

**CENTRAL OHIO TRANSIT AUTHORITY**

Financial Statements

December 31, 2000 and 1999

(With Independent Auditors' Report Thereon)





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Board of Trustees  
Central Ohio Transit Authority  
Columbus, Ohio

We have reviewed the independent auditor's report of the Central Ohio Transit Authority, Franklin County, prepared by KPMG LLP, for the audit period January 1, 2000 through December 31, 2000. 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, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

August 21, 2001

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# CENTRAL OHIO TRANSIT AUTHORITY

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## **Independent Auditors' Report**

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

We have audited the balance sheets of the Central Ohio Transit Authority (COTA) as of December 31, 2000 and 1999, and the related statements of revenues, expenses and changes in equity, and cash flows for the years then ended. These financial statements are the responsibility of COTA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of COTA as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years 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, 2001, on our consideration of COTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

**KPMG LLP**  
Columbus, Ohio  
May 11, 2001

**CENTRAL OHIO TRANSIT AUTHORITY**

Balance Sheets

December 31, 2000 and 1999

<b>Assets</b>	<b>2000</b>	<b>1999</b>
Current assets:		
Cash and cash equivalents	\$ 13,214,590	774,986
Receivables:		
Federal operating and preventative maintenance assistance	500,342	9,718,608
State operating and preventative maintenance assistance	3,132,826	2,427,000
Other	1,494,583	1,368,156
Inventory of materials and supplies	2,218,399	1,625,782
Other	508,114	138,413
<b>Total current assets</b>	<b>21,068,854</b>	<b>16,052,945</b>
Restricted assets –		
Board restricted:		
Cash and cash equivalents	18,626,985	22,592,537
<b>Total</b>	<b>18,626,985</b>	<b>22,592,537</b>
Restricted for capital grant expenditures:		
Federal capital grants receivable	4,663,183	4,111,166
State capital grants receivable	756,088	552,923
<b>Total</b>	<b>5,419,271</b>	<b>4,664,089</b>
Property and equipment:		
Cost	149,242,661	143,390,287
Less accumulated depreciation	(80,411,039)	(77,230,796)
<b>Total property and equipment, net</b>	<b>68,831,622</b>	<b>66,159,491</b>
<b>Total assets</b>	<b>\$ 113,946,732</b>	<b>109,469,062</b>

(Continued)

See accompanying notes to financial statements.



**CENTRAL OHIO TRANSIT AUTHORITY**

Balance Sheets

December 31, 2000 and 1999

<b>Liabilities and Equity</b>	<b>2000</b>	<b>1999</b>
<b>Current liabilities:</b>		
Current portion of capital lease obligations	\$ 137,162	147,843
Accounts payable	4,236,111	2,833,904
Accrued payroll and fringe benefits	5,562,356	5,136,840
Accrued payroll taxes	529,117	620,709
Accrued interest payable	—	37,543
Estimated workers' compensation claims	360,000	250,000
Other current liabilities	324,597	286,164
<b>Total</b>	<b>11,149,343</b>	<b>9,313,003</b>
<b>Liabilities payable from restricted assets:</b>		
Current portion of bonds payable	—	1,360,000
Estimated claims payable	287,173	212,871
Capital expenditures payable and other	13,262	280,713
<b>Total</b>	<b>300,435</b>	<b>1,853,584</b>
<b>Total current liabilities</b>	<b>11,449,778</b>	<b>11,166,587</b>
<b>Other liabilities:</b>		
Deferred income – sale of tax leases	6,421	19,273
Capital lease obligation, less current portion	340,673	302,733
<b>Total</b>	<b>347,094</b>	<b>322,006</b>
<b>Total liabilities</b>	<b>11,796,872</b>	<b>11,488,593</b>
<b>Equity:</b>		
<b>Contributed capital:</b>		
Federal grants	44,116,367	45,272,359
State grants	3,151,113	3,012,158
Donated capital	942,000	942,000
<b>Total</b>	<b>48,209,480</b>	<b>49,226,517</b>
Retained earnings	53,940,380	48,753,952
<b>Total equity</b>	<b>102,149,860</b>	<b>97,980,469</b>
<b>Total liabilities and equity</b>	<b>\$ 113,946,732</b>	<b>109,469,062</b>

See accompanying notes to financial statements.

**CENTRAL OHIO TRANSIT AUTHORITY**

Statements of Revenues, Expenses and Changes in Equity

Years ended December 31, 2000 and 1999

	<b>2000</b>	<b>1999</b>
Operating revenues:		
Passenger fares for transit service	\$ 12,778,848	12,795,123
Special transit fares	476,491	384,650
Charter service revenue	30,271	21,507
Auxiliary transportation revenue	879,924	983,160
	<u>14,165,534</u>	<u>14,184,440</u>
Operating expenses other than depreciation:		
Labor	31,217,553	28,518,217
Fringe benefits	14,694,477	14,232,678
Materials and supplies	6,143,013	4,310,930
Purchased transportation	3,912,410	3,267,644
Services	6,184,358	5,003,091
Utilities	1,137,506	970,031
Advertising	701,205	720,927
Taxes	648,843	635,113
Leases and rentals	284,641	132,498
Claims and insurance, net of settlements	275,846	224,176
Miscellaneous	876,779	670,582
	<u>66,076,631</u>	<u>58,685,887</u>
Depreciation:		
On assets acquired with contributed capital	6,772,020	6,389,725
On assets acquired with Authority resources	1,862,776	1,862,157
	<u>8,634,796</u>	<u>8,251,882</u>
Total operating expenses	<u>74,711,427</u>	<u>66,937,769</u>
Operating loss	<u>(60,545,893)</u>	<u>(52,753,329)</u>
Nonoperating revenues (expenses):		
Sales tax revenues	41,854,088	39,700,653
Federal operating grants and preventative maintenance assistance	11,210,604	9,726,749
State operating grants, preventative maintenance and special fare assistance	3,919,575	3,341,855
Investment income	1,780,766	1,527,817
Interest expense	(52,557)	(139,565)
Planning study assistance revenues	17,168	29,833
Planning study expense	(21,459)	(37,291)
Nontransportation and other revenues	252,116	142,404
	<u>58,960,301</u>	<u>54,292,455</u>
Total nonoperating revenues, net	<u>58,960,301</u>	<u>54,292,455</u>
Net income (loss)	<u>\$ (1,585,592)</u>	<u>1,539,126</u>

(Continued)

**CENTRAL OHIO TRANSIT AUTHORITY**

Statements of Revenues, Expenses and Changes in Equity, Continued

Years ended December 31, 2000 and 1999

	<b>2000</b>	<b>1999</b>
Net income (loss)	\$ (1,585,592)	1,539,126
Addback of depreciation expense (on assets acquired with contributed capital)	6,772,020	6,389,725
Increase in retained earnings	5,186,428	7,928,851
Retained earnings, beginning of year	48,753,952	40,825,101
Retained earnings, end of year	53,940,380	48,753,952
Contributed capital, beginning of year	49,226,517	44,411,920
Capital contributed:		
Federal capital grants	5,137,808	9,386,291
State capital grants	617,175	876,031
Donated capital	—	942,000
Amortization of contributed capital (equal to the depreciation on assets acquired with contributed capital):		
Federal capital grants	(6,293,800)	(6,019,335)
State capital grants	(478,220)	(370,390)
Contributed capital, end of year	48,209,480	49,226,517
Total equity, end of year	\$ 102,149,860	97,980,469

See accompanying notes to financial statements.

**CENTRAL OHIO TRANSIT AUTHORITY**

Statement of Cash Flows

Years ended December 31, 2000 and 1999

	<b>2000</b>	<b>1999</b>
Cash flows from operating activities:		
Operating loss	\$ (60,545,893)	(52,753,329)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation expense	8,634,796	8,251,882
Change in assets and liabilities:		
Other receivables	(126,427)	(595,653)
Inventory	(592,617)	(176,335)
Other assets	(371,338)	308,672
Accounts payable	1,402,207	1,594,899
Accrued payroll and related taxes	333,924	(205,338)
Other current liabilities	38,433	(83,962)
Estimated claims payable	184,302	139,595
Total adjustments	9,503,280	9,233,760
Net cash used in operating activities	(51,042,613)	(43,519,569)
Cash flows from noncapital financing activities:		
Sales taxes received	41,854,088	39,700,653
Federal operating assistance received	20,428,870	14,209
State operating and other assistance received	3,213,749	3,596,077
Federal planning study assistance received	25,593	24,403
Planning study expenditures	(21,459)	(31,860)
Other nonoperating revenues, net	239,265	121,415
Net cash provided by noncapital financing activities	65,740,106	43,424,897
Cash flows from capital and related financing activities:		
Federal capital grants received	4,577,365	6,101,824
State capital grants received	414,010	357,337
Acquisition and construction of fixed assets	(11,292,802)	(14,750,276)
Repayment of bond principal	(1,360,000)	(1,280,000)
Interest paid on bonds payable and capital leases	(90,100)	(174,900)
Repayment of capital lease obligations	(252,680)	(244,682)
Net cash used in capital and related financing activities	(8,004,207)	(9,990,697)
Cash flows from investing activities:		
Proceeds from maturities of investments	—	13,665,000
Interest received from investments	1,780,766	1,913,375
Net cash provided by investing activities	1,780,766	15,578,375
Net increase in cash and cash equivalents	8,474,052	5,493,006
Cash and cash equivalents, beginning of year	23,367,523	17,874,517
Cash and cash equivalents, end of year	\$ 31,841,575	23,367,523
<b>Non-cash financing activities:</b>		
Equipment acquired under capital lease obligations	\$ 275,000	300,000

See accompanying notes to financial statements.

## CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2000 and 1999

### (1) Organization and Reporting Entity

#### (a) Organization

The Central Ohio Transit Authority (COTA or the Authority) is an independent, special-purpose political 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 governmental 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 sale 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.

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 2000 and 1999.

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

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

#### (b) 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 organizations, 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.

## CENTRAL OHIO TRANSIT AUTHORITY

### Notes to Financial Statements

December 31, 2000 and 1999

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**

##### ***(a) 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 issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

##### ***(b) Cash and Cash Equivalents***

For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

##### ***(c) Grants and Assistance***

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 the acquisition of property and equipment. Grants for operating assistance and preventative maintenance are recorded as revenues during the entitlement period to which the grants apply.

Grants for the acquisition of property and equipment are credited to contributed capital as the related qualified expenditures are incurred. Any grant cash received prior to the incurrence of related qualified expenditures is deferred. Depreciation on fixed assets resulting from capital grants is allocated to contributed capital using the straight-line method over the same lives as described for the related property and equipment in note 2(g).

##### ***(d) Investments***

Investments are reported at fair value, which is based on quoted market prices. As of December 31, 2000, Star Ohio was the only investment held by the Authority.

**CENTRAL OHIO TRANSIT AUTHORITY**

Notes to Financial Statements

December 31, 2000 and 1999

**(e) Inventory of Materials and Supplies**

Inventory items are stated at average cost. Inventory generally consists of maintenance parts and supplies for transportation equipment.

**(f) Restricted Assets**

Restricted assets consist of monies and other resources which are restricted by the Authority's Board of Trustees or capital grants for specified purposes. These restrictions are described below:

**Board Restricted Assets** – These assets are restricted for the payment of claims under the Authority's self-insurance program, for future capital expenditures, and current portion of bonds payable.

**Restricted for Capital Grant Expenditures** – These assets are restricted under the Authority's capital grants for certain capital projects. The Authority also includes in restricted capital grant assets amounts relating to its local share requirements for active capital grants.

**(g) Property and Depreciation**

Property and equipment are stated at historical cost and include expenditures which substantially increase the useful lives of existing assets. Routine maintenance and repairs are expensed as incurred.

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

<u>Description</u>	<u>Years</u>
Land and Leasehold improvements	5–20
Buildings and improvements	20–40
Revenue vehicles	4–12
Transit shelters and terminals	5–40
Other equipment	<u>3–10</u>

Assets acquired with capital grants are included in property and equipment and depreciation on those assets is included in the statements of revenues and expenses.

**(h) Estimated Claims Payable**

The Authority has a self-insurance program for public liability, personal injury, property damage and, as of July 1, 1998, worker's compensation (see note 9). 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. An actuary was not used in determination of these liabilities.

# CENTRAL OHIO TRANSIT AUTHORITY

## Notes to Financial Statements

December 31, 2000 and 1999

**(i) Sale of Tax Leases**

Cash received from the sale of tax leases has been deferred and is recognized as income on the straight-line basis over the lives of the related assets. To take advantage of certain tax benefits available under section 168(F)(8) of the Internal Revenue Code, prior to December 31, 1987, the Authority entered into four sale-and-leaseback agreements with third parties. These third parties purchased the rights to the local share portion of certain buses from COTA for cash consideration and are leasing the buses back to the Authority. Three such agreements expired in 1996, 1997 and 1998. The other leaseback agreement expires in 2001.

**(j) Compensated Absences**

The Authority accrues vacation and sick pay benefits as earned by its employees.

**(k) Passenger Fares**

Passenger fares are recorded as revenue at the time services are performed and revenues pass through the fare box.

**(l) 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 permitting total expenditures to exceed total appropriations without approval of the Board of Trustees.

The following accounts had expenditures in excess of appropriations, at the legal level of appropriation for the year ended December 31, 2000:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Materials and supplies	6,326,280	6,366,211	39,931
Utilities	1,082,068	1,093,777	11,709
Taxes	633,286	648,843	15,557



## CENTRAL OHIO TRANSIT AUTHORITY

### Notes to Financial Statements

December 31, 2000 and 1999

#### **(m) 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 could differ from those estimates.

#### **(n) New Accounting Pronouncements**

GASB recently issued Statements No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and No. 36, *Recipient Reporting for Certain Shared Non-exchange Revenues (an amendment of GASB Statement No. 33)*. The Authority has not elected early implementation of these statements in 2000. The Authority is required to implement GASB Statements No. 33 and No. 36 by 2001 and GASB Statement No. 34 by 2003. The Authority has not completed the process of evaluating the impact of adopting these statements, and therefore is unable to disclose the impact that adopting these statements will have on its financial position and results of operations when such statements are implemented.

### **(3) Cash and Investments**

The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit the Authority to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's Asset Reserve investment pool (STAR Ohio), and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 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, 2000.

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 valued at least 110% 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 5 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.

During 2000 and 1999, the Authority complied with the provisions of these statutes.

**CENTRAL OHIO TRANSIT AUTHORITY**

Notes to Financial Statements

December 31, 2000 and 1999

**(a) Deposits With Financial Institutions**

At December 31, 2000, the carrying amount of the Authority's deposits with financial institutions was \$789,306 and the bank balance was \$533,004. In addition, the Authority had \$6,150 of cash on hand. \$102,986 was insured by Federal Deposit Insurance Corporation (Category 1 as defined by the GASB) and \$430,018 was collateralized by a pool of securities maintained by the Authority's financial institutions but not in the Authority's name (Category 3 as defined by the GASB).

At December 31, 1999, the carrying amount of the Authority's deposits with financial institutions was \$45,144 and the bank balance was \$109,050. In addition, the Authority had \$6,130 of cash on hand. The bank balance of \$109,050 was insured by the Federal Deposit Insurance Corporation (Category 1 as defined by the GASB).

**(b) Investments and Other Deposits**

As of December 31, 2000 and 1999, the Authority held equity of \$31,046,119 and \$23,316,249 in the STAR Ohio, investment pool. 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 are evidences ownership or creditorship.

**(4) Board Restricted Assets**

Board restricted assets comprise the following:

	<b>December 31,</b>	
	<b>2000</b>	<b>1999</b>
Restricted for self-insurance:		
Cash and cash equivalents	\$ 11,762,869	11,411,946
Restricted for capital expenditures:		
Cash and cash equivalents	6,864,116	9,820,591
Restricted for bond retirement:		
Cash and cash equivalents	—	1,360,000
Total board restricted	<u>\$ 18,626,985</u>	<u>22,592,537</u>

**CENTRAL OHIO TRANSIT AUTHORITY**

Notes to Financial Statements

December 31, 2000 and 1999

**(5) Property and Equipment**

The cost of property and equipment is comprised of the following:

	<b>December 31,</b>	
	<b>2000</b>	<b>1999</b>
Land	\$ 5,168,315	5,168,315
Land and leasehold improvements	9,033,854	8,862,408
Buildings and improvements	27,926,017	27,730,695
Revenue vehicles	64,758,070	67,961,219
Transit shelters and terminals	6,575,593	6,509,746
Other equipment	31,709,476	24,894,029
Construction in progress	4,071,336	2,263,875
	\$ 149,242,661	143,390,287

**(6) Leases**

COTA leases certain property and office equipment under capital and operating leases. 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, 2000:

	<b>Capital lease</b>	<b>Operating leases</b>
2001	\$ 164,704	260,340
2002	164,704	254,686
2003	164,704	246,774
2004	38,002	247,405
2005	-	248,612
Thereafter	-	252,466
Total minimum lease payments	532,114	1,510,283
Less amount representing interest	(54,279)	
Present value of minimum lease payments under capitalized lease	\$ 477,835	

The interest rate for the capital lease is approximately 6.6% at December 31, 2000. Rental expense for all operating leases was approximately \$268,000 in 2000 and \$92,000 in 1999.

