2013 | 8,367 |
| 2014 | 5,061 |
| 2015 | 5,264 |
| 2016 | 5,264 |
| Total Minimum Lease Payments | \$34,635 |

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

Years ended December 31, 2011 and 2010

(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, 2011 and 2010, consist of the following:

| | 2011 | 2010 |
|---|---------------|---------------|
| Federal: | | |
| FTA Capital Assistance | \$ 19,358,710 | \$ 24,914,321 |
| FTA Operating Assistance | 2,995,411 | 89,791 |
| Total | \$ 22,354,121 | \$ 25,004,112 |
| State: | | |
| ODOT Elderly and Disabled Fare Assistance | \$ 176,940 | \$ 188,331 |
| ODOT Fuel Tax Reimbursement | 801,093 | 773,916 |
| ODOT Passing Federal Funds | 1,652,506 | 2,853,111 |
| ODOT Capital Assistance | 2,659,848 | 1,607,326 |
| ODOT Operating Assistance | 18,489 | - |
| Total | \$ 5,308,875 | \$ 5,422,684 |

(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 \$299,772 at December 31, 2011, and \$205,571 at December 31, 2010, are included in estimated claims payable in the accompanying balance sheets. At December 31, 2011 and 2010, \$14,996,099 and \$15,014,213, 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 \$671,421 at December 31, 2011, and \$1,012,787 at December 31, 2010 and is included as a liability in the accompanying balance sheet.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years ended December 31, 2011 and 2010

(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, 2011 and 2010 follows:

| | <u>General Liability</u> | <u>Workers' Compensation</u> |
|---|--------------------------|----------------------------------|
| 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 |
| Incurred claims, net of favorable settlements | 405,311 | 419,354 |
| Claims paid | (297,610) | (760,720) |
| Claims liability at December 31, 2011 | <u>\$ 313,272</u> | <u>\$ 671,421</u> |

There were no changes to the above policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding reserves. The amount of general liability and workers' compensation reserve expected to be paid within one year is \$169,522 and \$213,871, 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.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

Years ended December 31, 2011 and 2010

(9) Pension Plan (continued)

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.

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 visiting <http://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, 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 2011 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.0% and 11.6%, respectively.

The 2011 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 18.10% 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.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

Years ended December 31, 2011 and 2010

(9) Pension Plan (continued)

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 2011, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised code. 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 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for th calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. 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, 2011, 2010, and 2009 were approximately \$5,922,000, \$5,638,000, and \$5,389,000 respectively, equal to the required contributions for each year. The Authority's contributions actually made to fund post-employment benefits totaled \$1,692,000 in 2011, \$1,811,000 in 2010, and \$2,259,000 in 2009. 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)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

Years ended December 31, 2011 and 2010

(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, 2011, 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, 2011, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of COTA's management, no material grant expenditures will be disallowed.

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

(11) Fuel Pricing Management Program

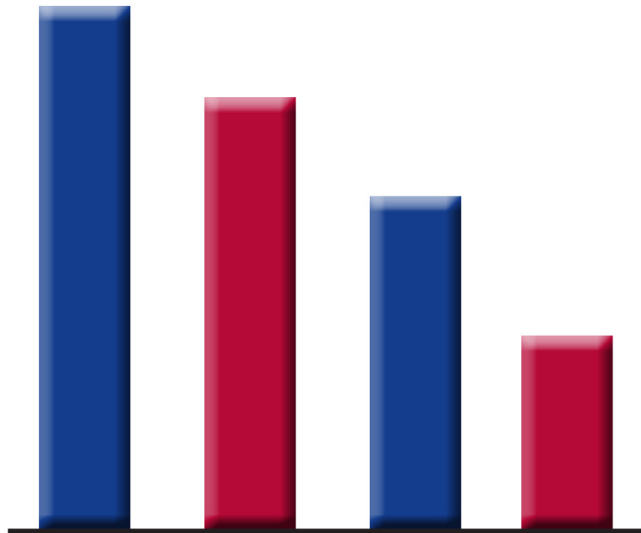
Pursuant to Ohio Revised Code sections 9.835 (A), (B), and section (C) the Central Ohio Transit Authority has established an energy price risk management program to decrease the volatility of diesel fuel cost, and increase the likelihood that actual net fuel costs will remain below the budgeted cost, 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 use of futures, options, options on future, or fixed price delivery contracts. In 2011 and 2010, heating oil #2 futures contracts were utilized. The COTA Board approval limits contracts in-place to a maximum hedge ratio of up to 100% of forecast consumption, up to thirty-six (36) months into the future. The initial value of each contract is zero. The price of diesel fuel purchased is the published Columbus, Ohio OPIS price for the week plus or minus a differential agreed to through a competitive bidding process. The differential to the published Columbus, Ohio OPIS price was \$.0224 and \$.0197 per gallon at December 31, 2011 and 2010, respectively. For the years ending December 31, 2011 and 2010, gains of \$1,620,769 (.54 cents per gallons) and \$202,151 (.07 cents per gallon), respectively, were recognized as a decrease in diesel fuel expense. On December 31, 2011 the open contracts had \$855,677 of unrealized gain. 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, 2011

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>(OVER)/ UNDER VARIANCE</u> |
|--|-----------------------|-----------------------|---------------------------------------|
| OPERATING REVENUES..... | \$ 16,475,834 | \$ 17,907,754 | \$ 1,431,920 |
| OPERATING EXPENSES OTHER THAN DEPRECIATION: | | | |
| Labor..... | 42,426,780 | 37,623,495 | 4,803,285 |
| Fringe benefits..... | 21,026,117 | 24,301,800 | (3,275,683) |
| Materials and supplies..... | 13,285,565 | 13,884,864 | (599,299) |
| Purchased transportation..... | 6,799,760 | 6,533,243 | 266,517 |
| Services..... | 7,237,544 | 6,522,447 | 715,097 |
| Utilities..... | 1,991,843 | 1,936,699 | 55,144 |
| Taxes..... | 959,548 | 936,779 | 22,769 |
| Leases and rentals..... | 285,188 | 283,692 | 1,496 |
| Claims and insurance, net of settlements..... | 254,423 | 337,621 | (83,198) |
| Advertising..... | 180,694 | 180,254 | 440 |
| Miscellaneous..... | 608,179 | 563,497 | 44,682 |
| Total..... | <u>95,055,641</u> | <u>93,104,391</u> | <u>1,951,250</u> |
| DEPRECIATION..... | <u>14,500,000</u> | <u>13,332,969</u> | <u>1,167,031</u> |
| Total operating expenses..... | <u>109,555,641</u> | <u>106,437,360</u> | <u>3,118,281</u> |
| OPERATING LOSS..... | <u>(93,079,807)</u> | <u>(88,529,606)</u> | <u>4,550,201</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | |
| Sales tax revenues..... | 93,868,805 | 98,993,307 | 5,124,502 |
| Federal operating grant..... | 3,248,580 | 2,995,411 | (253,169) |
| State operating grants, reimbursements and special fare assistance..... | 996,417 | 996,521 | 104 |
| Investment income..... | | 28,760 | 28,760 |
| Nontransportation and other revenues..... | 838,314 | 1,088,266 | 249,952 |
| Loss on sale of fixed assets..... | | (56,407) | (56,407) |
| Total..... | <u>98,952,116</u> | <u>104,045,858</u> | <u>5,093,742</u> |
| Loss before capital grants..... | 5,872,309 | 15,516,252 | 9,643,943 |
| CAPITAL GRANT REVENUE: | | | |
| Federal..... | 29,234,204 | 19,358,710 | (9,875,494) |
| State..... | - | 2,659,848 | 2,659,848 |
| Total..... | <u>29,234,204</u> | <u>22,018,558</u> | <u>(7,215,646)</u> |
| CHANGE IN NET ASSETS..... | <u>35,106,513</u> | <u>37,534,810</u> | <u>2,428,297</u> |
| NET ASSETS, BEGINNING OF YEAR..... | <u>213,690,575</u> | <u>213,690,575</u> | <u>-</u> |
| NET ASSETS, END OF YEAR..... | <u>\$ 248,797,088</u> | <u>\$ 251,225,385</u> | <u>\$ 2,428,297</u> |

