
Central Ohio Transit Authority Franklin County, Ohio

Independent Auditors' Reports on
Internal Controls and Compliance
And Schedule of Expenditures of Federal Awards
And Agreed-Upon Procedures on Section 9 Certification

December 31, 2012



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Central Ohio Transit Authority, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Central Ohio Transit Authority is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

July 1, 2013

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

Board of Trustees
Central Ohio Transit Authority
Columbus, Ohio 43215

We have audited, in accordance with the 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, the financial statements of the Central Ohio Transit Authority (the Authority), which comprise the balance sheet as of December 31, 2012 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issue our report thereon May 28, 2013, wherein we noted the Authority adopted the provisions of GASB Statements No. 62, 63 and 65 for the year ended December 31, 2012.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Clark, Schaefer, Hachett & Co." The signature is written in a cursive style and is positioned above the typed name and date.

Springfield, Ohio
May 28, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
Central Ohio Transit Authority
Columbus, Ohio 43215

Report on Compliance for Each Major Federal Program

We have audited Central Ohio Transit Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2012. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

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Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Authority as of and for the year ended December 31, 2012, and have issued our report thereon dated May 28, 2013, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Springfield, Ohio
May 28, 2013

CENTRAL OHIO TRANSIT AUTHORITY

**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012**

Grantor/Title:	CFDA #	Grant #	Federal Expenditures
U. S. Department of Transportation			
Federal Transit Cluster			
Federal Transit Administration (FTA):			
Urbanized Area Formula Program	20.507	OH-90-X675	\$ 46,038
	20.507	OH-90-X706	183,199
	20.507	OH-90-X731	10,755,866
	20.507	OH-90-X767	4,889,874
	20.507	OH-95-X090	258,478
	20.507	OH-95-X124	1,349,944
	ARRA 20.507	OH-96-X015	284,124
Total Urbanized Area Formula Program			<u>17,767,523</u>
Capital Investment Program	20.500	OH-03-0229	81,121
	20.500	OH-03-0298	47,424
	20.500	OH-04-0101	1,896,621
Total Capital Investment Program			<u>2,025,166</u>
		Total Federal Transit Cluster	<u><u>19,792,689</u></u>
Transit Service Program Cluster			
U. S. Department of Transportation -			
Federal Transit Administration (FTA):			
Job Access/Reverse Commute Program	20.516	OH-37-X086	444,709
	20.516	OH-37-X091	537,388
Total Job Access/Reverse Commute Program			<u>982,097</u>
New Freedom Program	20.521	OH-57-X007	47,400
	20.521	OH-57-X019	104,639
	20.521	OH-57-X029	159,206
	20.521	OH-57-X036	35,260
	20.521	OH-57-X043	182,967
	20.521	OH-57-X052	7,342
Total New Freedom Program			<u>536,814</u>
		Total Transit Service Program Cluster	<u><u>1,518,911</u></u>
Highway Planning and Construction			
U. S. Department of Transportation -			
Federal Transit Administration (FTA):			
Direct Urbanized Area Formula Program	20.205	OH-90-X402	682,105
Indirect Capital Grants Passed Through			
Ohio Department of Transportation -	20.205	FANE040632	113,056
	20.205	OH-95-X024	865,819
	20.205	OH-95-X077	120,200
Total Highway Planning and Construction			<u>1,781,180</u>
Clean Fuels			
U. S. Department of Transportation -			
Federal Transit Administration (FTA):			
Project Grant	20.519	OH-58-0057	408,242
Alternative Analysis			
U. S. Department of Transportation -			
Federal Transit Administration (FTA):			
Project Grant	20.522	OH-39-0004	229,832
Total U.S. Department of Transportation			<u><u>23,730,854</u></u>
U.S. Department of Labor			
Competitive Grants for Worker Training			
Indirect Capital Grants Passed Through			
Transportation Learning Center	ARRA 17.275	GJ-19872-10-60-A-24	141,948
			<u>141,948</u>
		Total Federal Financial Assistance	<u><u>\$ 23,872,802</u></u>

See notes to schedule of expenditures of federal awards.