**CENTRAL OHIO TRANSIT AUTHORITY**

Notes to Financial Statements

December 31, 2000 and 1999

**(7) Bonds Payable**

Bonds payable consist of capital improvement bonds issued to acquire, construct, improve, replace, extend and enlarge transit facilities within the territorial boundaries of the Authority. The bonds are general obligations of the Authority and bear interest at a weighted average annual rate of approximately 6.6%.

Principal on the bonds outstanding at December 31, 2000 and 1999, respectively, are as follows:

<u>Year</u>	<u>Principal</u>
2000	\$ —
1999	1,360,000

Bond obligations of the Authority were retired in 2000.

**(8) Grants, Reimbursements and Special Fare Assistance**

Grants, reimbursements and special fare assistance included in the statements of revenues and expenses for the years ended December 31, 2000 and 1999, consist of the following:

	<u>2000</u>	<u>1999</u>
Federal:		
FTA Operating Assistance	\$ 11,210,604	9,718,608
City of Newark—Pass-Through Operating Assistance from FTA	<u>—</u>	<u>8,140</u>
Total	<u>\$ 11,210,604</u>	<u>9,726,749</u>
State:		
ODOT Operating Assistance	\$ 3,023,292	2,429,652
ODOT Elderly and Disabled Fare Assistance	300,920	291,096
ODOT Fuel Tax Reimbursement	595,363	586,710
ODOT “Paving-the-Way” Reimbursement	<u>—</u>	<u>34,398</u>
Total	<u>\$ 3,919,575</u>	<u>3,341,855</u>

**(9) Risk Management**

COTA is exposed to various risks of loss related to torts, theft or destruction of assets, injuries to employees and natural disasters.

COTA is self-insured for all public liability, personal injury and property damage claims. The estimated liability for such claims of \$287,173 at December 31, 2000 and \$212,871 at December 31, 1999 are included in liabilities payable from restricted assets in the accompanying balance sheets. At December 31, 2000 and 1999, \$11,762,869 and \$11,411,946, respectively, were restricted by the Board of Trustees to fund the self-insurance program. Such funds are included in board-restricted assets in the accompanying balance sheets.

**CENTRAL OHIO TRANSIT AUTHORITY**

Notes to Financial Statements

December 31, 2000 and 1999

Prior to June 30, 1998, COTA was insured through the State of Ohio Bureau of Workers' Compensation (BWC) for injuries to its employees. On July 1, 1998, the Authority entered into an agreement with the BWC to become self-insured for claims pertaining to work-related injuries to Authority employees occurring on or after that date. The BWC agreed to continue to administer and pay all compensation claims arising on or before June 30, 1998. The estimated liability for all such claims occurring since July 1, 1998 is \$360,000 at December 31, 2000 and is included as a liability in the accompanying balance sheet.

The general claims liability was calculated by establishing reserves on a case by case basis after analysis by in-house counsel and outside attorneys. The workers' compensation liability was determined by analyzing claim lag information provided by COTA third party administrators.

A summary of changes in self-insurance claims liability for the years ended December 31, 2000 and 1999 follows:

	<b>General liability</b>	<b>Workers' Compensation</b>
Claims liability at December 31, 1998	\$ 203,276	120,000
Incurred claims, net of favorable settlements	194,666	145,462
Claims paid	(185,071)	(15,462)
Claims liability at December 31, 1999	212,871	250,000
Incurred claims, net of favorable settlements	200,247	391,969
Claims paid	(125,945)	(281,969)
Claims liability at December 31, 2000	\$ 287,173	360,000

**(10) Defined Benefit Pension Plan**

**(a) Plan Description**

COTA contributes to the Public Employees Retirement System of Ohio (PERS), a cost sharing, multiple-employer public employee retirement system. PERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code (ORC) assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees (Board). PERS issues a stand-alone financial report that includes the financial statements. That report may be obtained by writing to Public employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215-4642, or by calling 614-466-2085 or 1-800-222-PERS (7377).

**(b) Funding Policy**

Plan members are required to contribute 8.5% of their annual covered salary and COTA is required to contribute an actuarially determined rate. The Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local

## CENTRAL OHIO TRANSIT AUTHORITY

### Notes to Financial Statements

December 31, 2000 and 1999

government divisions. The 2000 employer contribution rate for local government employer units was 10.84% of covered payroll. The 1999 and 1998 rate was 13.55% of annual covered payroll. The contribution requirements of plan members and COTA are established and may be amended by the Board. COTA's contributions to PERS for the years ending December 31, 2000, 1999, and 1998, were approximately \$3,774,000, \$4,400,000, and \$4,125,000, respectively, equal to the required contributions for each year. Required employer contributions are equal to 100% of the dollar amount billed to each employer.

#### (c) *Other Postemployment Benefits*

PERS also provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. As required by state statute, a portion of each employer's contribution to PERS is set aside for funding of the postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. For local government employer units, the 2000 rate was 10.84% (13.55% in 1999) of covered payroll; 4.30% (4.2% in 1999) was the portion that was used to fund health care for the year. COTA's contributions actually made to fund postemployment benefits was \$1,497,300 in 2000 and \$1,363,800 in 1999.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

#### Summary of assumptions:

*Actuarial Review* – The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999.

*Funding Method* – An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

*Assets Valuation Method* – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of the unrealized market appreciation or depreciation on investment assets.

*Investment Return* – The investment assumption rate for 1999 was 7.75%.

*Active Employee Total Payroll* – An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%.

*Health Care* – Health care costs were assumed to increase 4.75% annually.

## CENTRAL OHIO TRANSIT AUTHORITY

### Notes to Financial Statements

December 31, 2000 and 1999

OPEBs are advanced funded on an actuarially determined basis. The number of active participating participants at December 31, 2000 was 401,339. \$10,805.5 million represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 1999 (the latest date information is available). The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

The Board enacted a temporary employer contribution rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for local government divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

#### **(11) Contingent Liabilities**

##### **(a) *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, 2000, 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.

##### **(b) *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, 2000, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of COTA's management, no material grant expenditures will be disallowed.

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

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**CENTRAL OHIO TRANSIT AUTHORITY**

Reports Issued Pursuant to the  
OMB Circular A-133

For the Year Ended December 31, 2000

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# CENTRAL OHIO TRANSIT AUTHORITY

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Columbus, OH 43215

Telephone 614 249 2300  
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**Independent Auditors' Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
Central Ohio Transit Authority  
and  
The Honorable Jim Petro  
Auditor of State:

We have audited the financial statements of the Central Ohio Transit Authority (COTA) as of and for the year ended December 31, 2000, and have issued our report thereon dated May 11, 2001. 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.

**Compliance**

As part of obtaining reasonable assurance about whether COTA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered COTA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board and management of COTA, the Ohio Auditor of State, and the 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.

**KPMG LLP**

May 11, 2001



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**Independent Auditors' Report on  
Schedule of Expenditures of Federal Awards**

Board of Trustees  
Central Ohio Transit Authority  
and  
The Honorable Jim Petro  
Auditor of State:

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Central Ohio Transit Authority (COTA) as of and for the year ended December 31, 2000, and have issued our report thereon dated May 11, 2001.

Our audit was made for the purpose of forming an opinion on the basic financial statements of COTA taken 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. The information in that schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board and management of COTA, the Ohio Auditor of State, and the 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.

**KPMG LLP**

May 11, 2001



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**Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

Board of Trustees  
Central Ohio Transit Authority  
and  
The Honorable Jim Petro  
Auditor of State:

**Compliance**

We have audited the compliance of the Central Ohio Transit Authority (COTA) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. COTA's major federal program is 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 its major federal program is the responsibility of COTA's management. Our responsibility is to express an opinion on COTA'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 Office of Management and Budget (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 COTA'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 on COTA's compliance with those requirements.

In our opinion, COTA complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000. However, the results of our auditing procedures disclosed one instance of non-compliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 00-1.

### **Internal Control Over Compliance**

The management of COTA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered COTA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board and management of COTA, the Ohio Auditor of State, and the 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.

**KPMG LLP**

June 22, 2001

**CENTRAL OHIO TRANSIT AUTHORITY**

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2000

Federal CFDA number	Grant number	Federal grant award	Accrued revenue at December 31, 2000	Cash receipts	Total Federal accrued revenue at January 1, 2000	Expenditures/grant revenue recognized	Net local share	Net project costs
U.S. Department of Transportation Federal Transit Cluster: Capital and Operating Assistance Formula Grants Received directly from Federal Transit Administration								
20.507	OH-90-X209	\$ 5,021,700	—	2,961,899	5,162	2,956,737	735,925	3,692,662
	OH-90-X237	5,979,000	—	39,573	1,934	37,639	9,410	47,049
	OH-90-X263	5,880,000	310,000	15,946	—	325,946	81,486	407,432
	OH-90-X293	5,153,820	—	83,044	18,624	64,420	16,105	80,525
	OH-90-0304	5,666,505	(23,536)	518,089	48,150	446,403	111,601	558,004
	OH-90-0336	16,743,129	511,150	9,840,261	9,762,528	77,733	19,432	97,165
	OH-90-0362	10,934,987	279,204	10,343,837	—	10,854,987	2,713,747	13,568,734
	OH-90-0366	3,325,750	—	659,371	—	938,575	234,644	1,173,219
			1,076,818	24,462,020	9,836,398	15,702,440	3,922,350	19,624,790
Total CFDA #20.507								
Capital Improvement Grants Received directly from Federal Transit Administration Pass-through Ohio Department of Transportation								
20.500	OH-03-0149	400,000	—	25,593	8,426	17,167	4,292	21,459
	OH-03-0158	3,000,000	49,503	99,377	84,869	64,011	5,088	69,099
	OH-03-0157	3,800,000	1,759,670	—	1,759,670	—	—	—
	OH-03-0165	2,704,000	563,927	—	563,927	—	—	—
	OH-03-0169	3,455,346	1,662,758	—	1,576,370	86,388	797,737	884,125
	OH-03-0184	1,569,726	61,656	—	—	61,656	15,414	77,070
			4,097,514	124,970	3,993,262	229,222	822,531	1,051,753
			5,174,332	24,586,990	13,829,660	15,931,662	4,744,881	20,676,543
Total Federal Transit Cluster								
Highway Planning and Construction Cluster: ITS Earmark for Early Deployment Received directly from Federal Transit Administration								
20.205	OH-26-7004	791,469	1	75,068	—	75,069	75,069	150,138
Job Access and Reverse Commute Received directly from Federal Transit Administration								
20.OH-37-X008	OH-37-X008	684,708	—	366,422	—	366,422	366,422	732,844
			5,174,333	25,028,480	13,829,660	16,373,153	5,186,372	21,559,525
		\$						
TOTAL FEDERAL FINANCIAL ASSISTANCE								

See accompanying independent auditors' report on Schedule of Expenditures of Federal Awards.

See accompanying notes to the Schedule of Expenditures of Federal Awards.



**CENTRAL OHIO TRANSIT AUTHORITY**

Notes to Schedule of Expenditures  
of Federal Awards

For the Year Ended December 31, 2000

**(1) General**

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

**(4) Subrecipients**

COTA had one subrecipient, the Mid-Ohio Regional Planning Commission (MORPC), in the current year. COTA paid MORPC \$37,291 in the current year through CFDA# 20.500, grant number OH-03-0149.

**CENTRAL OHIO TRANSIT AUTHORITY**

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2000

**(1) Summary of Auditor's Results**

- |                                                                                                        |                                                         |
|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| (a) The type of report issued on the basic financial statements:                                       | Unqualified opinion                                     |
| (b) Reportable conditions in internal control were disclosed by the audit of the financial statements: | None reported                                           |
| Material weaknesses:                                                                                   | None                                                    |
| (c) Noncompliance which is material to the financial statements:                                       | None                                                    |
| (d) Reportable conditions in internal control over major programs:                                     | None reported                                           |
| (e) The type of report issued on compliance for major programs:                                        | Unqualified opinion                                     |
| (f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133:  | Yes. See 00-1                                           |
| (g) Major program:                                                                                     | Federal Transit Cluster<br>(CFDA #20.507 and<br>20.500) |
| (h) Dollar threshold used to distinguish between Type A and Type B programs:                           | \$491,195                                               |
| (i) Auditee qualified as low-risk auditee under Section .530 of OMB Circular A-133:                    | Yes                                                     |

**(2) Findings Relating to the Financial Statements Reported  
in Accordance with *Government Auditing Standards***

None reported

**CENTRAL OHIO TRANSIT AUTHORITY**

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2000

**(3) Findings and Questioned Costs Relating to Federal Awards:**

**(00-1) Finding over Disadvantaged Business Enterprise: Federal Transit Administration Grants**

**Criteria:**

Recipients of Federal Funding from the Federal Transit Administration program are required to report their Disadvantaged Business Enterprise (DBE) goals and progress towards their goals quarterly and annually.

**Condition:**

COTA failed to submit their quarterly and annual progress reports.

**Questioned Costs:**

None

**Effect:**

COTA was unable to properly update the Federal Transit Administration on its progress towards DBE goals.

**Cause:**

COTA was unable to submit the proper reports as a result of its inability to access information from its tracking system needed to complete the DBE reporting process.

**Recommendation:**

We recommend COTA correct the problems with accessing the DBE information or find an alternative tracking method and then complete quarterly and annual reports on a timely basis.

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**CENTRAL OHIO TRANSIT AUTHORITY**

Federal Transit Administration

Federal Funding Allocation Data

December 31, 2000

(With Independent Accountants' Report Thereon)

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## Independent Accountants' Report

To the Board of Trustees  
Central Ohio Transit Authority:

We understand that the Central Ohio Transit Authority (the Authority) is eligible to receive Urbanized Area Formula Program grants of the Federal Transit Act, as amended, and in connection therewith, the Authority is required to report certain information to the Federal Transit Administration (FTA).

The FTA has established the following standards with regard to the data reported to it in 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 the 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 accuracy of the data collection process 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 the FTA or meet FTA requirements.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles data, appear to be accurate.
- Data are consistent with prior reporting periods and other facts known about the Authority's operations.

We have applied the procedures to the data contained in the accompanying Federal Funding Allocation Statistics Form (901) for the fiscal year ended December 31, 2000. Such procedures, which were agreed to and specified by FTA in the Declarations section of the *2000 Reporting Manual* and were agreed to by the Authority, were applied to assist you in evaluating whether the Authority complied with the standards described in the second paragraph of this report and that the information included in the NTD report Federal Funding Allocation Statistics Form (901) for the fiscal year ended December 31, 2000 is presented in conformity 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 *2000 Reporting Manual*.

This engagement to apply agreed upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose. This report is intended solely for your information and FTA and should not be used by those who did not participate in determining the procedures.

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, 2000 for each of the following modes:

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

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

*None*

The agreed-upon procedures are substantially less in scope than an examination, the objective of which is an expression of an opinion on the Federal Funding Allocation Statistics Form (901). Accordingly, we do not express such an opinion. Also, we do not express an opinion on the Authority's system of internal control taken as a whole.

In performing the procedures, except for the information and findings described above, no matters came to our attention that caused us to believe that the information included in the NTD report on the Federal Funding Allocation Statistics Form (901) for the fiscal year-ended December 31, 2000 is not presented in conformity 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 *2000 Reporting Manual*. 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 Form (901), for any date or period.

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

**KPMG LLP**  
Columbus, Ohio  
May 17, 2001



**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 49CFR, Part 630, Federal Register, January 15, 1993 and as prescribed in the *2000 Reporting Manual*, with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data.
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 Authority 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 49CFR, Part 630, *Federal Register*, January 15, 1993, and as prescribed in the *2000 Reporting Manual*.
3. Inquired of the same person concerning the retention policy that is followed by the Authority with respect to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics Form (901).
4. Based on a description of the 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 the months of February, June and September and observed that each type of source 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 the source documents and posting the data summaries, review the source documents and data summaries for completeness, accuracy and reasonableness and how often such reviews are performed.
6. Reviewed selected source documents and ascertained whether supervisor's signatures were present as required by the system of internal controls.
7. Obtained the worksheets utilized by the Authority to prepare the final data which are transcribed on to the Federal Funding Allocation Statistics Form (901). 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 mile data in accordance with NTD requirements with the Authority's staff, noting that the Authority uses an estimate of passenger miles based on statistical sampling meeting the FTA's 95% confidence and 10% precision requirements. The Authority uses an alternative sampling procedure and, therefore, we inquired whether the procedure has been approved by the FTA.
9. Discussed with the Authority's staff the Authority's eligibility to conduct statistical sampling for passenger mile data every third year. Determined whether the Authority meets one of the three criteria which allow reporters to conduct statistical samples for accumulating passenger mile data every third year rather than annually. However, the Authority has elected to conduct statistical samples on an annual basis.