See accompanying Independent Auditors' report.



Statistics 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

P45-53

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

Debt Capacity

P54-57

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

Economic and Demographic Information

P58-60

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

P61-65

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

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

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| NET ASSETS/FUND BALANCES | | | | | | | | | | |
| Invested in Capital Assets | \$ 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 | \$ 150,015,663 |
| Restricted for Capital Assets | 149,287 | 437,146 | 536,110 | 649,631 | - | - | - | - | - | - |
| Unrestricted | 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 | 101,209,722 |
| TOTAL NET ASSETS/FUND BALANCES | \$ 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 | \$ 251,225,385 |

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)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|-------------------|-------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| OPERATING REVENUES: | | | | | | | | | | |
| Passenger fares for transit service | \$ 12,773 | \$ 12,013 | \$ 11,421 | \$ 11,405 | \$ 12,817 | \$ 12,666 | \$ 13,492 | \$ 13,272 | \$ 15,402 | \$ 17,225 |
| Special transit fares | 291 | 374 | 347 | 326 | 360 | 391 | 486 | 535 | 656 | 671 |
| Charter service revenue | 18 | 23 | 34 | 12 | - | - | - | - | - | - |
| Auxiliary transportation revenue | 730 | 568 | 515 | 372 | 243 | 238 | 64 | - | 21 | 12 |
| Total operating revenues | 13,812 | 12,978 | 12,317 | 12,115 | 13,420 | 13,295 | 14,042 | 13,807 | 16,079 | 17,908 |
| OPERATING EXPENSES OTHER THAN DEPRECIATION | | | | | | | | | | |
| Labor | 32,590 | 32,752 | 32,053 | 31,829 | 27,522 | 28,498 | 30,080 | 33,463 | 35,676 | 37,623 |
| Fringe Benefits | 18,769 | 19,934 | 20,776 | 21,156 | 18,476 | 18,334 | 18,930 | 21,490 | 23,384 | 24,302 |
| Services | 3,765 | 3,808 | 3,952 | 3,722 | 3,738 | 4,096 | 4,887 | 5,723 | 6,118 | 6,522 |
| Materials and Supplies | 3,364 | 4,177 | 3,869 | 4,224 | 4,319 | 4,759 | 5,142 | 5,515 | 5,857 | 6,297 |
| Fuel | 2,119 | 2,478 | 2,990 | 4,364 | 4,917 | 5,326 | 9,041 | 4,979 | 6,354 | 7,588 |
| Utilities | 1,173 | 1,337 | 1,307 | 1,571 | 1,436 | 1,502 | 1,711 | 1,727 | 1,894 | 1,937 |
| Claims and Insurance | 337 | 390 | 275 | 595 | 1,118 | 675 | 509 | 348 | (84) | 338 |
| Taxes | 621 | 654 | 692 | 743 | 727 | 766 | 817 | 900 | 960 | 937 |
| Purchased transportation | 3,877 | 4,257 | 4,411 | 4,531 | 4,608 | 5,016 | 6,071 | 6,053 | 6,061 | 6,533 |
| Leases and rentals | 558 | 523 | 517 | 570 | 359 | 209 | 223 | 351 | 341 | 284 |
| Miscellaneous | 677 | 781 | 624 | 508 | 471 | 586 | 940 | 833 | 769 | 743 |
| Total | 67,850 | 71,091 | 71,466 | 73,813 | 67,691 | 69,767 | 78,351 | 81,382 | 87,330 | 93,104 |
| Depreciation | 13,644 | 10,939 | 9,860 | 9,114 | 8,565 | 8,227 | 7,938 | 13,877 | 12,672 | 13,333 |
| Total operating expenses | 81,494 | 82,030 | 81,326 | 82,927 | 76,256 | 77,994 | 86,289 | 95,259 | 100,002 | 106,437 |
| OPERATING LOSS | (67,682) | (69,052) | (69,009) | (70,812) | (62,836) | (64,699) | (72,247) | (81,452) | (83,923) | (88,529) |
| NON-OPERATING REVENUES(EXPENSES) | | | | | | | | | | |
| Sales Tax Revenues | 41,245 | 43,774 | 44,985 | 44,821 | 47,007 | 47,616 | 92,495 | 88,095 | 93,437 | 98,993 |
| Federal operating grants and reimbursements | 12,400 | 10,874 | 10,688 | 11,056 | 10,867 | 11,480 | - | - | 90 | 2,995 |
| State operating grants, reimbursements and special fare assistance | 860 | 722 | 942 | 1,185 | 1,456 | 1,416 | 1,488 | 1,409 | 962 | 966 |
| Investment income | 900 | 423 | 293 | 650 | 1,008 | 1,177 | 699 | 87 | 38 | 29 |
| Nontransportation and other revenue | 1,184 | 440 | 402 | 538 | 549 | 748 | 650 | 1,041 | 987 | 1,088 |
| Loss on sale of capital assets | - | - | - | - | - | - | (107) | (1,157) | (650) | (56) |
| Total non-operating revenues(expenses) | 56,589 | 56,233 | 57,310 | 58,250 | 60,887 | 62,437 | 95,225 | 89,475 | 94,864 | 104,045 |
| Gain(Loss) before capital grants and special item | (11,093) | (12,819) | (11,699) | (12,562) | (1,949) | (2,262) | 22,978 | 8,023 | 10,941 | 15,516 |
| CAPITAL GRANT REVENUES | | | | | | | | | | |
| Federal | 3,125 | 6,399 | 8,323 | 6,302 | 3,215 | 7,924 | 12,753 | 27,492 | 24,914 | 19,359 |
| State | 351 | 2,275 | 2,690 | 2,783 | 1,608 | 2,136 | 999 | 1,313 | 4,461 | 2,660 |
| Other | - | - | - | - | 7 | - | - | - | - | - |
| Donated Capital | - | - | 367 | - | - | - | - | - | - | - |
| Total | 3,476 | 8,674 | 11,380 | 9,085 | 4,830 | 10,060 | 13,752 | 28,805 | 29,375 | 22,019 |
| 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 | (7,617) | (4,145) | (2,123) | (5,870) | (15,255) | 6,851 | 36,730 | 36,828 | 40,316 | 37,535 |
| NET ASSETS, BEGINNING OF YEAR | 127,977 | 120,359 | 116,214 | 114,091 | 108,221 | 92,966 | 99,817 | 136,547 | 173,375 | 213,691 |
| NET ASSETS, END OF YEAR | \$ 120,360 | \$ 116,214 | \$ 114,091 | \$ 108,221 | \$ 92,966 | \$ 99,817 | \$ 136,547 | \$ 173,375 | \$ 213,691 | \$ 251,226 |