CENTRAL OHIO TRANSIT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

1. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. RELATIONSHIP OF FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Federal Transit Cluster:

- CFDA 20.507 – Urbanized Area Formula Grants
- CFDA 20.507 – Urbanized Area Formula Grant (ARRA)
- CFDA 20.500 – Capital Investment Program Grants

CFDA 20.205 – Highway Planning and Construction

CFDA 17.275 – Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors (ARRA)

Dollar threshold to distinguish between Type A and Type B programs:	\$716,184
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted

Section IV – Summary of Prior Audit Findings and Questioned Costs

None noted

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the applicable procedures enumerated in the Federal Funding Allocation Statistics Form (901), which were agreed to by the Central Ohio Transit Authority (the Authority) and the Federal Transit Administration (FTA), solely to assist you in complying with the reporting requirements of the Declarations section of the *2012 Reporting Manual*, for the year ended December 31, 2012. Management of the Authority is responsible for compliance with the requirements of the *Uniform System of Accounts and Records and Reporting System, Final Rule*, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the *2012 Reporting Manual*. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Authority and the FTA. Consequently, we make no representation regarding the sufficiency of the procedures in the attached appendix, either for the purpose for which this report has been requested or for any other purpose.

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

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

The procedures were applied separately to each of the information systems used to develop the reported vehicle revenue miles, passenger miles and operating expenses of the Authority for the fiscal year ended December 31, 2012 for each of the following modes:

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

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

None Noted

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the requirements of the Uniform System of Accounts And Records and Reporting System, Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993, and as presented in the 2012 Reporting Manual for the year ended December 31, 2012. Accordingly we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

A handwritten signature in black ink that reads "Clark, Schaefer, Hackett & Co." The signature is written in a cursive, flowing style.

Springfield, Ohio
May 28, 2013

Section 9 Certification – Agreed-Upon Procedures

1. Discussed procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2012 Reporting Manual. If procedures are not written, discuss the procedures with the personnel assigned responsibility of supervising the NTD data preparation and maintenance.
2. Discussed the procedures with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data to determine:
 - The extent to which the transit agency followed the procedures on a continuous basis, and
 - Whether they believe such procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, and January 15, 1993 and as presented in the 2012 Reporting Manual.
3. Inquired of same person concerning the retention policy that is followed by the transit agency with respect to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics Form (901).
4. Based on a description of Authority's procedures obtained in items 1 and 2 above, identified all the source documents which are to be retained by the Authority for a minimum of three years. For each type of source document, selected three months out of the year and observed that each type of document exists for each of these periods.
5. Discussed the system of internal controls with the person responsible for supervising and maintaining the NTD data. Inquired whether individuals, independent of the individuals preparing source documents and posting data summaries, review the source documents and data summaries for completeness, accuracy and reasonableness and how often such reviews are performed.
6. We did not review selected source documents to ascertain whether signatures were present as the Authority does not review hard copy documents. Data is prepared using the scheduling and Automatic Passenger Counters (APC) system. The annual analytical review is performed online by someone independent of the data entry in lieu of signatures. Evidence of this online review and other review of electronic reports was noted.
7. Obtained the worksheets utilized by the Authority to prepare the final data that is transcribed onto the Federal Funding Allocation Statistics (FFA-10) form. Compared the periodic data included on the worksheets to the periodic summaries prepared by the Authority. Tested the arithmetical accuracy of the summarizations.
8. Discussed the Authority's procedures for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with the Authority's, noting that the Authority uses an estimate of passenger miles based on statistical sampling that meets the FTA's 95% confidence and 10% precision requirements. The Authority uses an alternative sampling procedure and, therefore, we inquired whether the procedure was approved by the FTA.
9. Discussed with transit agency staff the Authority's eligibility to conduct statistical sampling for PMT data every third year. Determined whether the Authority meets one of the three criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. However, the Authority has elected to conduct statistical samples on an annual basis.
10. Obtained a description of the sampling procedure for estimation of PMT data used by the Authority. We were informed that the Authority's sampling procedures for the estimation of

passenger mile data is substantially as described in the Authority's letter, submitted to the FTA, dated April 27, 1987. We noted no exceptions to the stated sampling procedures described in the above letter.