10. Obtained a description of the sampling procedures for estimation of passenger mile 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 FTA, dated April 27, 1987. We noted no exceptions to the stated sampling procedures described in the above letter.
11. Examined the passenger mile sample information generated from the automatic passenger count system and, based on this information, proved the computation of passenger miles for the year ended December 31, 2000.
12. Discussed the procedures for systematic exclusion of charter, school bus and other ineligible vehicle miles from the calculation of vehicle revenue miles with the Authority's staff and determined that stated procedures are followed.
13. For vehicle revenue mile 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. Noted that COTA purchased transportation services and inquired of the personnel responsible for reporting the NTD data regarding the disposition of purchased transportation generated fare revenues. Specifically, determined that some purchased transportation fare revenues were retained by the contract service provider. Obtained documentation of retained fare revenue amounts as reported by the contract service provider and agreed the total of all purchased transportation fare revenues to the fare revenues reported on Form 002.
16. Obtained a copy of the purchased transportation contract and ascertained that the contract (1) specified the specific mass transportation services to be provided by the contractor; (2) specified the monetary consideration obligated by the agency contracting for the service; (3) specified the period covered by the contract and that this period is the same as, or a portion of, the period covered by the agency's NTD Report; and (4) was signed by representatives of both parties to the contract. Inquired of the person responsible for maintaining the NTD data regarding the retention of the executed contract, and ascertained that copies of the contracts are retained for three years.
17. Compared the data reported on the Federal Funding Allocation Statistics Form (901) to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. Noted that the motor bus operating expense data increased approximately 12%. Management has informed us that this change is due to an increase in services provided, as well as, increases in the cost of fuel, and service expenses related to the implementation of a new information technology system.  
  
Vehicle revenue miles, and operating expenses increased approximately 30%, and 20%, respectively, for demand response service. Management has informed us that this change is due to an increase in service hours to comply with the American's with Disabilities Act, and increases in fuel costs.
18. The following *2000 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."

# Comprehensive Annual Financial Report

*For fiscal year ended December 31, 2000*



***We'll Take  
You There.***

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Franklin County, Ohio**

**Comprehensive**  
**Annual Financial Report**  
**For the Fiscal Year Ended**  
**December 31, 2000**

**Prepared by:**  
**Finance Division**  
**Charlene S. Powell, Vice President-Finance/CFO**

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For the Fiscal Year ended December 31, 2000**

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**INTRODUCTORY**  
**SECTION**



Central Ohio Transit Authority  
1600 McKinley Avenue  
Columbus, OH 43222-1093  
Phone: 614-275-5800  
Fax: 614-275-5933  
Web Site: [www.cota.com](http://www.cota.com)

**Board of Trustees**

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Mary T. "Tommie" Williams, Vice Chair

June 18, 2001

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President/CEO  
Ronald L. Barnes

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

The Comprehensive Annual Financial Report (CAFR) of the Central Ohio Transit Authority (the Authority) for the fiscal year ended December 31, 2000, is hereby respectfully submitted. This CAFR was prepared by the Finance Division and represents the Authority's commitment to provide accurate, concise and high quality financial information to its Board of Trustees and interested parties or residents in its service area.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Central Ohio Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 1999. This was the eleventh consecutive year that the Central Ohio Transit Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

(continued)



## LETTER OF TRANSMITTAL

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This CAFR is divided into the following three sections:

**Introductory Section** - contains this letter of transmittal, a Table of Organization, a listing of the members of the Board of Trustees and Senior Management, and a reproduction of the Certificate of Achievement awarded to the Authority by the GFOA for the fiscal year ended December 31, 1999.

**Financial Section** - includes the Independent Auditors' Report, the financial statements (with related footnotes) for the fiscal years ended December 31, 2000 and 1999, and a supplemental schedule disclosing actual revenues, expenses and changes in equity for the fiscal year ended December 31, 2000, compared to budgeted amounts.

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

## REPORTING ENTITY

### General

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

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

The Authority was created by an agreement executed on February 17, 1971, with Franklin County and the cities of Bexley, Columbus, Gahanna, Grandview Heights, Grove City, Hilliard,

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## LETTER OF TRANSMITTAL

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Reynoldsburg, Upper Arlington, Westerville, Whitehall and Worthington. The Authority's territorial boundaries are conterminous with Franklin County, except for a small portion of the Authority's territory in adjacent Delaware, Fairfield and Licking Counties.

### **Commencement of Operations**

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

### **Facilities**

**1600 McKinley Avenue** was constructed in 1980 and is the site of the Authority's administration headquarters. This facility also houses both heavy (major) and light (routine) bus maintenance operations, and has indoor storage capacity for 240 buses.

**1333 Fields Avenue** opened in September 1984 and provides indoor storage for 200 buses and light maintenance work areas. It features advanced technology in the areas of ventilation, energy conservation and maintenance. The radio control room is also housed at this facility.

**60 East Broad Street** in downtown Columbus houses the COTA Connection. In December 2000, with a goal to provide improved service at a more convenient centralized location, COTA relocated the office formerly located at 177 South High Street to 60 East Broad Street. The COTA Connection is the main sales outlet for passes and tickets and is the location where passengers are photographed for Senior Discount Cards, Key Cards and ADA Cards. This office provides route information through the distribution of published maps and timetables, and maintains a staff of service representatives (from 6:00 a.m. to 8:00 p.m. weekdays and 8:00 a.m. to 6:00 p.m. weekends) to assist customer queries on the Authority's telephone information line (228-1776).

**1650 Lake Shore Drive** houses the Business Development division of COTA. As COTA began its course towards the successful implementation of the Vision 2020 Plan, additional office space was required for staff working on new projects. As a result, in April 2001, COTA relocated its Business Development division to Lake Shore Drive, occupying 9,659 square foot of leased office space. Departments within the Business Development division include Planning, Scheduling, Corporate Communications, and Mobility Management.

**North Terminal** is located on Spring Street between High and Front Streets in downtown Columbus. This terminal has six bays for express routes, and presently nine express routes use the terminal to serve passengers in the north downtown area.

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## LETTER OF TRANSMITTAL

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**City Center Terminal** is a 41,000 square foot facility completed and opened for service in November 1989. The terminal is located in the downtown City Center Parking Garage between Rich and Main Streets. Elevators and escalators provide pedestrian and disabled access to the terminal from all floors in the City Center Mall. Presently twenty express routes use this terminal.

**Linden Transit Center** is a 20,500 square foot facility located at the corner of Cleveland and 11<sup>th</sup> Avenues that opened for service in October 1999. The transit center houses a medical center, a day care center, and a bank, as well as other amenities. Ten bus routes presently serve the transit center, and in May 2001, the Linden LINK neighborhood circulator route was implemented, providing improved neighborhood transportation and connections to COTA's fixed route services. Express routes serving the Linden Transit Center also provide vital connections to job centers around the I-270 Outer-belt, such as the Polaris area located in Delaware County just north of I-71 and I-270, and the Easton development area near Morse Road and I-270.

**Easton Transit Center** (under development) will be located just north of Morse Road at the southeast corner of Transit Drive and Stelzer Road. This transit center will help COTA serve commuters in northeastern Franklin County. Construction at Easton is scheduled to begin in July 2001, and be completed in early 2002. The project will be built in phases, and will include a 1,326 square foot enclosed transit center with 4 bus bays, a 24 space park and ride lot, a day care center, and other passenger amenities.

### Services

The Central Ohio Transit Authority's vision statement is:

*The Central Ohio Transit Authority aspires to be the transit system for a great community of the 21<sup>st</sup> century, with convenient, affordable and user friendly mobility for every resident and visitor.*

This statement is the focus of all operations and support functions.

The Authority provides all public transportation services within Franklin County, as well as the portions of Delaware, Fairfield and Licking Counties that are included within the municipal corporation limits of Columbus, Westerville and Reynoldsburg. This service includes 70 fixed bus routes comprised of 26 local routes (including 6 link routes), 13 cross-town routes, and 31 express routes. The span of service provided on these fixed routes is from 4:35 a.m. to 2:09 a.m. on weekdays, 4:57 a.m. to 3:44 a.m. on Saturdays, and 6:31 a.m. to 2:09 a. m. on Sundays and holidays. The Authority estimates that it will provide approximately 856,000 vehicle hours of fixed route bus service in 2001 resulting in approximately 11,924,000 vehicle miles of operation.

In addition, the Authority provides demand-responsive transportation to the elderly and disabled through its Senior Citizens on the Town (SCOT) program and Project Mainstream, respectively.

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## LETTER OF TRANSMITTAL

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The Authority projects that in 2001, it will provide approximately 1,695 vehicle hours and 23,600 vehicle miles of SCOT service, and 118,270 vehicle hours and 2,132,550 vehicle miles of Project Mainstream (door-to-door, on-demand) service with wheelchair lift-equipped minibuses.

### **Management - Board of Trustees**

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

### **Administration**

The administration of the Authority, subject to the policies and supervision of the Board of Trustees, is directed by the President / CEO who is appointed by the Board. The President selects the senior administrative personnel. A Table of Organization depicting the key functional responsibilities is shown on Page 21 of this Introductory Section.

## **ECONOMIC CONDITION AND OUTLOOK**

Franklin County (the Authority's primary service area) is located in the central part of Ohio, and the City of Columbus (the capital of the state) is located within its boundaries. The Columbus Metropolitan Statistical Area (MSA) consists of seven counties: Delaware, Fairfield, Franklin, Licking, Madison, Pickaway and Union. Based on data from the U. S. Census Bureau, this combined area's population is 1,540,157, with Franklin County's population of 1,068,978 making it the MSA's largest county in terms of population.

Franklin County is served by diverse transportation modes. Interstate Highway I-270 forms an outer-belt surrounding Columbus, while Interstate Highways I-70 and I-71 intersect in the center of the county. Four U. S. highways and thirteen state highways are also located in the county. An estimated 130 truck lines serve the MSA. Major airports include Port Columbus International and the Rickenbacker Port Authority (an air-freight/cargo facility converted from a former Air Force base). Two small municipal airports also serve general and light aviation. Franklin County has

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## LETTER OF TRANSMITTAL

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experienced rapid growth in recent years. Further commercial and office development is continuing in northeastern Franklin County (Easton), northern Columbus (Polaris), southeastern Franklin County (Rickenbacker), and in the downtown areas of Columbus known as the Arena District and the Brewery District.

### Population

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

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

Source: U. S. Bureau of the Census

### Employment

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

<u>Year</u>	<b>Average Employment in Franklin County</b>	<b>Average Unemployment Rate</b>		
		<u>Franklin County</u>	<u>Ohio</u>	<u>U.S.</u>
1996	552,900	2.9%	4.9%	5.4%
1997	564,900	2.7	4.6	4.9
1998	567,100	2.5	4.3	4.5
1999	578,400	2.5	4.3	4.2
2000	589,600	2.4	4.1	4.0

Source: Ohio Bureau of Employment Services

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## LETTER OF TRANSMITTAL

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### **Housing and Building Permits**

According to U. S. Bureau of Census figures, the median value in 1990 of owner-occupied homes in Franklin County was \$73,800, compared with \$63,500 for urban housing in Ohio and \$79,100 in the United States. Between 1990 and 2000, the number of housing units in Franklin County increased 16.2%, from 405,418 to 471,016.

### **Economic Outlook**

Franklin County has continued to strengthen its position as a regional economic center, with Columbus the most populous city in Ohio and the only major municipality in the state still experiencing population growth. This is attributable to Columbus' aggressive annexation policies, a pro-growth economic emphasis in city government, and new job creation that has exceeded labor force growth. The local economy has also undergone significant diversification, with new job creation continuing to shift to non-manufacturing areas of employment. Franklin County's sizable institutional component, stemming from the presence of Ohio's capital and The Ohio State University, lends considerable stability to the local economy. The overall countywide assessed property valuation has continued to increase as a result of ongoing residential, office and retail development in the suburbs. This trend is expected to continue into the future, with the MSA population projected to exceed 1.8 million by the year 2010.

## **MAJOR INITIATIVES**

In the year 2000, COTA took a comprehensive look at its services with an evaluation of the services provided by COTA as compared to the services the public was requesting. This evaluation focused on both the existing bus service, and the public's perception of service expansion via alternative modes such as rail.

### **Operation: Excellence**

In May 2000, COTA embarked on a program called "Operation: Excellence". This was a top to bottom look at all of COTA's current service to find out what was working and what wasn't.

Operation: Excellence included public meetings, surveys, and focus groups with riders, non-riders, COTA bus operators and supervisors, and analyzed 6,700 bus trips. COTA literally asked people to "tell us where to go." The Operation: Excellence survey showed that local residents want more and better bus service, more buses, more smaller buses, better communication and trains. To provide the requested bus service would cost COTA almost \$14 million per year more than its current budget and available resources allow.

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## LETTER OF TRANSMITTAL

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In April 2001, COTA provided a “Report to the Community” that summarized the findings and explained the steps being taken to create a “new and improved” COTA. The first wave of service improvements was implemented by COTA on May 7, 2001. However, this is just a starting point as Operation: Excellence recommendations will continue to be implemented throughout the next five years.

Operation: Excellence is a key step COTA is taking to realize its vision “to be a transit system for a great community of the 21<sup>st</sup> century with convenient, affordable and user-friendly mobility for every resident and visitor.”

### **Fast Trax**

“Fast Trax”, the name given to the study of three future transportation options for Central Ohio’s Transit Authority, was introduced in 2000. The Fast Trax Advisory Group was formed as a community-based group comprised of residents, business leaders, public officials and representatives of civic groups and organizations. The advisory group held several meetings throughout the year to discuss and research transportation options, which included:

1. No Build Plan: Essentially, do nothing more than maintain service and purchase more new buses to the extent allowed by the existing permanent 0.25% sales and use tax funding. This would include building the Easton and Near East Transit Centers, and the downtown Arena Terminal at Nationwide and High.
2. All Bus Expansion/Transportation System Management: COTA would increase bus service by about 75 percent, offering more cross-town routes, 24-hour service on at least 14 major routes, and a 40 percent increase in curb-to-curb service for people with disabilities. At least 14 new transit centers would be built to improve neighborhood and suburb-to-suburb service. Intelligent transportation systems would be used to increase cost-efficiency and improve customer communication.
3. Expanded Bus and Rail: Includes the “All Bus Expansion” with a 71 percent increase in bus service, 40 percent increase in curb-to-curb service for people with disabilities, plus electrified light rail that begins with service to the North Corridor. Together, these improvements would result in a 90 percent overall increase in the region’s transit service.

Both options 2 and 3 above would require addition funding. On April 19, 2001, the Fast Trax Advisory Group recommended that COTA pursue the third option, the Expanded Bus and Rail plan.

In May 2001, the COTA Board of Trustees approved the Fast Trax Advisory Group’s recommendation. The recommendation will move forward to the Mid-Ohio Regional Planning

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## LETTER OF TRANSMITTAL

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Commission (MORPC) and then the Federal Transit Administration. Matching federal and state funds will also need to be secured. It will then be up to the COTA Board of Trustees to decide if and when an additional sales tax levy would be placed on the Franklin County ballot. This is a 7 to 10 year process. Any plans for rail or expanded bus service will be shaped by years of public input and engineering analysis.

Because Columbus is in competition with other cities with new or expanded light rail and expanded bus service, it is important that COTA present a cost-effective plan that improves both mobility and quality of life.

### **Intelligent Transportation Systems**

In recent years, major technological advancements in transportation and transit related systems have been made which have come to be known as Intelligent Transportation Systems, or ITS. ITS uses advanced electronics and information technologies to improve the performance of vehicles and transit systems. ITS provides a variety of transit related products and services that include automatic vehicle location (AVL) systems, real time traveler information, signal priority, variable message signs at park and ride locations, and smart card / electronic fare payment technology.

These systems have already shown significant results in areas such as schedule efficiency, customer service, emission reduction, fuel consumption, improved on-time performance, and overall reliable and convenient transit service.

During 2000, COTA embarked on the acquisition of these ITS technologies with the implementation of the COTA Advanced Replacement Economic Environment Radio System (CAREERS). CAREERS will provide computer aided dispatching (CAD), automatic vehicle location (AVL) and integrated data messaging and voice communication capabilities throughout the Authority's fleet.

CAREERS uses satellite global positions to determine the location of each bus to facilitate schedule adherence and provide accurate estimates of bus arrival times to special customer information devices (kiosks), which will be positioned in selected locations. These kiosks will permit customers to "look up" the arrival time of the next bus.

The AVL technology provided by CAREERS is the first component of COTA's long-range plan to implement Intelligent Transportation Systems. Future projects include traffic signal priority, automatic bus stop enunciators, and advanced traveler information systems.

The accomplishments made by COTA in 2000 are just the beginning. COTA is breaking new ground every day, continuing to grow and working to make our vision a reality.

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## LETTER OF TRANSMITTAL

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### FINANCIAL INFORMATION

#### Internal Control Structure

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

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

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

#### Basis of Accounting

The Authority's financial records are maintained on the accrual basis of accounting. The activities are accounted for in a single enterprise (proprietary-type) fund.

#### Budgetary Controls

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

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## LETTER OF TRANSMITTAL

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Management control for the budget is maintained by not permitting total expenditures to exceed total appropriations without approval of the Board of Trustees. It is the responsibility of each department to administer its operations in such a manner as to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Trustees.