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)

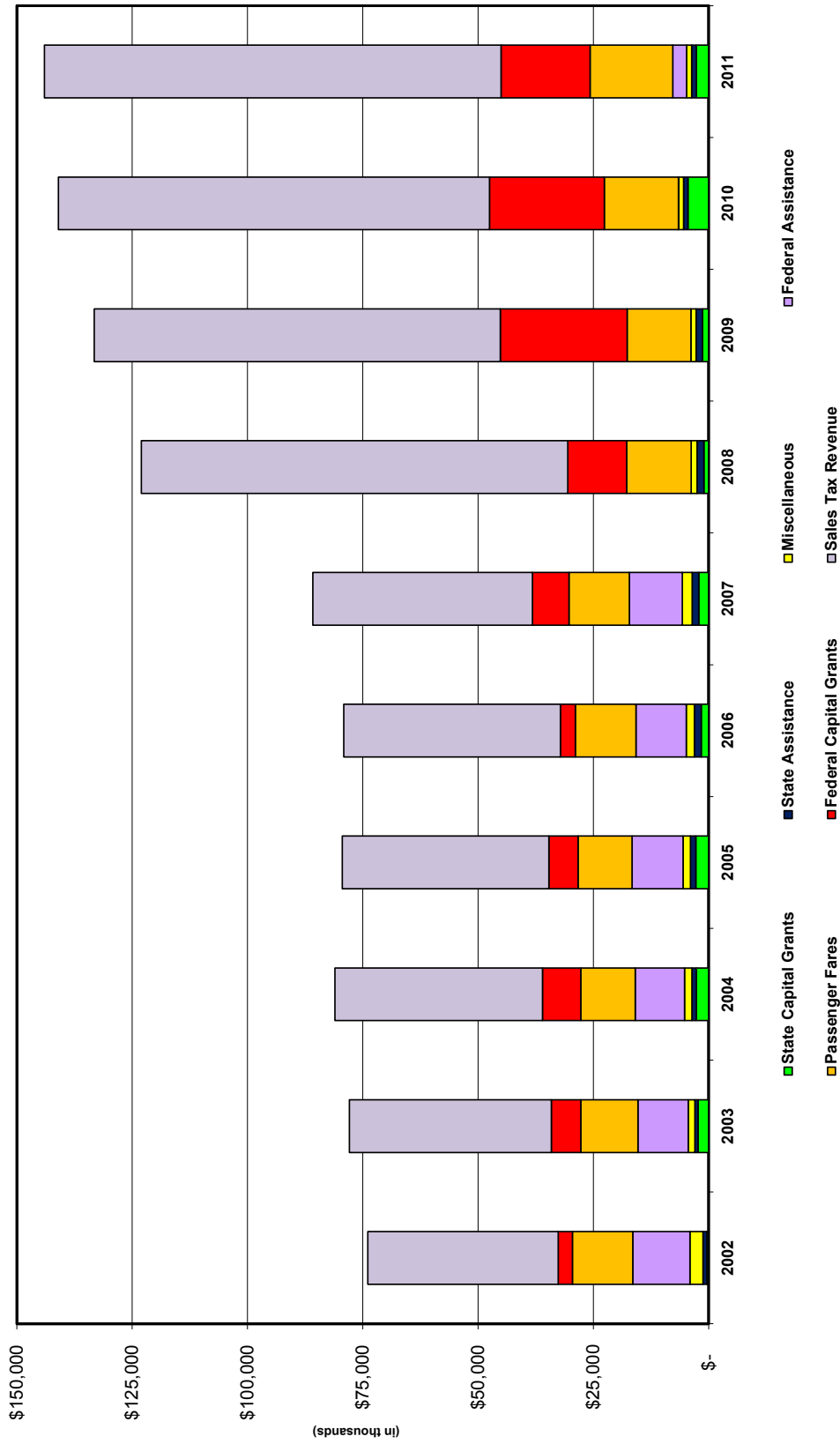
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| OPERATING REVENUES: | | | | | | | | | | |
| Passenger fares for transit service | \$ 12,773 | \$ 12,013 | \$ 11,421 | \$ 11,405 | \$ 12,817 | \$ 12,666 | \$ 13,492 | \$ 13,272 | \$ 15,402 | \$ 17,225 |
| Special transit fares | 291 | 374 | 347 | 326 | 360 | 391 | 486 | 535 | 656 | 671 |
| Charter service revenue | 18 | 23 | 34 | 12 | - | - | - | - | - | - |
| Auxiliary transportation revenue | 730 | 568 | 515 | 372 | 243 | 238 | 64 | - | 21 | 12 |
| Total operating revenues | <u>13,812</u> | <u>12,978</u> | <u>12,317</u> | <u>12,115</u> | <u>13,420</u> | <u>13,295</u> | <u>14,042</u> | <u>13,807</u> | <u>16,079</u> | <u>17,908</u> |
| NON-OPERATING REVENUES: | | | | | | | | | | |
| Sales tax revenues | 41,245 | 43,774 | 44,985 | 44,821 | 47,007 | 47,616 | 92,495 | 88,095 | 93,437 | 98,993 |
| Federal operating grants and reimbursements | 12,400 | 10,874 | 10,688 | 11,056 | 10,867 | 11,480 | - | - | 90 | 2,995 |
| State operating grants, reimbursements and special fare assistance | 860 | 722 | 942 | 1,185 | 1,456 | 1,416 | 1,488 | 1,409 | 962 | 996 |
| Investment income | 900 | 423 | 293 | 650 | 1,008 | 1,177 | 699 | 87 | 38 | 29 |
| Nontransportation and other revenues | 1,184 | 440 | 402 | 538 | 549 | 748 | 650 | 1,041 | 987 | 1,088 |
| Total nonoperating revenues before capital gifts and grants | <u>56,589</u> | <u>56,233</u> | <u>57,310</u> | <u>58,250</u> | <u>60,887</u> | <u>62,437</u> | <u>95,332</u> | <u>90,632</u> | <u>95,514</u> | <u>104,101</u> |
| Capital gifts and grants: | | | | | | | | | | |
| Federal capital grants | 3,125 | 6,399 | 8,323 | 6,302 | 3,215 | 7,924 | 12,753 | 27,492 | 24,914 | 19,359 |
| State and other capital grants | 351 | 2,275 | 2,690 | 2,783 | 1,615 | 2,137 | 999 | 1,313 | 4,461 | 2,660 |
| Donated capital | - | - | 367 | - | - | - | - | - | - | - |
| Total non-operating revenues | <u>60,065</u> | <u>64,907</u> | <u>68,690</u> | <u>67,335</u> | <u>65,717</u> | <u>72,498</u> | <u>109,084</u> | <u>119,437</u> | <u>124,889</u> | <u>126,120</u> |
| TOTAL REVENUES | \$ 73,877 | \$ 77,885 | \$ 81,007 | \$ 79,450 | \$ 79,137 | \$ 85,793 | \$ 123,126 | \$ 133,244 | \$ 140,968 | \$ 144,028 |