11. Obtained the passenger mile sample information generated from the APC system and, based on this information, recalculated the passenger miles for the year ended December 31, 2012.
12. Discussed the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with Authority's staff, noting this requirement is not applicable to the Authority.
13. For actual vehicle revenue mile (VRM) data, documented the collection and recording methodology and determined that deadhead miles are systematically excluded from the computation.
14. Compared operating expenses with audited financial data, after reconciling items are removed.
15. Inquired of personnel reporting the NTD data regarding the amount of purchased transportation (PT) generated fare revenues. Noted the PT fare revenues agreed to the amount reported on the Contractual Relationship form (B-30).
16. Obtained a copy of the PT contract and determined that the contract (1) specified the specific public transportation services to be provided; (2) specified the monetary consideration obligated by the transit agency contracting for the service; (3) specified the period covered by the contract and that this period overlaps the entire, or a portion of, the period covered by the Authority's NTD report; and (4) was signed by representatives of both parties to the contract. Inquired of the person responsible for the retention of the executed contract, and determined that copies of the contracts are retained for three years.
17. Compared the data reported on the Federal Funding Allocation Statistics Form (901) to comparable data for the prior period report year and calculated the percentage change from the prior year to the current year. Fluctuations greater than 10% were investigated and explained and reported to NTD.
18. The following 2012 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.



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2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT



For Fiscal Year Ended December 31, 2012

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2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT



For Fiscal Year Ended December 31, 2012

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

COTA 
CENTRAL OHIO TRANSIT AUTHORITY
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Central Ohio Transit Authority Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2012

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INTRODUCTORY SECTION

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May 29, 2013

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

The Comprehensive Annual Financial Report (CAFR) of the Central Ohio Transit Authority (COTA) for the fiscal year ended Dec. 31, 2012, is hereby submitted. This CAFR was prepared by the Finance Division and represents COTA's commitment to provide accurate, concise and high-quality financial information to its Board of Trustees and stakeholders.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to COTA for its comprehensive annual financial report for the fiscal year ended Dec. 31, 2011. This was the 13th consecutive year that COTA was recognized with the prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting the accompanying 2012 report to the GFOA to determine its eligibility for another certificate.

REPORTING ENTITY

General

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

COTA's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14 and No. 39. The financial statements contained within the CAFR include all of the organizations, activities, functions and component units for which COTA is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either the reporting entity's ability to impose its will over the component unit or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the reporting entity. On this basis, COTA does not have financial accountability over any other entity, and no governmental units other than COTA itself are included in the reporting entity. COTA is not included as a component unit in the reporting entity of any other governmental unit's financial statements. A complete discussion of COTA's reporting entity is included in footnote 1 of the financial statements.

COTA was created by an agreement executed on Feb. 17, 1971, with Franklin County and the cities of Bexley, Columbus, Gahanna, Grandview Heights, Grove City, Hilliard, Reynoldsburg, Upper Arlington, Westerville, Whitehall and Worthington. In 2008, an amended agreement was executed, which added the city of Dublin to COTA. COTA's territorial boundaries are conterminous with Franklin County and small portions of Delaware, Fairfield, Licking and Union counties.

COTA's vision and mission statements are respectively:

COTA will be the region's transportation leader.

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

These statements are the focus of all operations.

Management — Board of Trustees

COTA is governed by a Board of Trustees vested by Ohio law with the powers necessary to manage COTA. The legislation and agreements establish that COTA provide for a 13 member board serving overlapping three-year terms. Board membership is apportioned as follows: City of Columbus, seven members; Franklin County, two members; and four members prorated among the eleven municipal corporations including Bexley, Dublin, Gahanna, Grandview Heights, Grove City, Hilliard, Reynoldsburg, Upper Arlington, Westerville, Whitehall and Worthington. The appointments of the members within the group are rotated among the municipal corporations. Members are appointed by

the mayor of the appropriate municipal corporation with the consent of its city council. The Franklin County Board of Commissioners appoints the Franklin County representatives.