### Financial Results - Revenues

The Authority's revenues are classified by source and described as shown below:

#### REVENUES BY SOURCE

(Thousands of Dollars)

	<u>2000</u>	<u>1999</u>	<u>Increase / (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Sales Tax Revenues	\$41,854	\$39,701	\$2,153	5.4%
Passenger Fares	13,286	13,201	85	0.6
Federal Assistance	11,211	9,727	1,484	15.3
State Assistance	3,919	3,342	577	17.3
Investment Income	1,781	1,528	253	16.6
Other Revenues:				
Auxiliary Transportation Revenue	880	983	(103)	(10.5)
Planning Study Assistance	17	30	(13)	(43.3)
Non-transportation Revenue	252	142	110	77.5
<b>TOTAL</b>	<u>\$73,200</u>	<u>\$68,654</u>	<u>\$4,546</u>	<u>6.6%</u>

**Sales Tax Revenues** are received from a countywide, permanent ¼% sales tax levy approved by voters in November 1999. The increase in 2000 revenues is due to continued growth in the local economy. Moderate 5.5% growth was budgeted in 2001.

**Passenger Fares** are comprised of fare box revenues, special transit fares and charter revenues. The increase from 2000 amounts reflects our adding additional fixed route service and an increase in vehicle hours and vehicle miles.

**Federal Assistance** is received from the Federal Transit Authority (FTA) for general operating expenses and capital programs. With the passage of the Transportation Equity Act of the 21<sup>st</sup> Century (TEA-21), regional transit authorities were given the latitude to use their Section 5307 Federal Formula Assistance on the capitalization of maintenance. As a result, virtually all of the Section 5307 funds are targeted to vehicle maintenance, permitting the full use of this allocation each year, and freeing local funds for future capital projects.

**State Assistance** is received from the Ohio Department of Transportation (ODOT) for general operating expenses, for elderly and disabled rider reduced-fare subsidies, and for reimbursement

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(continued)

## LETTER OF TRANSMITTAL

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of State fuel taxes. COTA is required to pay State taxes on diesel fuel, but is refunded \$0.21 of the \$0.22 per gallon paid.

**Investment Income** is earned on invested funds. During 2000, interest rates increased 20% at various times throughout the year. The increase in interest income is directly related to these rate increases, and the collection of outstanding grant receivables.

**Other Revenues** consist of auxiliary transportation revenues, planning study assistance and non-transportation revenues. Auxiliary transportation revenue represents fees collected for advertising placed in and on buses, and decreased due to cancellations and uncollectable accounts. Planning study assistance received from the FTA in 2000 covered 80% of the costs incurred by the Mid-Ohio Regional Planning Commission (MORPC) relating to "Livable Communities" project planning. Non-transportation revenues include all other various miscellaneous income items.

On page 14 are graphs depicting sources of revenue as a percent of total revenues for the fiscal years ended December 31, 2000 and 1999.

### Financial Results - Expenses (Excluding Depreciation)

As shown in the following table, the Authority's expenses, excluding depreciation, are classified by object class. The Authority's major investment is in its employees as shown by the percentage expended for labor and fringe benefits.

#### EXPENSES BY OBJECT CLASS (Excluding Depreciation) (Thousands of Dollars)

	<u>2000</u>	<u>1999</u>	<u>Increase/(Decrease)</u> <u>Amount</u>	<u>Percent</u>
Labor	\$31,218	\$28,518	\$2,700	9.5%
Fringe Benefits	14,694	14,233	461	3.2
Materials and Supplies	6,143	4,311	1,832	42.5
Purchased Transportation	3,912	3,268	644	19.7
Services	6,184	5,003	1,181	23.6
Other Expenses:				
Utilities	1,137	970	167	17.2
Taxes	649	635	14	2.2
Interest Expense	53	140	(87)	(62.1)
Leases and Rentals	285	132	153	115.9
Claims and Insurance	276	224	52	23.2
Planning Study Expense	21	37	(16)	(43.2)
Miscellaneous	<u>1,578</u>	<u>1,392</u>	<u>186</u>	<u>13.4</u>
<b>TOTAL</b>	<u>\$66,150</u>	<u>\$58,863</u>	<u>\$7,287</u>	<u>12.4%</u>

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## LETTER OF TRANSMITTAL

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**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 2000, the Authority's union contract granted a 3% hourly wage rate increase to all represented employees. Merit raises for administrative staff averaged 3.5% in 2000. Additional staff were also added to accommodate expanded service.

**Fringe Benefits** consist primarily of vacation, sick and holiday pay, required Authority contributions to the Public Employees Retirement System (PERS) of Ohio, and employee medical benefits. Required employer contributions to PERS were made at the rate of 13.55% of total gross taxable wages from January 2000 through June 2000. From July 2000 through December 2000, the rate was temporarily reduced to 8.13%. In 2000, COTA contributed an additional 2% "pickup" of represented and administrative employees' contributions. The "pickup" rate for 1999 was 1.5% for represented employees only. In 2001, a 2.5% "pickup" is contributed for represented employees and 3% for administrative employees. The increase in fringe benefits in 2000 is due to this increase in PERS pickup, rising medical costs, and increased staffing.

**Materials and Supplies** also include the Authority's diesel fuel expense. The two primary factors for the increase are a 69% increase in fuel costs and an increase in the purchase of bus repair parts due to the Authority's increased vehicle miles, vehicle hours and aging bus fleet.

**Purchased Transportation** expense is comprised of amounts paid to a private local contractor to provide the Authority's Project Mainstream service (door-to-door, service-on-demand in wheelchair lift-equipped minibuses for disabled riders). The 2000 increase was driven by a slightly higher average per-service-hour rate included in the third year of a five-year contract, and an increase in the number of service hours provided.

**Services** are provided by outside contractors to the Authority for a wide variety of professional, technical, consulting and maintenance needs. The increase for 2000 is due to the purchase of professional consulting services for Operation: Excellence, major investment studies in support of the Fast Trax initiative, and information technology support for system enhancements.

**Other Expenses** consist primarily of utilities, taxes, interest, leases and rentals, claims and insurance and other miscellaneous expenses. Taxes are paid to the State on diesel fuel consumption at the rate of \$0.22 per gallon, and real estate taxes are paid on non-exempt Authority property. Total diesel fuel taxes increased in 2000 due to increased fuel usage. Interest expense declined in 2000 as outstanding bond principal was retired. Leases and rentals are paid on the downtown COTA Connection customer service center, certain park-and-ride facilities, and miscellaneous equipment, and increased in 2000 because of higher lease costs for office space and maintenance at certain park-and-ride locations. Claims and insurance expense increased due to unfavorable claims with our self-insurance program. The majority of the increase in miscellaneous expense for 2000 was due to an increase in recruitment costs.

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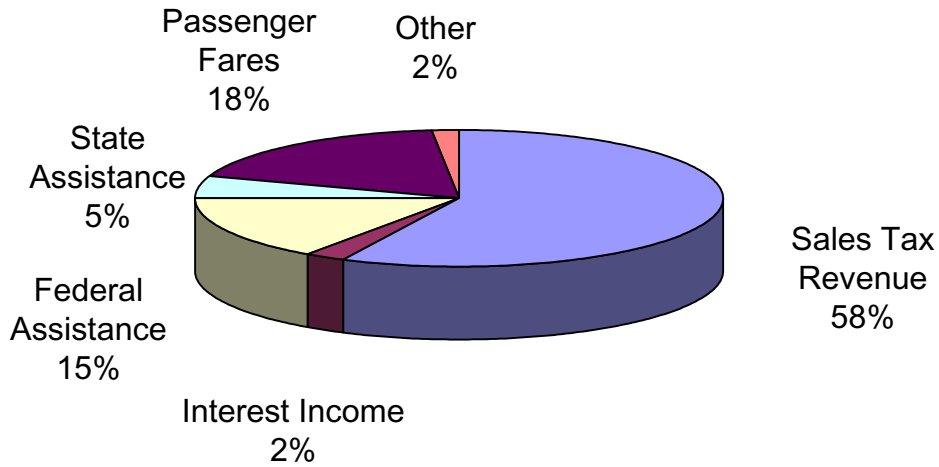
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# CENTRAL OHIO TRANSIT AUTHORITY

## Revenues by Source

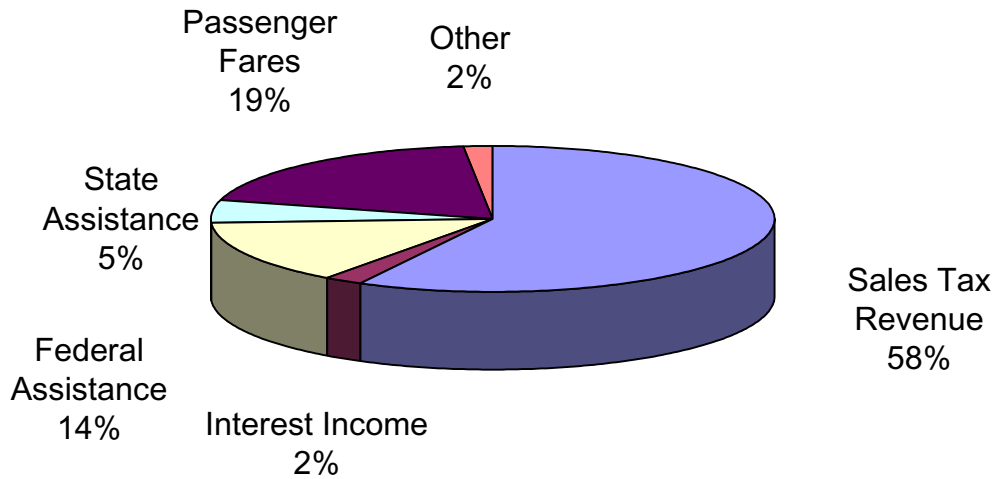
### 2000 Total Revenues

\$73,199,851



### 1999 Total Revenues

\$68,653,751

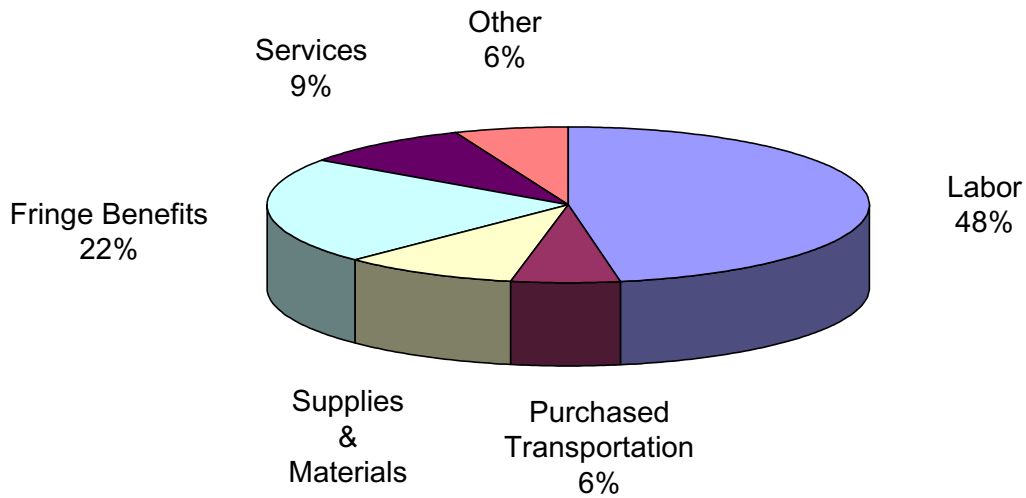


# CENTRAL OHIO TRANSIT AUTHORITY

Expense by Object Class  
(Excluding Depreciation)

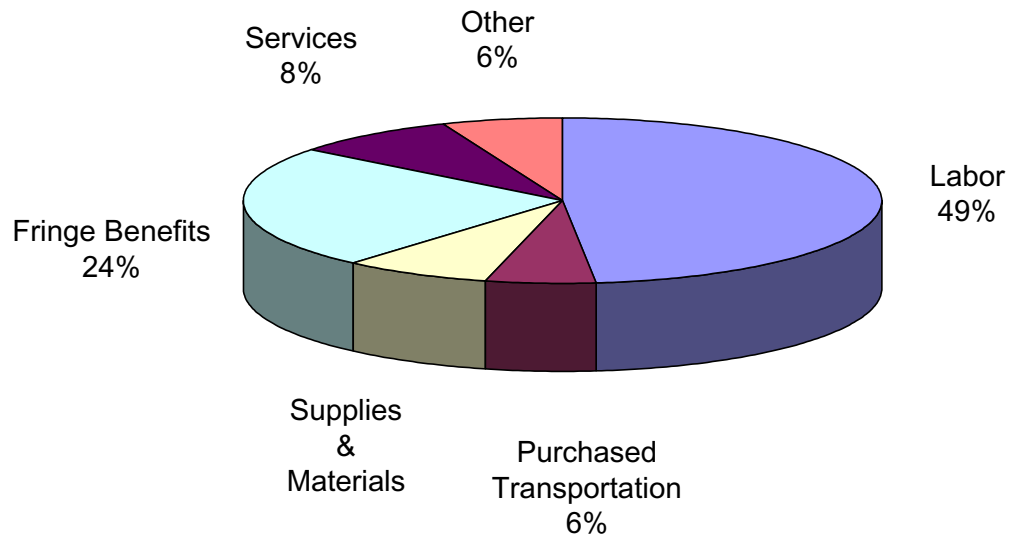
## 2000 Total Expenses

\$66,150,647



## 1999 Total Expenses

\$58,862,743



## LETTER OF TRANSMITTAL

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On page 15 is a graph of expenses, excluding depreciation, by object class as a percent of the total for the fiscal years ended December 31, 2000 and 1999.

The Authority's expenses, excluding depreciation, can also be classified by functional category and described as shown in the following table:

**EXPENSES BY FUNCTION**  
**(Excluding Depreciation)**  
(Thousands of Dollars)

	<u>2000</u>	<u>1999</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Transportation	\$37,278	\$32,160	5,118	15.9%
Vehicle Maintenance	10,991	9,510	1,481	15.6
Facilities Maintenance	4,749	4,548	201	4.4
General and Administrative	<u>13,132</u>	<u>12,645</u>	<u>487</u>	<u>3.9</u>
TOTAL	<u>\$66,150</u>	<u>\$58,863</u>	<u>7,287</u>	<u>12.4%</u>

**Transportation** expenses are those direct costs incurred in operating the Authority's bus vehicles and paratransit minibuses (Project Mainstream) and include wages, salaries and fringe benefits for bus operators, supervisors, bus scheduling and fare collection personnel; diesel fuel and related state fuel taxes; bus system security services; and transportation services purchased from private contractors.

**Vehicle Maintenance** expenses include wages, salaries and fringe benefits for maintenance personnel and supervisors, and related materials and supplies consumed in the maintenance of all buses and service vehicles.

**Facilities Maintenance** expenses include wages, salaries and fringe benefits for maintenance and janitorial personnel and supervisors, and materials and supplies required for the upkeep of the Authority's two main facilities, two terminals, the transit center, 27 park-and-ride lots and 373 bus stop passenger shelter locations.

**General and Administrative** expenses consist of administrative personnel salaries and fringe benefits, utilities, public liability and property damage claims, contracted professional services, leases and rentals, interest expense, planning study expense, and miscellaneous expenses required to support all operational activities.

In general, fluctuations are consistent with those noted at the object level.

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(continued)

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## LETTER OF TRANSMITTAL

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### **Financial Results - Retained Earnings**

The Authority's expenses in excess of net revenues (including depreciation) for the year ended December 31, 2000, were \$1,585,592. After adjusting for depreciation on assets acquired with federal grants, the net increase in retained earnings was \$5.2 million (from \$48.8 million to \$53.9 million).

### **Retirement Plans**

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

Employees covered by PERS contribute at a statutory rate of 8.5% of earnable salary or compensation, and the Authority contributes 13.55% of the same base. In 2000, the Authority's statutory contribution rate was reduced to 8.13% for the second half of the year. These contribution rates are actuarially determined and statutorily mandated. By contractual agreement, the Authority also pays 2% of the represented employees' required contribution. In 2000, the Authority also paid 2% of the administrative employees' contributions.

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

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

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

### **Debt Administration**

The Authority sold unvoted, tax-exempt, general obligation bonds in 1990 to finance the purchase and construction of various capital assets. Payment of debt service on the bonds of the Authority is secured by a pledge of all revenues of the Authority, except those specifically limited to another use or prohibited from that use by the Ohio Constitution, state or federal law, or any revenue bond trust agreement into which the Authority might enter. In 2000, the Authority's outstanding bonds of \$1.36 million matured and the debt was extinguished.

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(continued)



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## LETTER OF TRANSMITTAL

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Only capital projects are eligible for debt financing under the Ohio Revised Code. Management believes that existing cash and investment balances and projected cash flows of the Authority are more than adequate to cover future operating costs. As of December 31, 2000, the maximum annual debt service charges permitted by law for new, unvoted debt issuance was \$22.3 million. However, the Authority currently intends to fund capital improvements through federal grants, state grants and local sales tax revenues.