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



**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

| <u>YEAR</u> | <u>PASSENGER</u> | <u>OTHER</u> | <u>TOTAL</u> | <u>STATE & LOCAL</u> | <u>FEDERAL</u> | <u>TOTAL</u> | <u>TOTAL ALL REVENUES</u> |
|-------------|------------------|--------------|--------------|------------------------------|----------------|--------------|-------------------------------|
| 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 | 44.0 | 47.8 | 8.2 | 56.0 | 100.0 |
| 2010 | * | * | * | * | * | * | * |
| 2011 | * | * | * | * | * | * | * |

CENTRAL OHIO TRANSIT AUTHORITY (2)

OPERATING AND OTHER REVENUE

OPERATING ASSISTANCE

| <u>YEAR</u> | <u>PASSENGER</u> | <u>OTHER</u> | <u>TOTAL</u> | <u>STATE & LOCAL</u> | <u>FEDERAL</u> | <u>TOTAL</u> | <u>TOTAL ALL REVENUES</u> |
|-------------|------------------|--------------|--------------|------------------------------|----------------|--------------|-------------------------------|
| 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 |
| 2011 | 12.4 | 16.0 | 28.4 | 69.4 | 2.1 | 71.6 | 100.0 |

* Information not available

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

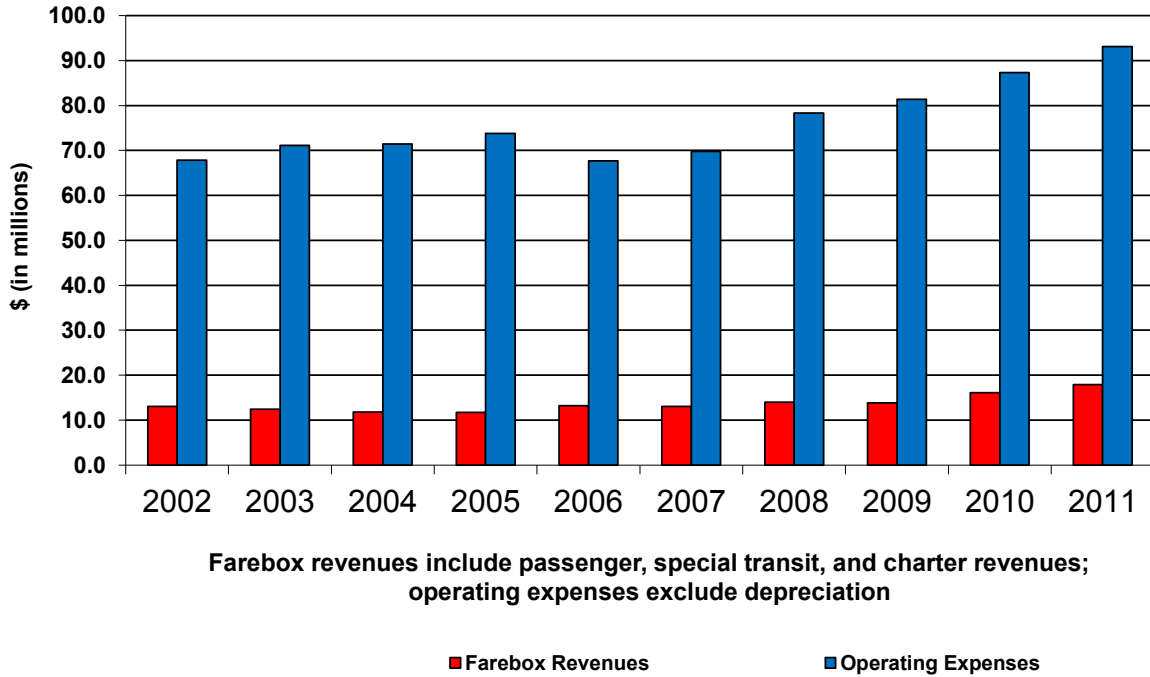
(2) Percentages are derived from the Authority's independently audited annual financial statements.