Administration

The President/CEO, who is appointed by the Board, directs the administration of COTA, subject to the policies and supervision of the Board. The President/CEO selects the senior leadership team. A Table of Organization depicting the key functional responsibilities is shown on page 11 of the introductory section.

Transportation Services — Fixed-Route Bus Service

COTA provides public transportation services within Franklin County as well as portions of Delaware, Fairfield, Licking and Union counties that are included within the municipal corporation limits of Columbus, Dublin, Westerville and Reynoldsburg. In 2012, service included 68 fixed-bus routes comprised of 20 Local, including one LINK, 11 Crosstown and 36 Express lines.

COTA makes adjustments to its fixed-route system three times a year. These changes occur in January, May and September. Service changes are determined through an analysis of customer needs and the changing service area by COTA staff. COTA plans to increase fixed-route service hours to 996,000 hours by 2015 and 1.05 million hours by 2016.

To address increasing customer needs for fixed-route bus service, service changes focus on four key areas of improvement: upgrades in service frequency, expanded service area coverage, expanded hours of operation and decreased travel times. Expanding and modernizing COTA's fleet of passenger coaches is an essential component toward initiating these improvements.

In 2012, COTA was in the final year of a five-year contract to purchase new buses and took delivery of 23 coaches. At the end of 2012, COTA had 308 fixed-route buses in its fleet. Also in 2012, the Board of Trustees authorized a new five-year contract with Gillig Corporation for the purchase of transit coaches. 30 new buses were purchased in 2012, which are scheduled to arrive in April 2013. These buses will be the first in COTA's fleet to be powered by compressed natural gas (CNG).

Over a 12 year conversion period, diesel-powered, fixed-route buses will be phased out of the fleet and all new buses acquired will be CNG-powered. By May 2013, a newly constructed CNG fueling station will be operational at the McKinley Fixed-Route Operations facility where the first CNG buses will be based.

Ridership

COTA provided 18.4 million passenger trips in 2012. This represents a small decline in trips from 2011 when COTA led the nation in ridership growth among large bus agencies. Several factors have been recognized as having an impact on the 2012 ridership figures.

In July, COTA's represented workforce staged a three-day work stoppage after members of Transport Workers Union of America, Local 208, rejected a fact finder's report following months of contract negotiations. On the third day of the work stoppage, union members overwhelmingly approved a

contract proposal which had been negotiated in good faith by COTA management, and workers returned to work on July 5. COTA estimates that 140,000 trips were not taken during the three days when public transit was not provided in central Ohio;

One week after the strike, a freight train derailed adjacent to COTA's Fields Avenue Fixed-Route Operations facility. At the behest of fire and safety officials, COTA closed the bus facility and a significant portion of COTA's service (fixed-route and Paratransit) was unable to operate for much of the day;

COTA raised fares in all categories in January 2012 as outlined in COTA's Fare Policy. Several categories saw significant decreases in riders, ostensibly due to the higher fares.

Beginning in January, all Ohio State University students were required to swipe their BUCK ID passes through the farebox when boarding COTA buses instead of visually presenting the ID to the bus driver. Enhanced fare box technology and an effort on the part of COTA and Ohio State officials enabled the parties to more accurately manage "valid" ID's and data collection. The new requirement was expected to result in reduced Ohio State University ridership as users with invalid ID's would no longer be able to ride COTA without paying the regular fare.

Other Key Activities in 2012

COTA advanced Bus Rapid Transit as the Locally Preferred Alternative for the Northeast Corridor (Cleveland Avenue) and submitted a Federal Transit Administration application for Preliminary Design.

COTA completed construction on the Westview Turnaround (N. High St. and Westview Ave.) and planned to relocate all N. High Street layover/turnaround activity from Graceland Shopping Center to the site in January 2013.

COTA negotiated three labor contracts successfully balancing the interests of employees, taxpayers and customers.