### **Cash Management and Investments**

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

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

Effective January 1, 1998, the Authority adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. Pursuant to Statement No. 31, at December 31, 2000, investments are carried at fair value, which is based on quoted market prices. Any unrealized gains or losses are recognized as adjustments to investment income. The Authority's policy is to hold investment securities to their scheduled maturity date.

### **Risk Management**

The Authority is self-insured for public liability and property damage claims. Claims are normally paid with the operating revenues of the Authority. The Authority, by resolution of the Board of Trustees, restricted assets in fiscal year 1987 to accumulate funds to satisfy catastrophic or extraordinary losses. The restricted assets as of December 31, 2000, were approximately \$11.8 million.

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(continued)

## **LETTER OF TRANSMITTAL**

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

Prior to June 30, 1998, COTA was insured through the State of Ohio Bureau of Workers' Compensation (BWC) for injuries to its employees. On July 1, 1998, the Authority entered into an agreement with the BWC to become self-insured for claims pertaining to work-related injuries to Authority employees occurring on or after that date. The BWC agreed to continue to administer and pay all compensation claims arising on or before June 30, 1998. The estimated liability for all such claims occurring since July 1, 1998, was \$360,000 at December 31, 2000, and is included as a liability in the accompanying balance sheet.

### **OTHER INFORMATION**

#### **Independent Audit**

The Authority's independent certified public accounting firm of KPMG LLP has rendered an unqualified audit report on the Authority's financial statements for the fiscal year ended December 31, 2000. This report is included in the financial section of this CAFR.

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

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

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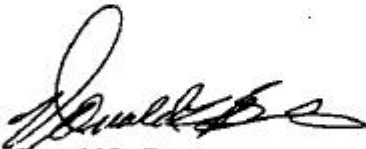
## LETTER OF TRANSMITTAL

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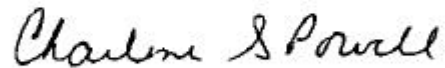
### Acknowledgments

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

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



Ronald L. Barnes  
President / CEO



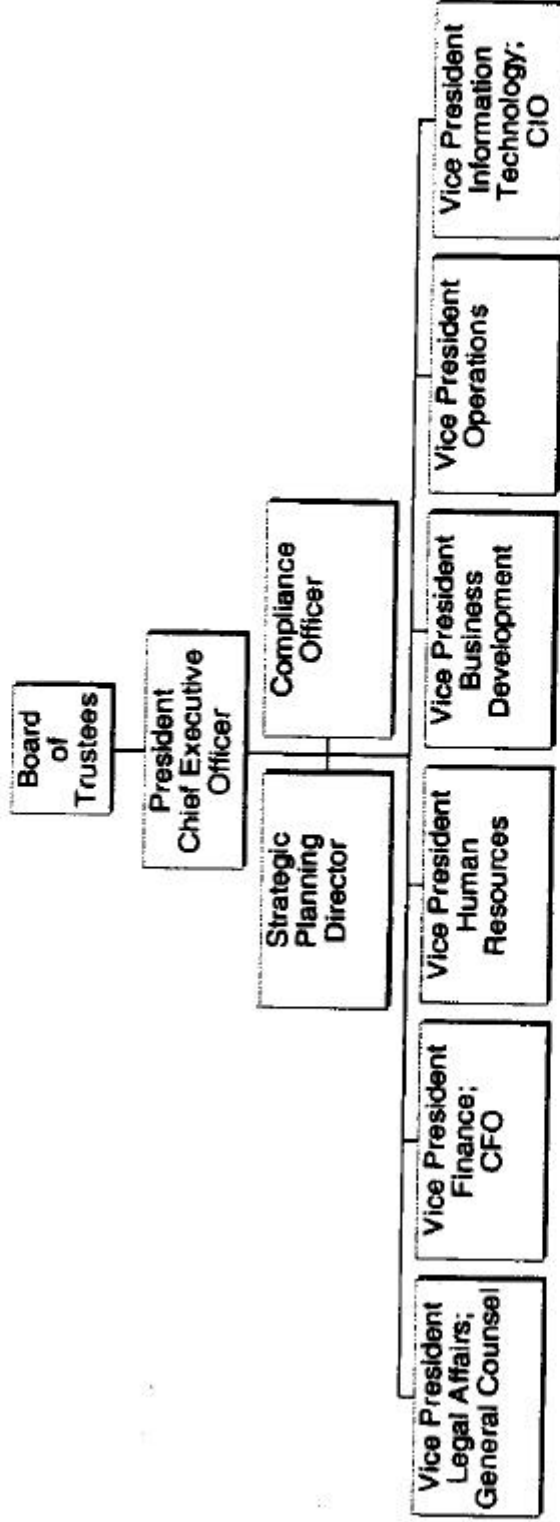
Charlene S. Powell  
Vice President, Finance / CFO

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# Central Ohio Transit Authority

## Table of Organization



# CENTRAL OHIO TRANSIT AUTHORITY

## Board of Trustees and Administration

### BOARD OF TRUSTEES

As of December 31, 2000

Chair	E. James Hople <i>- representing City of Columbus</i>
Vice-Chair	Mary T. (Tommie) Williams <i>- representing City of Columbus</i>
Trustee	Margery Amorose <i>- representing Franklin County</i>
Trustee	William A. Anthony, Jr. <i>- representing City of Columbus</i>
Trustee	Janet G. Ashe <i>- representing City of Columbus</i>
Trustee	Lou J. Briggs <i>- representing Gahanna, Westerville and Worthington</i>
Trustee	David Hetzler <i>- representing City of Columbus</i>
Trustee	William G. Porter II <i>- representing Bexley and Whitehall</i>
Trustee	James W. Rarey <i>- representing City of Columbus</i>
Trustee	Dan M. Reichard, Jr. <i>- representing Reynoldsburg, Grove City, and Hilliard</i>
Trustee	Yvonne E. Simon <i>- representing City of Upper Arlington</i>
Trustee	Craig A. Thomas <i>- representing Franklin County</i>

### ADMINISTRATION

President / CEO	Ronald L. Barnes
Vice President, Finance / CFO	Charlene S. Powell
Vice President, Operations	Carol E. Wise
Vice President, Business Development	Emmett J. Crockett
Vice President, Legal Affairs / General Counsel	Dan T. Pribich
Vice President, Human Resources	Barbara A. England
Vice President, Information Technology / CIO	Peter K. Anderson
Director, Strategic Planning	Brian O. Martin
Compliance Officer	Carol L. Perkins

# 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, 1999

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.



*Anne Spray Kinsey*  
President

*Jeffrey L. Esler*  
Executive Director

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# **FINANCIAL SECTION**





Two Nationwide Plaza  
Columbus, OH 43215-2577

Telephone 614 249 2300  
Fax 614 249 2348

## Independent Auditors' Report

Board of Trustees  
Central Ohio Transit Authority  
Columbus, Ohio:

We have audited the accompanying balance sheet of Central Ohio Transit Authority (COTA) as of December 31, 2000 and 1999, and the related statements of revenues, expenses and changes in retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of COTA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of COTA as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years 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 a report dated May 11, 2001 on our consideration of COTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of COTA. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

We did not audit the introductory and statistical sections listed in the table of contents and, accordingly, we do not express an opinion on them.

**KPMG LLP**  
May 11, 2001

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Balance Sheets**  
**December 31, 2000 and 1999**

<u>ASSETS</u>	<u>2000</u>	<u>1999</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents .....	\$ 13,214,590	\$ 774,986
Receivables:		
Federal operating assistance.....	500,342	9,718,608
State operating assistance.....	3,132,826	2,427,000
Other.....	1,494,583	1,368,156
Inventory of materials and supplies.....	2,218,399	1,625,782
Other.....	508,114	138,413
Total.....	<u>21,068,854</u>	<u>16,052,945</u>
<b>RESTRICTED ASSETS:</b>		
Board restricted:		
Cash and cash equivalents.....	18,626,985	22,592,537
Investments.....	-	-
Accrued interest.....	-	-
Total.....	<u>18,626,985</u>	<u>22,592,537</u>
Restricted for capital grants:		
Federal capital grants receivable.....	4,663,183	4,111,166
State capital grants receivable.....	756,088	552,923
Total.....	<u>5,419,271</u>	<u>4,664,089</u>
<b>PROPERTY AND EQUIPMENT:</b>		
Cost .....	149,242,661	143,390,287
Less accumulated depreciation.....	<u>(80,411,039)</u>	<u>(77,230,796)</u>
Total.....	<u>68,831,622</u>	<u>66,159,491</u>
<b>TOTAL ASSETS.....</b>	<b>\$ <u>113,946,732</u></b>	<b>\$ <u>109,469,062</u></b>

See notes to financial statements.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Balance Sheets (continued)**  
**December 31, 2000 and 1999**

<u>LIABILITIES AND EQUITY</u>	<u>2000</u>	<u>1999</u>
<b>CURRENT LIABILITIES:</b>		
Current portion of capital lease obligation .....	\$ 137,162	\$ 147,843
Accounts payable.....	4,236,111	2,833,904
Accrued payroll and fringe benefits.....	5,562,356	5,136,840
Accrued payroll taxes.....	529,117	620,709
Accrued interest payable.. ..	-	37,543
Estimated workers compensation claims.....	360,000	250,000
Other current liabilities.....	324,597	286,164
Total.....	11,149,343	9,313,003
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>		
Current portion of bonds payable .....	-	1,360,000
Estimated claims payable .....	287,173	212,871
Capital expenses payable and other.....	13,262	280,713
Total.....	300,435	1,853,584
<b>OTHER LIABILITIES:</b>		
Capital lease obligation, less current portion .....	6,421	19,273
Total.....	340,673	302,733
Total liabilities.....	347,094	322,006
<b>EQUITY:</b>		
Contributed capital:		
Federal capital grants.....	44,116,367	45,272,359
State capital grants.....	3,151,113	3,012,158
Donated capital.....	942,000	942,000
Total.....	48,209,480	49,226,517
Retained earnings .....	53,940,380	48,753,952
Total equity.....	102,149,860	97,980,469
TOTAL LIABILITIES AND EQUITY.....	\$ 113,946,732	\$ 109,469,062

See notes to financial statements.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Revenues, Expenses and Changes in Equity**  
**Years ended December 31, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
<b>OPERATING REVENUES:</b>		
Passenger fares for transit service.....	\$ 12,778,848	\$ 12,795,123
Special transit fares.....	476,491	384,650
Charter service revenue.....	30,271	21,507
Auxiliary transportation revenue.....	879,924	983,160
Total.....	14,165,534	14,184,440
<b>OPERATING EXPENSES OTHER THAN DEPRECIATION</b>		
Labor.....	31,217,553	28,518,217
Fringe benefits.....	14,694,477	14,232,678
Materials and supplies.....	6,143,013	4,310,930
Purchased transportation.....	3,912,410	3,267,644
Services.....	6,184,358	5,003,091
Utilities.....	1,137,506	970,031
Advertising.....	701,205	720,927
Taxes.....	648,843	635,113
Leases and rentals .....	284,641	132,498
Claims and insurance, net of settlements.....	275,846	224,176
Miscellaneous.....	876,779	670,582
Total.....	66,076,631	58,685,887
<b>DEPRECIATION:</b>		
On assets acquired with contributed capital.....	6,772,020	6,389,725
On assets acquired with Authority resources.....	1,862,776	1,862,157
Total.....	8,634,796	8,251,882
	74,711,427	66,937,769
<b>EXCESS OF OPERATING EXPENSES INCLUDING DEPRECIATION OVER OPERATING REVENUES.....</b>	<b>(60,545,893)</b>	<b>(52,753,329)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Sales tax revenues.....	41,854,088	39,700,653
Federal operating grants and reimbursements .....	11,210,604	9,726,749
State operating grants, reimbursements and special fare assistance .....	3,919,575	3,341,855
Interest income.....	1,780,766	1,527,817
Interest expense.....	(52,557)	(139,565)
	17,168	29,833
Planning study expense.....	(21,459)	(37,291)
Nontransportation and other revenue.....	252,116	142,404
Total.....	58,960,301	54,292,455
<b>NET REVENUES OVER / (UNDER) EXPENSE</b> <i>(carried forward to next page)</i> .....	<b>\$ (1,585,592)</b>	<b>\$ 1,539,126</b>

See notes to financial statements.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Revenues, Expenses and Changes in Equity (continued)**  
**Years ended December 31, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
NET REVENUES OVER / (UNDER) EXPENSE <i>(brought forward from previous page)</i> .....	\$ (1,585,592)	\$ 1,539,126
Addback of depreciation expense (on assets acquired with contributed capital) closed to contributed capital.....	6,772,020	6,389,725
	5,186,428	7,928,851
INCREASE IN RETAINED EARNINGS.....		
RETAINED EARNINGS, BEGINNING OF YEAR.....	48,753,952	40,825,101
	53,940,380	48,753,952
RETAINED EARNINGS, END OF YEAR.....		
CONTRIBUTED CAPITAL, BEGINNING OF YEAR.....	49,226,517	44,411,920
Capital contributed:		
Federal capital grants.....	5,137,808	9,386,291
State capital grants.....	617,175	876,031
Donated capital.....	-	942,000
Amortization of contributed capital (equal to the depreciation on assets acquired with contributed capital):		
Federal capital grants.....	(6,293,800)	(6,019,335)
State capital grants.....	(478,220)	(370,390)
	48,209,480	49,226,517
CONTRIBUTED CAPITAL, END OF YEAR.....		
TOTAL EQUITY, END OF YEAR.....	\$ 102,149,860	\$ 97,980,469

See notes to financial statements.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Cash Flows**  
**Years ended December 31, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of operating expenses including depreciation over operating revenues.....	\$ (60,545,893)	\$ (52,753,329)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation expense.....	8,634,796	8,251,882
Change in assets and liabilities:		
Other receivables.....	(126,427)	(595,653)
Inventory.....	(592,617)	(176,335)
Other assets.....	(371,338)	308,672
Accounts payable.....	1,402,207	1,594,899
Accrued payroll and related taxes.....	333,924	(205,338)
Other current liabilities.....	38,433	(83,962)
Estimated claims payable.....	184,302	139,595
Total adjustments.....	<u>9,503,280</u>	<u>9,233,760</u>
Net cash used in operating activities.....	<u>(51,042,613)</u>	<u>(43,519,569)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Sales taxes received.....	41,854,088	39,700,653
Federal operating assistance received.....	20,428,870	14,209
State operating and other assistance received.....	3,213,749	3,596,077
Federal planning study assistance received.....	25,593	24,403
Planning study expenditures.....	(21,459)	(31,860)
Other nonoperating revenues, net.....	239,265	121,415
Net cash provided by noncapital financing activities.....	<u>65,740,106</u>	<u>43,424,897</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Federal capital grants received.....	4,577,365	6,101,824
State capital grants received.....	414,010	357,337
Acquisition and construction of fixed assets.....	(11,292,802)	(14,750,276)
Repayment of bond principal.....	(1,360,000)	(1,280,000)
Interest paid on bonds payable and capital leases.....	(90,100)	(174,900)
Repayment of capital lease obligations.....	(252,680)	(244,682)
Net cash used in capital and related financing activities.....	<u>(8,004,207)</u>	<u>(9,990,697)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from maturities of investments.....	-	13,665,000
Interest received from investments.....	1,780,766	1,913,375
Purchases of investments.....	-	-
Net cash provided by investing activities.....	<u>1,780,766</u>	<u>15,578,375</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS.....	8,474,052	5,493,006
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	<u>23,367,523</u>	<u>17,874,517</u>
CASH AND CASH EQUIVALENTS, END OF YEAR.....	<u>\$ 31,841,575</u>	<u>\$ 23,367,523</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Equipment acquired under capital lease agreements.....	<u>\$ 275,000</u>	<u>\$ 300,000</u>

See notes to financial statements.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2000 and 1999**

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**(1) Organization and Reporting Entity**

**(a) Organization**

The Central Ohio Transit Authority (COTA or the Authority) is an independent, special-purpose political 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 governmental 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.

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 2000 and 1999.

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

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

**(b) 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 organizations, 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.

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(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2000 and 1999**

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**(2) Summary of Significant Accounting Policies**

**(a) 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 issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**(b) Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**(c) Grants and Assistance**

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 the acquisition of property and equipment. Grants for operating assistance and preventative maintenance are recorded as revenues during the entitlement period to which the grants apply.

Grants for the acquisition of property and equipment are credited to contributed capital as the related qualified expenditures are incurred. Any grant cash received prior to the incurrence of related qualified expenditures is deferred. Depreciation on fixed assets resulting from capital grants is allocated to contributed capital using the straight-line method over the same lives as described for the related property and equipment in note 2(g).

**(d) Investments**

Investments are reported at fair value, which is based on quoted market prices. As of December 31, 2000, Star Ohio was the only investment held by the Authority.

**(e) Inventory of Materials and Supplies**

Inventory items are stated at average cost. Inventory generally consists of maintenance parts and supplies for transportation equipment.