(3) 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

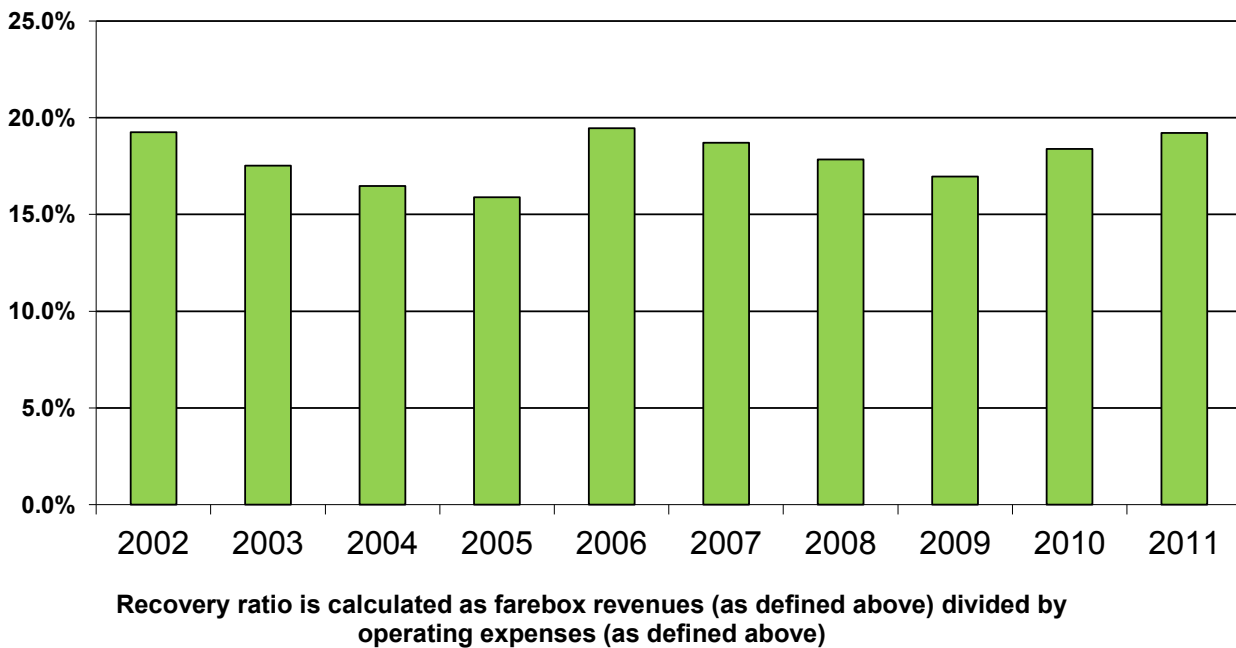
CENTRAL OHIO TRANSIT AUTHORITY

Farebox Revenues vs. Operating Expenses
Last Ten Fiscal Years



CENTRAL OHIO TRANSIT AUTHORITY

Farebox Recovery Ratio
Last Ten Fiscal Years



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

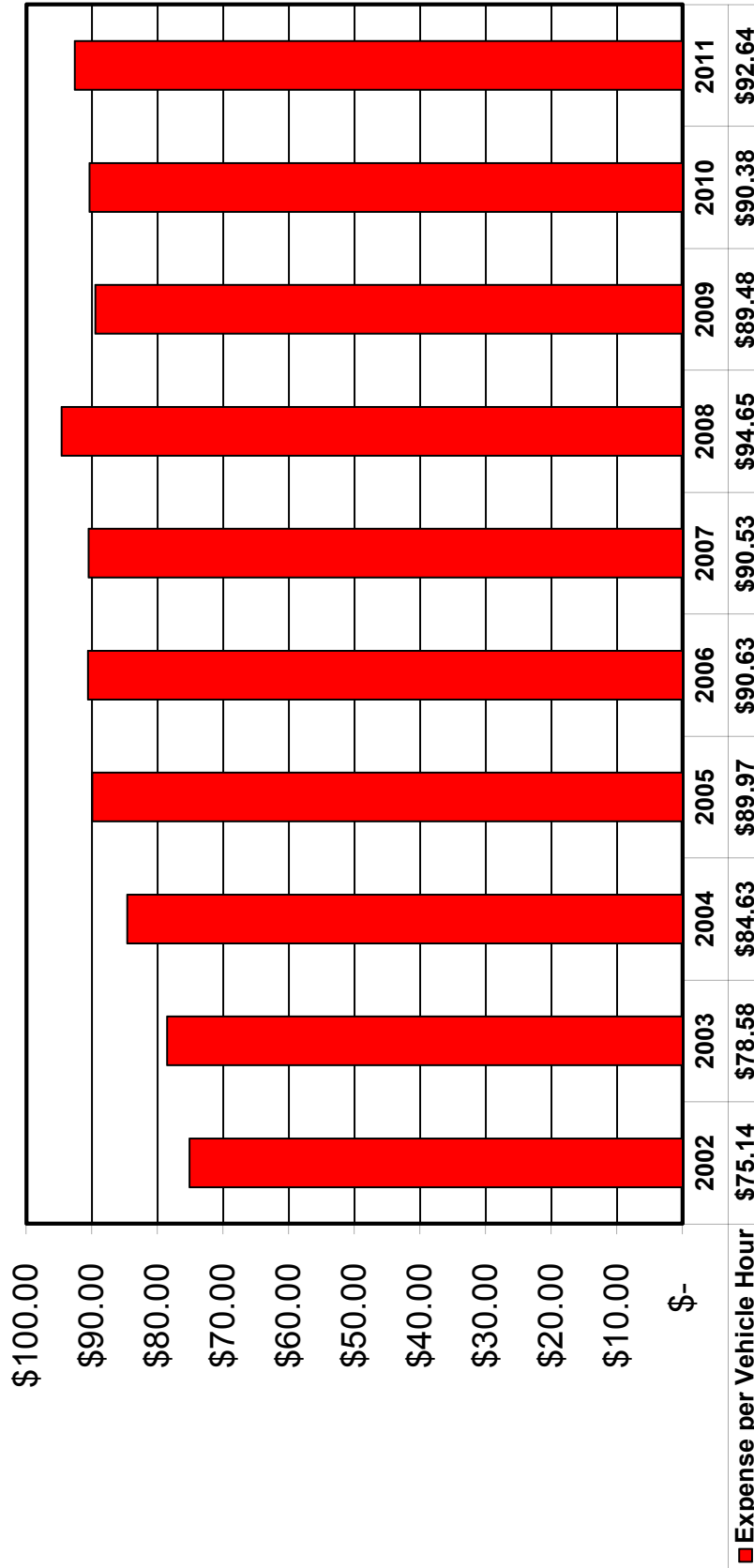
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| OPERATING EXPENSES | | | | | | | | | | |
| OTHER THAN DEPRECIATION: | | | | | | | | | | |
| Labor | \$ 32,590 | \$ 32,752 | \$ 32,053 | \$ 31,829 | \$ 27,522 | \$ 28,498 | \$ 30,080 | \$ 33,463 | \$ 35,676 | \$ 37,623 |
| Fringe benefits | 18,769 | 19,934 | 20,776 | 21,156 | 18,476 | 18,334 | 18,930 | 21,490 | 23,384 | 24,302 |
| Services | 3,765 | 3,808 | 3,952 | 3,722 | 3,738 | 4,096 | 4,887 | 5,723 | 6,118 | 6,522 |
| Materials and supplies | 3,364 | 4,177 | 3,869 | 4,224 | 4,319 | 4,759 | 9,041 | 5,515 | 5,857 | 6,297 |
| Fuel | 2,119 | 2,478 | 2,990 | 4,364 | 4,917 | 5,326 | 5,142 | 4,979 | 6,354 | 7,588 |
| Utilities | 1,173 | 1,337 | 1,307 | 1,571 | 1,436 | 1,502 | 1,711 | 1,727 | 1,894 | 1,937 |
| Claims and insurance | 337 | 390 | 275 | 595 | 1,118 | 675 | 509 | 348 | (84) | 338 |
| Taxes | 621 | 654 | 692 | 743 | 727 | 766 | 817 | 900 | 960 | 937 |
| Purchased transportation | 3,877 | 4,257 | 4,411 | 4,531 | 4,608 | 5,016 | 6,071 | 6,053 | 6,061 | 6,533 |
| Leases and rentals | 558 | 523 | 517 | 570 | 359 | 209 | 223 | 351 | 341 | 284 |
| Miscellaneous | 677 | 781 | 624 | 508 | 471 | 586 | 940 | 833 | 769 | 743 |
| Total | 67,850 | 71,091 | 71,466 | 73,813 | 67,691 | 69,767 | 78,351 | 81,382 | 87,330 | 93,104 |
| DEPRECIATION | 13,644 | 10,939 | 9,860 | 9,114 | 8,565 | 8,227 | 7,938 | 13,877 | 12,672 | 13,333 |
| Total operating expenses | 81,494 | 82,030 | 81,326 | 82,927 | 76,256 | 77,994 | 86,289 | 95,259 | 100,002 | 106,437 |
| NONOPERATING EXPENSES: | | | | | | | | | | |
| Loss on sale of fixed assets | - | - | - | - | - | - | - | 1,157 | 650 | 56 |
| TOTAL EXPENSES | \$ 81,494 | \$ 82,030 | \$ 81,326 | \$ 82,927 | \$ 76,256 | \$ 77,994 | \$ 86,289 | \$ 96,416 | \$ 100,652 | \$ 106,493 |

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



Operating expenses exclude depreciation

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

TRANSPORTATION INDUSTRY ⁽¹⁾

| <u>YEAR</u> | <u>LABOR AND FRINGES</u> | <u>SERVICES</u> | <u>MATERIALS AND SUPPLIES</u> | <u>UTILITIES</u> | <u>CLAIMS AND INSURANCE</u> | <u>PURCHASED TRANS-PORTATION</u> | <u>OTHER</u> | <u>TOTAL OPERATING EXPENSES</u> |
|-------------|--------------------------|-----------------|-------------------------------|------------------|-----------------------------|----------------------------------|--------------|---------------------------------|
| 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% |
| 2011 | * | * | * | * | * | * | * | 0.0% |

CENTRAL OHIO TRANSIT AUTHORITY ⁽²⁾

| <u>YEAR</u> | <u>LABOR AND FRINGES</u> | <u>SERVICES</u> | <u>MATERIALS AND SUPPLIES</u> | <u>UTILITIES</u> | <u>CLAIMS AND INSURANCE</u> | <u>PURCHASED TRANS-PORTATION</u> | <u>OTHER</u> | <u>TOTAL OPERATING EXPENSES ⁽³⁾</u> |
|-------------|--------------------------|-----------------|-------------------------------|------------------|-----------------------------|----------------------------------|--------------|--|
| 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% |
| 2011 | 66.6% | 7.0% | 14.9% | 2.1% | 0.5% | 7.0% | 1.9% | 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, 2011
(IN THOUSANDS)**

CALCULATION OF LEGAL OVERALL DEBT MARGIN:

| | |
|---|---------------|
| Total assessed property valuation of Authority (2011 tax year valuation) (1) | \$ 27,147,359 |
| Multiplied by: Legal overall debt limitation (%) | 5.00% |
| Equals: Total legal voted and unvoted debt limitation | \$ 1,357,368 |
| 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) | \$ 1,357,368 |

CALCULATION OF LEGAL UNVOTED DEBT MARGIN:

| | |
|---|---------------|
| Total assessed property valuation of Authority (2011 tax year valuation) (1) | \$ 27,147,359 |
| Multiplied by: Legal unvoted debt limitation (%) | 0.10% |
| Equals: Legal unvoted debt limitation | \$ 27,147 |
| 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)..... | \$ 27,147 |

Sources

- (1) Franklin County Auditor's Office
- (2) The Authority's independently audited annual financial statements

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

| <u>YEAR</u> | <u>POPULATION</u> (1) | <u>ASSESSED VALUE</u> (2) | <u>GENERAL BONDED DEBT</u> (3) | <u>RATIO OF BONDED DEBT TO ASSESSED VALUE</u> | <u>BONDED DEBT PER CAPITA</u> |
|-------------|--------------------------|------------------------------|-----------------------------------|---|-------------------------------|
| 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 |
| 2011 | * | \$ 27,147,358,600 | \$ - | 0.00% | \$0.00 |

* Information not available

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

| <u>YEAR</u> | <u>REVENUES</u> (1) | <u>CAPITAL GRANTS</u> | <u>EXPENSES</u> (2) | <u>NET REVENUE OVER EXPENSES AVAILABLE FOR DEBT SERVICE</u> | <u>DEBT SERVICE REQUIREMENTS</u> (3) | | | <u>DEBT COVERAGE RATIO</u> |
|-------------|---------------------|-----------------------|---------------------|---|--------------------------------------|-----------------|--------------|----------------------------|
| | | | | | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> | |
| 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) | \$ - | \$ - | \$ - | N/A |
| 2005 | \$79,449,605 | \$9,085,249 | \$73,812,721 | (\$3,448,365) | \$ - | \$ - | \$ - | 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 |
| 2011 | \$144,028,577 | \$22,018,558 | \$83,104,391 | \$28,905,628 | \$ - | \$ - | \$ - | 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, 2011

| | |
|--|------------------|
| Franklin County Total Value | \$26,303,008,950 |
| Licking County (City of Reynoldsburg) | \$175,991,880 |
| Delaware County (Westerville & Columbus) | \$509,890,250 |
| Fairfield County (Columbus and Reynoldsburg) | \$158,467,520 |

***Assessed Value for COTA = \$ 27,147,358,600**

* 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 | 248,940,000 | 100.00% | 248,940,000 |
| Cities wholly within COTA | 1,388,539,948 | 100.00% | 1,388,539,948 |
| Cities with Overlapping: | | | |
| City of Dublin | 15,765,000 | 84.91% | 13,386,062 |
| City of Pickerington | 8,844,000 | 0.41% | 36,260 |
| Villages wholly within COTA | 1,500,000 | 100.00% | 1,500,000 |
| Villages with Overlapping: | | | |
| Village of Canal Winchester | 2,381,353 | 87.39% | 2,081,064 |
| Townships wholly within COTA | 7,860,652 | 100.00% | 7,860,652 |
| Townships with Overlapping: | | | |
| Washington Township | 1,754,999 | 85.22% | 1,495,610 |
| School Districts wholly within COTA | 771,653,365 | 100.00% | 771,653,365 |
| School Districts with Overlapping: | | | |
| Canal Winchester Local S.D. | 60,873,346 | 73.19% | 44,553,202 |
| Dublin City S.D. | 168,425,858 | 80.30% | 135,245,964 |
| Hilliard City S.D. | 148,960,333 | 99.99% | 148,945,437 |
| Licking Heights Local S.D. | 52,749,017 | 48.75% | 25,715,146 |
| Olentangy Local S.D. | 340,842,246 | 0.06% | 204,505 |
| Pickerington Local S.D. | 133,357,510 | 1.50% | 2,000,363 |
| Plain Local S.D. | 71,946,408 | 99.99% | 71,939,213 |
| South-Western City S.D. | 76,726,659 | 99.82% | 76,588,551 |
| Teays Valley Local S.D. | 36,524,988 | 0.07% | 25,567 |
| Westerville City S.D. | 86,650,000 | 63.97% | 55,430,005 |
| Delaware County Joint Vocational S.D. | 16,666 | 0.04% | 7 |
| Eastland Joint Vocational S.D. | 150,000 | 59.16% | 88,740 |
| Licking County Joint Vocational S.D. | 25,349,991 | 6.62% | 1,678,169 |
| Special District with Overlapping: | | | |
| Delaware County District Library | 8,220,000 | 0.04% | 3,288 |
| New Albany/Plain Jnt Park District | 12,875,000 | 99.99% | 12,873,713 |
| Total | | | <u>\$ 3,010,784,832</u> |