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(continued)



**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2000 and 1999**

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**(f) Restricted Assets**

Restricted assets consist of monies and other resources which are restricted by the Authority's Board of Trustees or capital grants for specified purposes. These restrictions are described below:

**Board Restricted Assets** – These assets are restricted for the payment of claims under the Authority's self-insurance program, for future capital expenditures, and current portion of bonds payable.

**Restricted for Capital Grant Expenditures** – These assets are restricted under the Authority's capital grants for certain capital projects. The Authority also includes in restricted capital grant assets amounts relating to its local share requirements for active capital grants.

**(g) Property and Depreciation**

Property and equipment are stated at historical cost and include expenditures which substantially increase the useful lives of existing assets. Routine maintenance and repairs are expensed as incurred.

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

<u>Description</u>	<u>Years</u>
Land and leasehold improvements	5–20
Buildings and improvements	20–40
Revenue vehicles	4–12
Transit shelters and terminals	5–40
Other equipment	3–10

Assets acquired with capital grants are included in property and equipment and depreciation on those assets is included in the statements of revenues and expenses.

**(h) Estimated Claims Payable**

The Authority has a self-insurance program for public liability, personal injury, property damage and, as of July 1, 1998, worker's compensation (see note 9). 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. An actuary was not used in determination of these liabilities.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2000 and 1999**

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**(i) Sale of Tax Leases**

Cash received from the sale of tax leases has been deferred and is recognized as income on the straight-line basis over the lives of the related assets. To take advantage of certain tax benefits available under section 168(F)(8) of the Internal Revenue Code, prior to December 31, 1987, the Authority entered into four sale-and-leaseback agreements with third parties. These third parties purchased the rights to the local share portion of certain buses from COTA for cash consideration and are leasing the buses back to the Authority. Three such agreements expired in 1996, 1997 and 1998. The other leaseback agreement expires in 2001.

**(j) Compensated Absences**

The Authority accrues vacation and sick pay benefits as earned by its employees.

**(k) Passenger Fares**

Passenger fares are recorded as revenue at the time services are performed and revenues pass through the fare box.

**(l) 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 permitting total expenditures to exceed total appropriations without approval of the Board of Trustees.

The following accounts had expenditures in excess of appropriations, at the legal level of appropriation for the year ended December 31, 2000:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Materials and supplies	\$6,326,280	\$6,366,210	\$39,931
Utilities	1,082,068	1,093,777	11,709
Taxes	633,286	648,843	15,557

**(m) 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 could differ from those estimates.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2000 and 1999**

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***(n) New Accounting Pronouncements***

GASB recently issued Statements No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and No.36, *Recipient Reporting for Certain Shared Non-exchange Revenues (an amendment of GASB Statement No. 33)*. The Authority has not elected early implementation of these statements in 2000. The Authority is required to implement GASB Statements No. 33 and No. 36 by 2001 and GASB Statement No. 34 by 2003. The Authority has not completed the process of evaluating the impact of adopting these statements, and therefore is unable to disclose the impact that adopting these statements will have on its financial position and results of operations when such statements are implemented.

**(3) Cash and Investments**

The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit the Authority to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's Asset Reserve investment pool (STAR Ohio), and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 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, 2000.

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 valued at least 110% 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 5 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.

During 2000 and 1999, the Authority complied with the provisions of these statutes.

***(a) Deposits With Financial Institutions***

At December 31, 2000, the carrying amount of the Authority's deposits with financial institutions was \$789,306 and the bank balance was \$533,004. In addition, the Authority had \$6,150 of cash on hand. \$102,986 was insured by Federal Deposit Insurance Corporation (Category 1 as defined by the GASB) and \$430,018 was collateralized by a pool of securities maintained by the Authority's financial institutions but not in the Authority's name (Category 3 as defined by the GASB).

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(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2000 and 1999**

At December 31, 1999, the carrying amount of the Authority's deposits with financial institutions was \$45,144 and the bank balance was \$109,050. In addition, the Authority had \$6,130 of cash on hand. The bank balance of \$109,050 was insured by the Federal Deposit Insurance Corporation (Category 1 as defined by the GASB).

**(b) Investments and Other Deposits**

As of December 31, 2000 and 1999, the Authority held equity of \$31,046,119 and \$23,316,249 in the STAR Ohio, investment pool. 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 are evidences ownership or creditorship.

**(4) Board Restricted Assets**

Board restricted assets comprise the following:

	<b>December 31,</b>	
	<b>2000</b>	<b>1999</b>
Restricted for self-insurance:		
Cash and cash equivalents	\$ 11,762,869	\$ 11,411,946
Restricted for capital expenditures:		
Cash and cash equivalents	6,864,116	9,820,591
Restricted for bond retirement:		
Cash and cash equivalents	-0-	1,360,000
Total board restricted	<b>\$ 18,626,985</b>	<b>\$ 22,592,537</b>

**(5) Property and Equipment**

The cost of property and equipment is comprised of the following:

	<b>December 31,</b>	
	<b>2000</b>	<b>1999</b>
Land	\$ 5,168,315	\$ 5,168,315
Land and leasehold improvements	9,033,854	8,862,408
Buildings and improvements	27,926,017	27,730,695
Revenue vehicles	64,758,070	67,961,219
Transit shelters and terminals	6,575,593	6,509,746
Other equipment	31,709,476	24,894,029
Construction in progress	4,071,336	2,263,875
	<b>\$ 149,242,661</b>	<b>\$ 143,390,287</b>

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**December 31, 2000 and 1999**

**(6) Leases**

COTA leases certain property and office equipment under capital and operating leases. 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, 2000:

	<b>Commitments under Capital lease</b>	<b>Operating leases</b>
2001	\$ 164,704	\$ 260,340
2002	164,704	254,686
2003	164,704	246,774
2004	38,002	247,405
2005		248,612
Thereafter		252,466
Total minimum lease payments	532,114	\$ <u>1,510,283</u>
Less amount representing interest	<u>(54,279)</u>	
Present value of minimum lease payments under capitalized lease	\$ <u>477,835</u>	

The interest rate for the capital lease is approximately 6.6% at December 31, 2000. Rental expense for all operating leases was approximately \$268,000 in 2000 and \$132,500 in 1999.

**(7) Bonds Payable**

Bonds payable consist of capital improvement bonds issued to acquire, construct, improve, replace, extend and enlarge transit facilities within the territorial boundaries of the Authority. The bonds are general obligations of the Authority and bear interest at a weighted average annual rate of approximately 6.6%.

Principal on the bonds outstanding at December 31, 2000 and 1999, respectively, are as follows:

Year	Principal
2000	\$ -0-
1999	1,360,000

Bond obligations of the Authority were retired in 2000.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**December 31, 2000 and 1999**

**(8) Grants, Reimbursements and Special Fare Assistance**

Grants, reimbursements and special fare assistance included in the statements of revenues and expenses for the years ended December 31, 2000 and 1999, consist of the following:

	<u>2000</u>	<u>1999</u>
Federal:		
FTA Operating Assistance	\$ 11,210,604	\$ 9,718,608
City of Newark—Pass-Through Operating Assistance from FTA	-0-	8,140
Total	<u>\$ 11,210,604</u>	<u>\$ 9,726,749</u>
State:		
ODOT Operating Assistance	\$ 3,023,292	2,429,652
ODOT Elderly and Disabled Fare Assistance	300,920	291,096
ODOT Fuel Tax Reimbursement	595,363	586,710
ODOT “Paving-the-Way” Reimbursement	-0-	34,398
Total	<u>\$ 3,919,575</u>	<u>\$ 3,341,855</u>

**(9) Risk Management**

COTA is exposed to various risks of loss related to torts, theft or destruction of assets, injuries to employees and natural disasters.

COTA is self-insured for all public liability, personal injury and property damage claims. The estimated liability for such claims of \$287,173 at December 31, 2000, and \$212,871 at December 31, 1999, are included in liabilities payable from restricted assets in the accompanying balance sheets. At December 31, 2000, and 1999, \$11,762,869 and \$11,411,946, respectively, were restricted by the Board of Trustees to fund the self-insurance program. Such funds are included in board-restricted assets in the accompanying balance sheets.

Prior to June 30, 1998, COTA was insured through the State of Ohio Bureau of Workers’ Compensation (BWC) for injuries to its employees. On July 1, 1998, the Authority entered into an agreement with the BWC to become self-insured for claims pertaining to work-related injuries to Authority employees occurring on or after that date. The BWC agreed to continue to administer and pay all compensation claims arising on or before June 30, 1998. The estimated liability for all such claims occurring since July 1, 1998 is \$360,000 at December 31, 2000 and is included as a liability in the accompanying balance sheet.

The general claims liability was calculated by establishing reserves on a case by case basis after analysis by in-house counsel and outside attorneys. The workers’ compensation liability was determined by analyzing claim lag information provided by COTA third party administrators.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**December 31, 2000 and 1999**

A summary of changes in self-insurance claims liability for the years ended December 31, 2000 and 1999 follows:

	<u>General liability</u>	<u>Workers' Compensation</u>
Claims liability at December 31, 1998	\$ 203,276	\$ 120,000
Incurred claims, net of favorable settlements	194,666	145,462
Claims paid	<u>(185,071)</u>	<u>(15,462)</u>
Claims liability at December 31, 1999	212,871	250,000
Incurred claims, net of favorable settlements	200,247	391,969
Claims paid	<u>(125,945)</u>	<u>(281,969)</u>
Claims liability at December 31, 2000	\$ <u>287,173</u>	\$ <u>360,000</u>

**(10) Defined Benefit Pension Plan**

**(a) Plan Description**

COTA contributes to the Public Employees Retirement System of Ohio (PERS), a cost sharing, multiple-employer public employee retirement system. PERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code (ORC) assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees (Board). PERS issues a stand-alone financial report that includes the financial statements. That report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215-4642, or by calling 614-466-2085 or 1-800-222-PERS (7377).

**(b) Funding Policy**

Plan members are required to contribute 8.5% of their annual covered salary and COTA is required to contribute an actuarially determined rate. The Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local government divisions. The 2000 employer contribution rate for local government employer units was 10.84% of covered payroll. The 1999 and 1998 rate was 13.55% of annual covered payroll. The contribution requirements of plan members and COTA are established and may be amended by the Board. COTA's contributions to PERS for the years ending December 31, 2000, 1999, and 1998, were approximately \$3,774,000, \$4,400,000, and \$4,125,000, respectively, equal to the required contributions for each year. Required employer contributions are equal to 100% of the dollar amount billed to each employer.

(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**December 31, 2000 and 1999**

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**(c) Other Post-employment Benefits**

PERS also provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. As required by state statute, a portion of each employer's contribution to PERS is set aside for funding of the post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. For local government employer units, the 2000 rate was 10.84% (13.55% in 1999) of covered payroll; 4.30% (4.2% in 1999) was the portion that was used to fund health care for the year. COTA's contributions actually made to fund post-employment benefits was \$1,497,300 in 2000 and \$1,363,800 in 1999.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to PERS.

Summary of assumptions:

*Actuarial Review* – The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999.

*Funding Method* – An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

*Assets Valuation Method* – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of the unrealized market appreciation or depreciation on investment assets.

*Investment Return* – The investment assumption rate for 1999 was 7.75%.

*Active Employee Total Payroll* – An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%.

*Health Care* – Health care costs were assumed to increase 4.75% annually.

OPEBs are advanced funded on an actuarially determined basis. The number of active participating participants at December 31, 2000, was 401,339. \$10,805.5 million represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 1999 (the latest date information is available). The actuarially accrued

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(continued)



**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**December 31, 2000 and 1999**

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liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

The Board enacted a temporary employer contribution rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for local government divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

**(11) Contingent Liabilities**

**(a) 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, 2000, 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.

**(b) 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, 2000, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of COTA's management, no material grant expenditures will be disallowed.

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

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(continued)

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Supplemental Schedule of Revenues, Expenses and**  
**Changes in Equity - Budget vs. Actual (Accrual Basis)**  
**Year ended December 31, 2000**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE / (UNFAVORABLE) VARIANCE</u>
OPERATING REVENUES.....	\$16,237,776	\$14,165,534	\$ (2,072,242)
OPERATING EXPENSES OTHER THAN DEPRECIATIO			
Labor.....	35,574,920	31,217,553	4,357,367
Fringe benefits.....	10,416,415	14,694,477	(4,278,062)
Materials and supplies.....	6,326,280	6,143,013	183,267
Purchased transportation.....	4,088,710	3,912,410	176,300
Services.....	6,089,975	6,184,358	(94,383)
Utilities.....	1,082,068	1,137,506	(55,438)
Taxes.....	633,286	648,843	(15,557)
Leases and rentals.....	288,825	284,641	4,184
Claims and insurance, net of settlements.....	282,383	275,846	6,537
Miscellaneous.....	1,599,804	1,577,984	21,820
Total.....	<u>66,382,666</u>	<u>66,076,631</u>	<u>306,035</u>
DEPRECIATION.....	<u>7,664,817</u>	<u>8,634,796</u>	<u>(969,979)</u>
	<u>74,047,483</u>	<u>74,711,427</u>	<u>(663,944)</u>
EXCESS OF OPERATING EXPENSES INCLUDING DEPRECIATION OVER OPERATING REVENUES.....	<u>(57,809,707)</u>	<u>(60,545,893)</u>	<u>(2,736,186)</u>
NONOPERATING REVENUES (EXPENSES):			
Sales tax revenues.....	41,203,686	41,854,088	650,402
Federal operating grants and reimbursements .....	10,854,987	11,210,604	355,617
State operating grants, reimbursements and	3,662,412	3,919,575	257,163
Interest income.....	1,500,000	1,780,766	280,766
Interest expense.....	(52,556)	(52,557)	(1)
	17,168	17,168	-
Planning study expense.....	(21,459)	(21,459)	-
Nontransportation and other revenues.....	297,806	252,116	(45,690)
Total.....	<u>57,462,044</u>	<u>58,960,301</u>	<u>1,498,257</u>
NET REVENUES OVER EXPENSES.....	<u>(347,663)</u>	<u>(1,585,592)</u>	<u>(1,237,929)</u>
CONTRIBUTED CAPITAL:			
Federal grants earned.....	19,344,668	5,137,808	(14,206,860)
State grants earned.....	1,778,524	617,175	(1,161,349)
Total.....	<u>21,123,192</u>	<u>5,754,983</u>	<u>(15,368,209)</u>
NET CHANGE IN EQUITY.....	20,775,529	4,169,391	(16,606,138)
TOTAL EQUITY, DECEMBER 31, 1999.....	<u>97,980,469</u>	<u>97,980,469</u>	<u>-</u>
TOTAL EQUITY, DECEMBER 31, 2000.....	<u>\$118,755,998</u>	<u>\$102,149,860</u>	<u>\$ (16,606,138)</u>

See accompanying Independent Auditors' report.