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. TY2011/CY2012 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

| <u>YEAR</u> | <u>POPULATION</u> | <u>PER CAPITA INCOME</u> | <u>MEDIAN AGE</u> | <u>K - 12 SCHOOL ENROLLMENT</u> | <u>UNEMPLOYMENT RATE</u> |
|-------------|-------------------|--------------------------|-------------------|---------------------------------|--------------------------|
| | (1) | (2) | (3) | (4) | (5) |
| 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 | \$38,170 | 33.4 | 208,698 | 9.6% |
| 2011 | * | * | * | * | 8.1% |

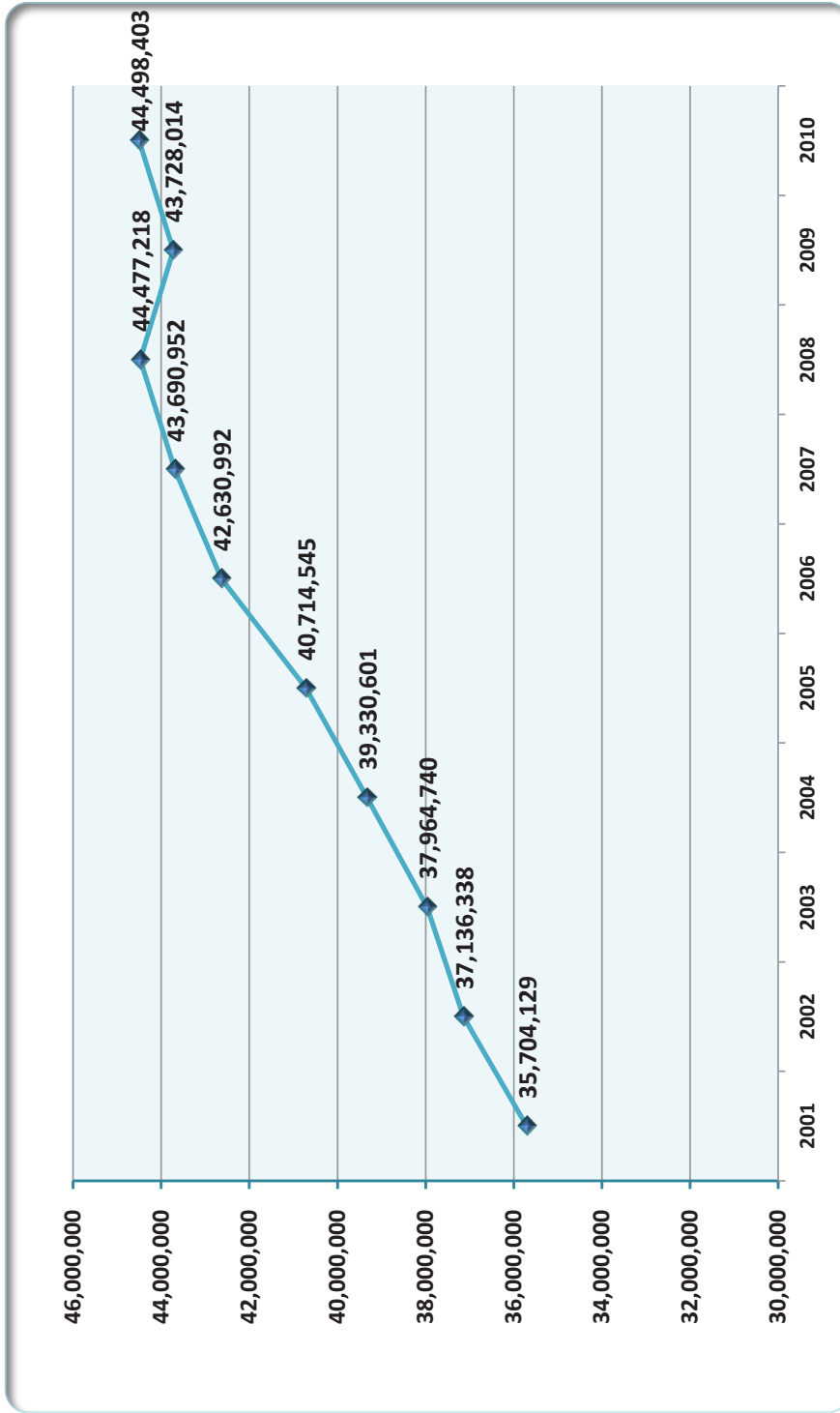
Note: All information presented is for Franklin County

* 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
2001-2010**
(in thousands)