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# **STATISTICAL SECTION**

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

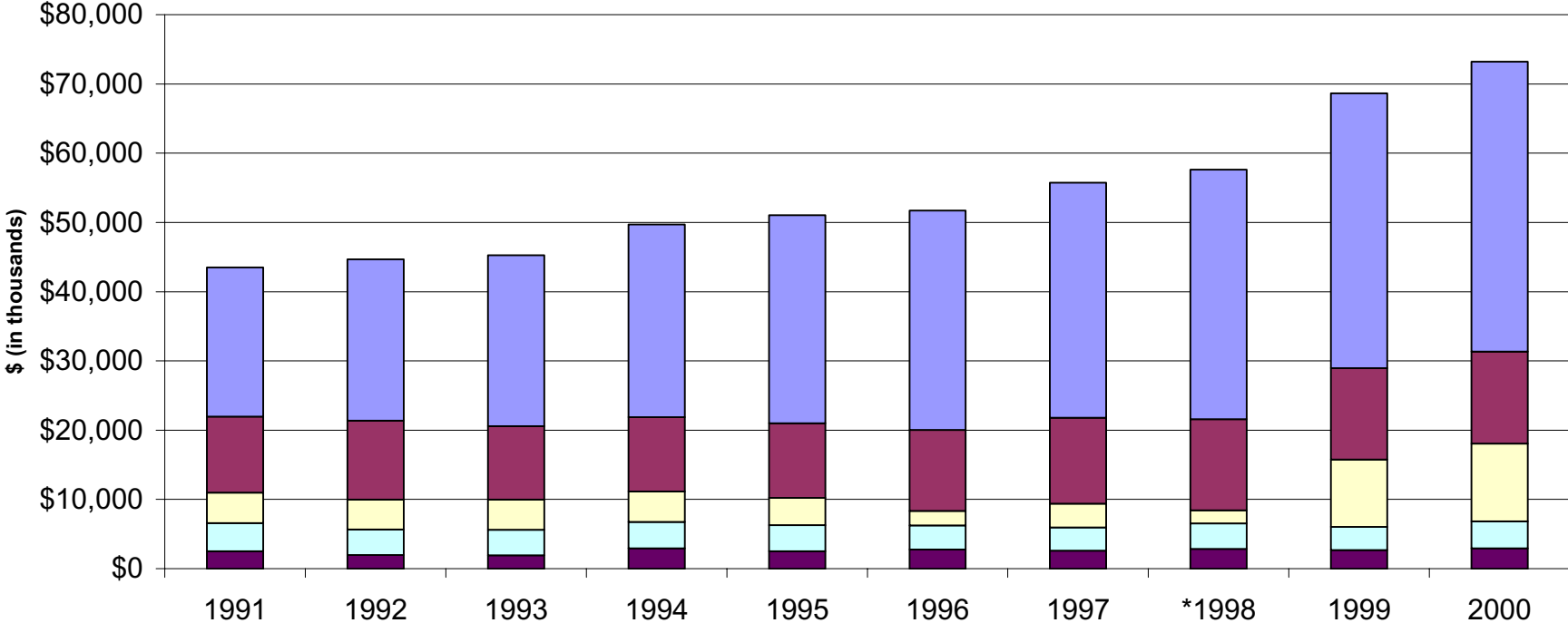
	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>OPERATING REVENUES:</b>										
Passenger fares for transit service .....	\$10,700	\$11,188	\$10,448	\$10,574	\$10,607	\$11,493	\$12,143	\$12,680	\$12,795	\$12,779
Special transit fares .....	287	175	115	120	128	188	258	431	385	476
Charter service revenue .....	23	37	15	25	41	7	21	24	22	30
Auxiliary transportation revenue .....	320	472	467	503	889	952	814	939	983	880
Total operating revenues .....	<u>11,330</u>	<u>11,872</u>	<u>11,045</u>	<u>11,222</u>	<u>11,665</u>	<u>12,640</u>	<u>13,236</u>	<u>14,074</u>	<u>14,185</u>	<u>14,165</u>
<b>NONOPERATING REVENUES:</b>										
Sales tax revenues .....	21,539	23,290	24,695	27,794	30,060	31,676	33,944	36,043	39,701	41,854
Federal operating grants and reimbursements	4,363	4,340	4,376	4,438	3,930	2,105	3,426	1,920	9,727	11,211
State operating grants, reimbursements and special fare assistance .....	4,088	3,677	3,701	3,782	3,767	3,468	3,367	3,655	3,342	3,920
Investment income .....	1,285	967	837	1,005	1,309	1,334	1,476	1,686	1,528	1,781
Nontransportation and other revenues .....	903	529	438	219	175	342	255	185	142	252
Experience Refund from Bureau of Workers' Compensation (BWC).....	-	-	-	-	-	-	-	2,022	-	-
Planning study assistance revenues .....	-	-	171	1,221	145	155	46	55	30	17
Total nonoperating revenues .....	<u>32,178</u>	<u>32,803</u>	<u>34,218</u>	<u>38,459</u>	<u>39,386</u>	<u>39,080</u>	<u>42,514</u>	<u>45,566</u>	<u>54,470</u>	<u>59,035</u>
<b>TOTAL REVENUES .....</b>	<b><u>\$43,508</u></b>	<b><u>\$44,675</u></b>	<b><u>\$45,263</u></b>	<b><u>\$49,681</u></b>	<b><u>\$51,051</u></b>	<b><u>\$51,720</u></b>	<b><u>\$55,750</u></b>	<b><u>\$59,640</u></b>	<b><u>\$68,655</u></b>	<b><u>\$73,200</u></b>

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

Source: The Authority's independently audited annual financial statements

# CENTRAL OHIO TRANSIT AUTHORITY

## Revenues by Source Last Ten Years



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

■ Miscellaneous
■ State Assistance
■ Federal Assistance
■ Passenger Fares
■ Sales Tax Revenue

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

**TRANSPORTATION INDUSTRY (1)**

<u>YEAR</u>	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL ALL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>STATE &amp; LOCAL</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
1991	36.5	4.6	41.1	53.1	5.8	58.9	100.0
1992	36.4	3.8	40.2	54.1	5.7	59.8	100.0
1993	36.8	4.4	41.2	53.2	5.6	58.8	100.0
1994	37.6	12.6 (2)	50.2	44.7 (2)	5.1	49.8	100.0
1995	37.3	15.4	52.7	42.8	4.5	47.3	100.0
1996	38.7	15.3	54.0	42.9	3.1	46.0	100.0
1997	40.1	15.6	55.7	41.3	3.0	44.3	100.0
1998	40.8	15.2	56.0	40.1	3.9	44.0	100.0
1999	37.3	16.4	53.7	42.4	3.9	46.3	100.0
2000	*	*	*	*	*	*	*

**CENTRAL OHIO TRANSIT AUTHORITY (3)**

<u>YEAR</u>	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL ALL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>STATE &amp; LOCAL</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
		(4)		(6)			
1991	25.3	5.8	31.1	58.9	10.0	68.9	100.0
1992	25.5	4.4	29.9	60.4	9.7	70.1	100.0
1993	23.4	4.2	27.6	62.7	9.7	72.4	100.0
1994	21.6	5.9	27.5	63.6	8.9	72.5	100.0
1995	21.1	4.9	26.0	66.3	7.7	74.0	100.0
1996	22.6	5.4	28.0	67.9	4.1	72.0	100.0
1997	22.3	4.6	26.9	66.9	6.2	73.1	100.0
1998	22.1	7.7 (5)	29.8	67.0	3.2	70.2	100.0
1999	18.7	3.9	22.6	63.2	14.2	77.4	100.0
2000	18.1	4.0	22.1	62.6	15.3	77.9	100.0

\* Information not available

(1) Source: The American Public Transit Association, *APTA 1999 Transit Fact Book*

(2) Beginning in 1994, other local government subsidies such as bridge and tunnel tolls and non-transit parking lot fees were reclassified from "local operating assistance" to "other revenue"

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

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

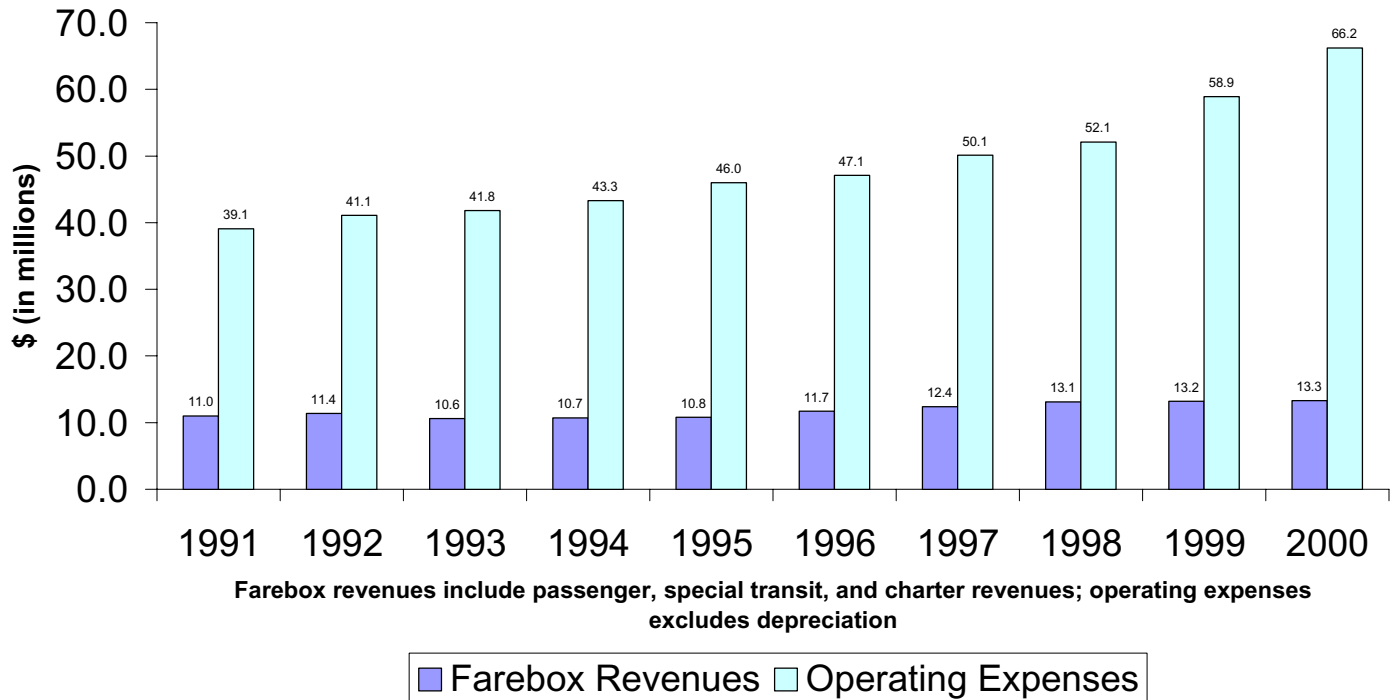
(5) Excludes experience refund from the Bureau of Workers' Compensation (BWC)

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



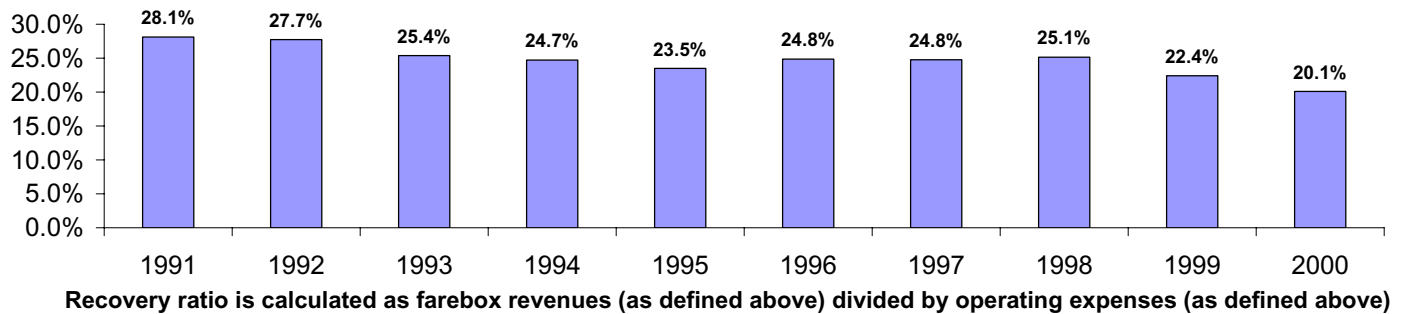
# CENTRAL OHIO TRANSIT AUTHORITY

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



# CENTRAL OHIO TRANSIT AUTHORITY

## Farebox Recovery Ratio Last Ten Fiscal Years



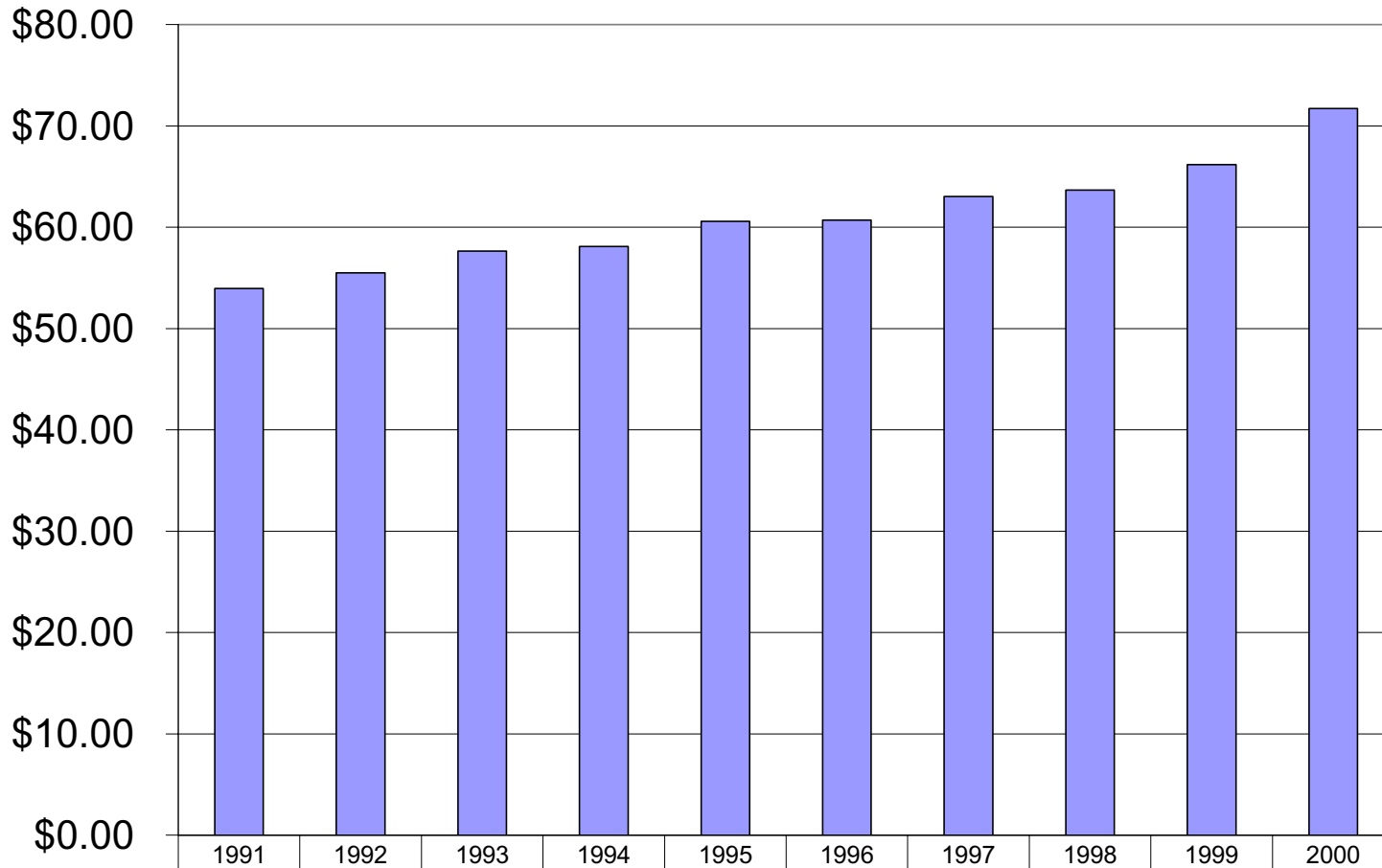
**CENTRAL OHIO TRANSIT AUTHORITY**  
**Expenses by Object Class**  
**Last Ten Fiscal Years**  
(in thousands)

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
OPERATING EXPENSES										
OTHER THAN DEPRECIATION:										
Labor .....	\$19,607	\$20,712	\$20,999	\$21,973	\$22,920	\$23,968	\$24,729	\$26,551	\$28,518	\$31,218
Fringe benefits .....	9,812	10,353	10,332	11,024	12,296	12,117	13,579	12,790	14,233	14,694
	1,845	2,017	2,270	2,440	2,458	2,237	2,413	2,913	5,003	6,184
Materials and supplies .....	4,116	4,235	4,023	3,664	3,761	3,760	3,641	3,855	4,311	6,143
Utilities .....	839	866	793	851	862	1,062	887	892	970	1,137
Claims and insurance .....	253	9	554	324	248	(72)	106	99	224	276
Taxes .....	510	522	524	540	546	576	569	594	635	649
Purchased transportation .....	1,242	1,412	1,472	1,637	1,922	2,469	2,942	3,023	3,268	3,912
Leases and rentals .....	140	137	83	119	120	211	161	151	132	285
Miscellaneous .....	734	821	727	755	912	787	1,090	1,275	1,392	1,578
Total .....	<u>39,098</u>	<u>41,084</u>	<u>41,777</u>	<u>43,327</u>	<u>46,045</u>	<u>47,115</u>	<u>50,117</u>	<u>52,143</u>	<u>58,686</u>	<u>66,076</u>
DEPRECIATION .....	7,520	8,230	8,962	7,810	7,801	8,176	7,370	7,750	8,252	8,635
Total operating expenses .....	<u>46,618</u>	<u>49,314</u>	<u>50,739</u>	<u>51,137</u>	<u>53,846</u>	<u>55,291</u>	<u>57,487</u>	<u>59,893</u>	<u>66,938</u>	<u>74,711</u>
NONOPERATING EXPENSES:										
Interest expense .....	532	529	527	501	437	370	298	221	140	53
Planning study expense .....	-	-	191	1363	181	193	58	68	37	21
TOTAL EXPENSES .....	<u>\$47,150</u>	<u>\$49,843</u>	<u>\$51,457</u>	<u>\$53,001</u>	<u>\$54,464</u>	<u>\$55,854</u>	<u>\$57,843</u>	<u>\$60,182</u>	<u>\$67,115</u>	<u>\$74,785</u>

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

Source: The Authority's independently audited annual financial statements

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Operating Expenses per Vehicle Hour**  
**Last Ten Fiscal Years**



■ Expense per Vehicle Hour	\$53.95	\$55.49	\$57.65	\$58.09	\$60.56	\$60.69	\$63.03	\$63.65	\$66.18	\$71.71
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Operating Expenses exclude depreciation