Source: U.S. Bureau of Economic Analysis

CENTRAL OHIO TRANSIT AUTHORITY
LARGEST EMPLOYERS
RANKED BY NUMBER OF CENTRAL OHIO EMPLOYEES

| | Company/organization | Description of Business | Local full-time employment | | |
|----|--|--|----------------------------|---------|---------|
| | | | 2011 | 2001 | |
| | | | % of total workforce | | |
| 1 | Ohio State University * | State University, health care facilities | 2.94% | 26,778 | 22,430 |
| 2 | State of Ohio* | State government | 2.93% | 26,728 | 26,985 |
| 3 | JP Morgan Chase Bank | Financial services | 1.98% | 18,000 | 9,251 |
| 4 | OhioHealth* | Health system | 1.45% | 13,217 | 8,464 |
| 5 | Nationwide Mutual Insurance Co.* | Insurance and financial services | 1.28% | 11,668 | 11,262 |
| 6 | Columbus City Schools* | School district | 1.07% | 9,766 | 8,724 |
| 6 | Kroger Co. | Grocery retail | 1.07% | 9,766 | 4,942 |
| 8 | City of Columbus* | Municipal government | 0.94% | 8,592 | 8,039 |
| 9 | Nationwide Children's Hospital * | Health system | 0.87% | 7,904 | 2,291 |
| 10 | McDonald's Corp. | Fast-food restaurants | 0.84% | 7,622 | - |
| 11 | Mount Carmel Health System* | Health system | 0.84% | 7,620 | 4,529 |
| 12 | Limited Brands Inc. * | Specialty retailer | 0.80% | 7,300 | 7,200 |
| 13 | Honda of America Manufacturing Inc. | Auto manufacturer | 0.77% | 7,000 | 6,500 |
| 14 | Franklin County * | County government | 0.75% | 6,851 | 6,000 |
| 15 | Huntington Bancshares Inc.* | Financial services | 0.55% | 5,024 | 3,557 |
| 16 | Giant Eagle Inc. | Health Care/Wholesale Trade | 0.50% | 4,600 | - |
| 17 | Cardinal Health Inc.* | Retail Trade | 0.46% | 4,222 | 1,569 |
| 18 | Abercrombie & Fitch Co. * | Specialty retailer | 0.40% | 3,662 | - |
| 19 | DLA Land and Maritime | Defense logistics agency | 0.39% | 3,600 | 2,250 |
| 20 | American Electric Power Company, Inc.* | Electric utility company | 0.39% | 3,511 | 1,400 |
| 21 | Target Corp. | Retailer | 0.30% | 2,744 | 5,600 |
| 22 | Columbus State Community College* | Community college | 0.30% | 2,740 | 3,237 |
| 23 | Battelle* | Research and development organization | 0.29% | 2,629 | 2,171 |
| 24 | South-Western City Schools* | School district | 0.27% | 2,474 | - |
| 25 | Alliance Data Systems Corp. | Marketing, credit and transaction services | 0.24% | 2,154 | 2,170 |
| | Other Employers | | 77.37% | 704,828 | 771,329 |

* Headquartered locally

Source: Columbus Business First
Ohio Department of Job and Family Services, Ohio Labor Market Information

CENTRAL OHIO TRANSIT AUTHORITY Fare Rate Structure December 31, 2011

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

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| SYSTEM RIDERSHIP | | | | | | | | | | |
| Motor bus..... | 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 | 18,764,047 |
| Demand responsive..... | 144,149 | 159,047 | 159,044 | 164,167 | 168,899 | 182,181 | 216,489 | 237,949 | 238,290 | 259,883 |
| AVERAGE WEEKDAY | | | | | | | | | | |
| SYSTEM RIDERSHIP | | | | | | | | | | |
| Motor bus..... | 55,388 | 53,564 | 49,524 | 50,035 | 50,649 | 50,337 | 56,181 | 58,779 | 57,340 | 63,065 |
| Demand responsive..... | 491 | 545 | 533 | 556 | 559 | 591 | 709 | 779 | 782 | 858 |
| VEHICLE MILES OPERATED | | | | | | | | | | |
| Motor bus..... | 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 | 11,518,844 |
| Demand responsive..... | 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 | 3,429,996 |
| AVERAGE WEEKDAY | | | | | | | | | | |
| VEHICLE MILES OPERATED | | | | | | | | | | |
| Motor bus..... | 36,773 | 35,334 | 33,560 | 32,819 | 29,465 | 30,085 | 32,134 | 35,331 | 36,911 | 38,551 |
| Demand responsive..... | 7,827 | 8,211 | 7,938 | 8,452 | 8,001 | 8,229 | 9,523 | 10,973 | 11,550 | 11,388 |
| REVENUE MILES | | | | | | | | | | |
| Motor bus..... | 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 | 9,388,064 |
| Demand responsive..... | 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 | 3,003,424 |
| PASSENGER MILES | | | | | | | | | | |
| Motor bus..... | 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 | 70,704,654 |
| Demand responsive..... | 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 | 2,571,127 |

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

(continued on next page)

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

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| VEHICLE HOURS OPERATED (1) | | | | | | | | | | |
| Motor bus..... | 776,011 | 759,778 | 714,525 | 692,438 | 623,987 | 635,828 | 678,302 | 753,377 | 801,137 | 835,880 |
| Demand responsive..... | 127,016 | 136,795 | 129,909 | 127,981 | 124,675 | 134,796 | 149,480 | 156,103 | 165,099 | 169,102 |
| VEHICLE REVENUE HOURS (1) | | | | | | | | | | |
| Motor bus..... | 704,603 | 691,262 | 649,005 | 628,815 | 566,343 | 577,336 | 615,332 | 685,030 | 732,886 | 766,606 |
| Demand responsive..... | 103,217 | 112,263 | 110,153 | 109,141 | 106,225 | 116,211 | 133,899 | 138,847 | 142,958 | 151,416 |
| DIESEL & BIODIESEL FUEL USAGE (IN GALLONS)(1) | 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 | 2,979,458 |
| FLEET REQUIREMENTS (DURING PEAK HOURS) (1) | | | | | | | | | | |
| Motor bus..... | 250 | 247 | 230 | 228 | 195 | 195 | 219 | 235 | 241 | 247 |
| Demand responsive..... | 38 | 43 | 43 | 47 | 46 | 46 | 58 | 56 | 56 | 64 |
| TOTAL REVENUE VEHICLES DURING PERIOD (1) | | | | | | | | | | |
| Motor bus..... | 299 | 308 | 276 | 274 | 234 | 234 | 268 | 292 | 306 | 296 |
| Demand responsive..... | 43 | 58 | 58 | 57 | 55 | 60 | 62 | 66 | 65 | 72 |
| NUMBER OF EMPLOYEES(1) | 775 | 757 | 722 | 690 | 616 | 669 | 699 | 782 | 793 | 853 |

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 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| VEHICLE OPERATIONS | 494 | 488 | 469 | 451 | 394 | 450 | 486 | 531 | 532 | 577 |
| VEHICLE MAINTENANCE | 128 | 125 | 114 | 112 | 102 | 101 | 99 | 116 | 114 | 123 |
| NON-VEHICLE MAINTENANCE | 35 | 36 | 40 | 38 | 30 | 25 | 27 | 33 | 37 | 36 |
| GENERAL ADMINISTRATION | 118 | 98 | 99 | 89 | 90 | 93 | 87 | 102 | 110 | 117 |
| TOTAL LABOR | 775 | 747 | 722 | 690 | 616 | 669 | 699 | 782 | 793 | 853 |

CENTRAL OHIO TRANSIT AUTHORITY
Miscellaneous Statistics
For the Year ended December 31, 2011

| | |
|---|---|
| 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 | 1084.48 |
| Number of routes | 67 |
| Number of bus stop locations | 4,038 |
| Number of bus stop passenger shelters | 374 |
| Number of Park-and-Ride facilities | 29 |
| Parking capacity, all Park-and-Ride facilities | 2,295 |
| Number of active fleet buses | 296 |
| Average bus vehicle age | 5 |
| Average fixed-route system speed | 13.78 miles per hour |
| Average fixed-route system fuel economy | 4.31 |
| Number of customer information calls received | 2,043,705 |



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 07, 2012**