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

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**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 TRANSPORTATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES (2)</u>
1991	68.9	4.9	9.4	3.5	3.8	9.9	(0.4)	100.0
1992	71.4	5.4	9.1	3.6	3.3	9.6	(2.4)	100.0
1993	71.1	5.3	8.9	3.6	3.4	10.4	(2.7)	100.0
1994	70.7	4.7	8.9	3.6	3.4	10.9	(2.2)	100.0
1995	71.1	4.8	9.0	3.5	2.9	10.8	(2.1)	100.0
1996	70.01	5.0	9.1	3.6	2.7	9.9	(2.3)	100.0
1997	72.2	5.6	9.4	3.7	2.7	11.8	(2.7)	100.0
1998	71.7	6.0	9.4	3.5	2.4	10.1	(3.1)	100.0
1999	70.9	5.9	9.2	3.3	2.2	11.5	(3.0)	100.0
2000	*	*	*	*	*	*	*	*

**CENTRAL OHIO TRANSIT AUTHORITY (3)**

<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 TRANSPORTATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES (2)</u>
1991	75.2	4.7	10.5	2.2	0.7	3.2	3.5	100.0
1992	75.6	4.9	10.3	2.1	0.0	3.5	3.6	100.0
1993	75.0	5.5	9.6	1.9	1.3	3.5	3.2	100.0
1994	76.2	5.6	8.4	2.0	0.7	3.8	3.3	100.0
1995	76.5	5.3	8.2	1.9	0.5	4.2	3.4	100.0
1996	76.6	4.7	8.0	2.3	(0.2)	5.2	3.4	100.0
1997	76.4	4.8	7.3	1.8	0.2	5.9	3.6	100.0
1998	75.4	5.6	7.4	1.7	0.2	5.8	3.9	100.0
1999	72.6	8.5	7.3	1.6	0.4	5.6	4.0	100.0
2000	69.4	9.3	9.3	1.7	0.4	5.9	3.9	100.0

\* Information not available

(1) Source: The American Public Transit Association, *APTA 1999 Transit Fact Book*

(2) Total operating expenses exclude depreciation

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

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Legal Debt Margin**  
**December 31, 2000**  
(in thousands)

**CALCULATION OF LEGAL OVERALL DEBT MARGIN:**

Total assessed property valuation of Authority (2000 tax year valuation) (1) .....	\$22,321,128
Multiplied by: Legal overall debt limitation (%) .....	<u>5.00%</u>
Equals: Total legal voted and unvoted debt limitation .....	1,116,056
Less: Nonexempt general obligation debt (voted and unvoted) (2) .....	<u>0</u>
Equals: Legal overall debt margin (maximum amount permitted for new voted and unvoted nonexempt general obligation debt issuances)	<u><u>\$1,116,056</u></u>

**CALCULATION OF LEGAL UNVOTED DEBT MARGIN:**

Total assessed property valuation of Franklin County (2000 tax year valuation) (1) .....	\$22,321,128
	<u>0.10%</u>
Equals: Legal unvoted debt limitation .....	22,321
Less: Maximum aggregate amounts of principal and interest payable in any one calendar year (2) .....	<u>0</u>
Equals: Legal unvoted debt margin (maximum annual debt service charge permitted for new unvoted nonexempt general obligation debt is	<u><u>\$22,321</u></u>

Sources:

(1) Franklin County Auditor's Office

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

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

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<u>YEAR</u>	<u>POPULATION</u>		<u>ASSESSED VALUE</u>	<u>GENERAL BONDED DEBT</u>	<u>RATIO OF BONDED DEBT TO ASSESSED VALUE</u>	<u>BONDED DEBT PER CAPITA</u>
			(3)	(4)		
1991	976,872	(2)	\$13,723,613,795	\$8,000,000	0.06%	\$8.19
1992	988,783	(2)	\$14,060,575,663	\$7,990,000	0.06%	\$8.08
1993	1,001,354	(2)	\$15,374,617,834	\$7,965,000	0.05%	\$7.95
1994	1,014,465	(2)	\$15,672,478,794	\$7,025,000	0.04%	\$6.92
1995	1,027,599	(2)	\$16,055,247,822	\$6,030,000	0.04%	\$5.87
1996	1,042,011	(2)	\$17,356,432,082	\$4,970,000	0.03%	\$4.77
1997	1,056,654	(2)	\$17,916,289,322	\$3,840,000	0.02%	\$3.63
1998	1,067,002	(2)	\$18,607,708,184	\$2,640,000	0.01%	\$2.47
1999	1,079,204	(2)	\$21,032,111,000	\$1,360,000	0.01%	\$1.26
2000	1,068,978	(1)	\$22,321,127,505	\$0	0.00%	\$0.00

Note: There was no bonded debt outstanding prior to 1990

Sources:

- (1) U. S. Department of Commerce - Bureau of the Census
- (2) Mid-Ohio Regional Planning Commission estimate for year ended
- (3) Franklin County Auditor's Office
- (4) The Authority's independently audited annual financial statements

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

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<u>YEAR</u>	<u>GROSS REVENUES (1)</u>	<u>EXPENSES (2)</u>	<u>NET REVENUE OVER EXPENSES AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENTS (3)</u>			<u>DEBT COVERAGE RATIO</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
1991	\$43,508,381	\$39,098,130	\$4,410,251	\$0	\$528,666	\$528,666	8.34
1992	\$44,674,825	\$41,084,415	\$3,590,410	\$10,000	\$528,666	\$538,666	6.67
1993	\$45,263,387	\$41,967,604	\$3,295,783	\$25,000	\$528,087	\$553,087	5.96
1994	\$49,681,092	\$44,690,175	\$4,990,917	\$940,000	\$526,650	\$1,466,650	3.40
1995	\$51,051,391	\$46,226,053	\$4,825,338	\$995,000	\$464,610	\$1,459,610	3.31
1996	\$51,720,105	\$47,308,852	\$4,411,253	\$1,060,000	\$398,940	\$1,458,940	3.02
1997	\$55,750,081	\$50,174,869	\$5,575,212	\$1,130,000	\$328,980	\$1,458,980	3.82
1998	\$59,639,877	\$52,212,282	\$7,427,595	\$1,200,000	\$254,400	\$1,454,400	5.11
1999	\$68,653,750	\$58,723,178	\$9,930,572	\$1,280,000	\$174,900	\$1,454,900	6.83
2000	\$73,199,851	\$66,098,090	\$7,101,761	\$1,360,000	\$52,557	\$1,412,557	5.03

Note: There was no long-term debt outstanding, except for capital lease obligations, prior to 1990

Source: The Authority's independently audited financial statements

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

(2) Total expenses exclude depreciation and interest expense

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

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Computation of Direct and Overlapping Debt**  
**December 31, 2000**

(in 000's)

<u>POLITICAL SUBDIVISION</u>	<u>GROSS GENERAL OBLIGATION DEBT</u>	<u>--APPLICABLE TO THE AUTHORITY--</u>	
		<u>PERCENTAGE</u> (1)	<u>DOLLAR AMOUNT</u>
Central Ohio Transit Authority	\$ 0	100.00 %	0
Franklin County	167,895	100.00	167,895
Cities wholly within Franklin County	52,986	100.00	52,986
Cities with overlapping jurisdictions:			
City of Columbus	1,304,603	97.49	1,271,857
City of Dublin	66,154	86.20	57,025
City of Pickerington	10,750	0.65	70
City of Reynoldsburg	24,450	77.70	18,998
City of Westerville	39,495	79.33	31,331
Villages wholly within Franklin County	13,522	100.00	13,522
Village with overlapping jurisdiction:			
Village of Canal Winchester	5,436	94.22	5,122
Townships wholly within Franklin County	7,173	100.00	7,173
Township with overlapping jurisdiction:			
Washington Township	2,425	86.69	2,102
School Districts wholly within Franklin County	90,204	100.00	90,204
School Districts with overlapping jurisdictions:			
Canal Winchester Local	35,182	76.56	26,935
Dublin City	138,301	85.89	118,787
Hilliard City	92,257	99.99	92,248
Licking Heights Local	24,989	35.33	8,829
Madison Plains Local	50	3.13	2
Olentangy Local	59,982	0.12	72
Pickerington Local	37,520	2.06	773
Plain Local	47,654	99.99	47,649
Reynoldsburg City	20,072	79.32	15,921
South-Western City	159,922	99.79	159,586
Teays Valley Local	23,530	0.10	24
Westerville City	66,550	74.39	49,507
Delaware County Joint Vocational	475	0.07	0
Eastland Joint Vocational	660	66.44	439
Licking County Joint Vocational	1,023	2.94	30
Library with overlapping jurisdiction:			
Delaware County District Library	2,895	0.07	2
<b>TOTAL:</b>			<u>\$ 2,239,088</u>

Source: Franklin County Auditor's Office; primarily from debt schedules submitted by subdivisions to the Franklin County Budget Commission and the Settlement Division of the Franklin County Auditor's Office

(1) Percentages were determined by dividing the assessed valuation of the portion of the jurisdiction within Franklin County by the total assessed valuation of the entire jurisdiction. Valuations used are the 2000 tax year.



**CENTRAL OHIO TRANSIT AUTHORITY**  
**Operating Statistics**  
**Last Ten Fiscal Years**

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
SYSTEM RIDERSHIP (1)										
Motor bus.....	17,538,350	18,068,524	16,606,796	18,023,895	17,532,795	17,553,264	17,762,583	18,326,115	18,790,187	18,742,704
Demand responsive.....	73,352	77,597	82,818	90,282	100,974	101,801	106,125	106,398	120,959	132,083
AVERAGE WEEKDAY SYSTEM RIDERSHIP (1)										
Motor bus.....	60,388	61,004	56,671	61,663	60,583	59,993	61,183	62,410	64,152	64,195
Demand responsive.....	263	274	295	320	363	360	377	377	430	448
VEHICLE MILES OPERATED (1)										
Motor bus.....	9,549,994	9,488,639	9,186,608	9,493,744	9,524,653	9,699,757	9,663,430	10,192,042	10,857,075	11,071,394
Demand responsive.....	818,010	887,428	1,007,359	1,097,648	1,224,252	1,367,784	1,651,280	1,612,679	1,657,429	1,972,276
AVERAGE WEEKDAY VEHICLE MILES OPERATED (1)										
Motor bus.....	31,875	31,528	30,883	31,982	32,007	32,481	32,360	34,667	36,554	37,611
Demand responsive.....	2,919	3,147	3,606	3,934	4,457	4,901	5,790	5,648	5,812	6,815
REVENUE MILES (1)										
Motor bus.....	7,812,271	7,835,470	7,513,683	7,782,654	7,798,315	7,938,033	7,887,056	8,323,748	8,837,544	8,976,194
Demand responsive.....	678,213	723,599	794,297	888,689	1,000,743	1,134,584	1,328,320	1,314,432	1,376,978	1,794,407
PASSENGER MILES (1)										
Motor bus.....	87,638,415	85,842,515	87,720,583	84,557,756	73,622,749	71,654,194	70,436,988	73,676,286	77,630,395	74,871,624
Demand responsive.....	616,124	638,321	692,915	738,604	884,662	1,052,776	991,220	993,803	1,197,628	1,137,037

Source:

( 1 ) 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)**

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
VEHICLE HOURS OPERATED (1)										
Motor bus.....	673,586	685,413	665,702	681,421	688,191	697,136	701,934	727,710	793,260	806,190
Demand responsive.....	51,078	54,944	58,921	64,391	72,082	79,221	93,220	91,490	96,238	116,232
VEHICLE REVENUE HOURS (1)										
Motor bus.....	603,360	615,143	601,399	611,447	617,900	626,187	631,904	654,377	713,514	723,458
Demand responsive.....	43,929	46,206	49,837	54,812	62,025	68,857	78,304	79,515	83,043	100,346
DIESEL FUEL CONSUMPTION (IN GALLONS)..... (1)										
	2,307,329	2,486,911	2,401,843	2,367,318	2,391,932	2,520,895	2,346,910	2,511,320	2,818,479	2,539,085
FLEET REQUIREMENT (DURING PEAK HOUR)(1)										
Motor bus.....	261	255	252	257	255	256	252	258	266	277
Demand responsive.....	15	17	18	19	20	30	32	32	36	36
TOTAL REVENUE VEHICLES DURING PERIOD (1)										
Motor bus.....	361	351	345	344	402	370	325	312	321	322
Demand responsive.....	18	25	31	24	26	41	38	38	43	43
NUMBER OF EMPLOYEES ..... (2)										
	719	737	727	730 (1)	723 (1)	683 (1)	710 (1)	747 (1)	796 (1)	815

Source:

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

(2) The Authority's published general-purpose annual financial report to the community for the year then ended

# CENTRAL OHIO TRANSIT AUTHORITY

## Fare Rate Structure

### December 31, 2000

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**CASH OR TICKET FARES:**

Express .....	\$ 1.50
Local and crosstown .....	1.10
Project Mainstream (1) .....	1.50
COTA LINK (2) .....	0.25
Transfer .....	0.10

**DAY PASSES (3):**

Adult (4) .....	\$ 2.50
Human Service Agency (5) .....	2.00
Children 7-12 years, Senior Discount Card (6), Key Card (7) or ADA Card (8) .....	1.25

**MONTHLY PASSES:**

Express .....	\$ 50.00
Local .....	37.00
Project Mainstream (1) .....	50.00
Senior Discount Card (6), Key Card (7), or ADA Card (8) .....	16.50

**SPECIAL FARES:**

Children 7-12 years, Senior Discount Card (7), Key Card (7) or ADA Card (8) .....	\$ 0.55
Children under 7 years .....	FREE
S.C.O.T. (9) .....	2.20

- (1) Door-to-door service on demand, in wheelchair lift-equipped paratransit mini-buses, for eligible disabled riders holding an "ADA" card
- (2) Midday shuttle-type service
- (3) Good for one day of unlimited travel on all local/crosstown routes
- (4) Additional \$0.40 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
- (9) Senior Citizens On the Town - roundtrip fare for special service to groups of thirty or more senior citizens

Source: COTA, 2001 Short Range Transit Plan, published by the Authority

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**CENTRAL OHIO TRANSIT AUTHORITY**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

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<u>YEAR</u>	<u>POPULATION</u>	<u>PER CAPITA INCOME</u>	<u>MEDIAN AGE</u>	<u>K - 12 SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
	(1)	(3)	(4)	(6)	(7)
1991	976,872	19,550	31.3	167,850	3.8%
1992	988,783	20,786	31.4	168,486	4.6%
1993	1,001,354	21,739	32.3	173,030	4.5%
1994	1,014,465	22,959	32.6	174,459	3.7%
1995	1,027,599	24,943	33.0	177,296	3.0%
1996	1,042,011	25,959	33.0 (5)	181,386	2.9%
1997	1,056,654	26,647	33.0 (5)	183,351	2.7%
1998	1,067,002	29,425	32.9 (5)	188,704	2.5%
1999	1,079,204	22,089	32.9	190,857	2.5%
2000	1,068,978 (2)	*	*	192,794	2.4%

Note: All information presented is for Franklin County

\* Information not available

Sources:

- (1) Mid-Ohio Regional Planning Commission estimate for the year ended
- (2) U. S. Department of Commerce - Bureau of the Census
- (3) U. S. Department of Commerce - Bureau of Economic Analysis
- (4) "Survey of Buying Power", special issue published annually by "Sales and Marketing Management" magazine
- (5) "Sourcebook of County Demographics", 10th & 11th ed., published by CACI Marketing Systems, Arlington, VA
- (6) Ohio Department of Education - Division of Information Management Services
- (7) Ohio Bureau of Employment Services

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Miscellaneous Statistics**  
**As of, or for, the Year ended December 31, 2000**

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Date of creation of Authority by local county and municipal governments .....	February 17, 1971
Date of acquisition of assets of Columbus Transit Company (C.T.C.) .....	June 29, 1973
Date of commencement of Authority operations .....	January 1, 1974
Form of government .....	Board of Trustees, with fulltime President/CEO
Number of Trustees .....	13
County in which Authority operates .....	Franklin County and small portions of adjacent Delaware, Fairfield and Licking Counties, Ohio
Type of tax support .....	Franklin County Sales Tax - 1/4% (permanent)
Size of Authority .....	543 square miles
Miles of route .....	957.6
Number of routes .....	69
Number of bus stop locations .....	5500
Number of bus stop passenger shelters .....	373
Number of Park-and-Ride facilities .....	27
Parking capacity, all Park-and-Ride facilities .....	2,354 automobiles
Number of active fleet buses .....	338
Average bus vehicle age .....	9.3 years
Average system speed .....	13.73 miles per hour
Average system fuel economy .....	5.14 miles per gallon
Number of customer information calls received .....	1,166,676

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**Administrative Offices & Bus Facility**

1600 McKinley Avenue  
Columbus, Ohio 43222  
614.275.5800

**Light Maintenance & Storage Facility**

1333 Fields Avenue  
Columbus, Ohio 43201

**Customer Service Center**

60 East Broad Street  
Columbus, Ohio 43215  
614.228.1776



***We'll Take  
You There.***



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CENTRAL OHIO TRANSIT AUTHORITY**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**SEPTEMBER 6, 2001**