Transportation Services — Paratransit Service

Mainstream is a demand-response, shared-ride paratransit service available to individuals whose disabilities prevent them from accessing COTA's fixed-route bus system. Mainstream provides transportation when a customer's origin and destination addresses are within three-quarters of a mile of an operating fixed-route line. The contracted service for Mainstream operates during the same hours as fixed-route bus service. Individuals wishing to use the service must complete an eligibility process and obtain an Americans with Disabilities Act (ADA) ID card. Certified customers must maintain their eligibility by recertifying every three years.

In 2012, Mainstream provided 226,390 passenger trips, an increase of 3,800 trips over 2011.

Facilities Owned

William J. Lhota Building, 33 N. High St., is a 78,000 square-foot, 10-story office building in Downtown Columbus which houses COTA's administrative and customer pass sales functions. The facility also serves as the downtown coach operator sign-in station.

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

COTA is renovating the facility in three phases. Phase 2, which includes retrofitting the facility to accommodate and fuel CNG buses, will be completed in May, 2013.

Fields Operations, 1333 Fields Ave., opened in September 1984, and is a 283,000 square-foot facility with storage for 200 fixed-route buses and space for several light-maintenance work areas. In September 2009, Fields Operations, which had been closed since 2006 due to service and budget reductions, was reopened after a complete renovation.

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

Street and Remote Operations, 1325 Essex Ave., is a 12,000 square-foot facility on the Fields Avenue Campus. The building houses COTA's Street and Remote operations. In 2012, the facility was renovated with an 8,000 square-foot addition so all support vehicles could be stored inside.

Linden Transit Center, 1390 Cleveland Ave., is a 20,500 square-foot facility located at the corner of Cleveland and 11th avenues. The transit center houses a Nationwide Children's Hospital "Close to Home" facility to provide neighborhood medical services, daycare center as well as other amenities. Five Express lines, two Local lines and the Linden LINK neighborhood circulator serve the facility. Express lines serving the Linden Transit Center offer connections to job centers around the I-270 outer belt such as the Polaris area, Easton and New Albany Business Park.

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

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

Near East Transit Center, 1125 E. Main St., is a 9,600 square-foot facility located at the corner of East Main Street and Champion Avenue in the Columbus Empowerment Zone, an economically disadvantaged area with high unemployment. The transit center is served by two Local lines. The Near East Transit Center includes a Nationwide Children’s hospital “Close to Home” facility offering neighborhood medical services as well as leased, street-level, retail space.

Facilities Leased

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

SERVICE AREA

Franklin County, COTA’s primary service area, is located in Central Ohio. The City of Columbus, Ohio’s largest city and state capital, is located within its boundaries. The Columbus Metropolitan Statistical Area (MSA) consists of eight counties: Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway and Union. Based on data from the U.S. Census Bureau, the combined area’s population is 1,836,536 with Franklin County’s population of 1,163,414 making it the MSA’s largest county in terms of population.

Population

Population in COTA’s primary service area since 1970 is as follows:

Year	Columbus	Franklin County
1970	540,025	833,249
1980	565,032	869,126
1990	632,910	961,437
2000	711,470	1,068,978
2010	787,033	1,163,414

Source: U.S. Census Bureau

ECONOMIC OUTLOOK

While the local economy generally mirrors the national economy, Franklin County has remained stable as a regional economic center. Columbus is the most populous city in Ohio and only major municipality in the state experiencing population growth. This is attributed in part to Columbus’ aggressive annexation policies and a pro-growth economic emphasis in city government. Franklin County’s sizable institutional component, stemming from the presence of Ohio’s capital and The Ohio State University, lends considerable stability to the local economy. The region’s economy consists of large professional and service sectors heavy on finance, insurance, education and research

industries. The overall county-wide, assessed property valuation continues to increase as a result of vibrant residential and commercial development. The economic climate of Franklin County directly affects COTA due to the reliance on sales and use tax receipts, which are COTA's major source of revenue.

SERVICE EXPANSION

In November 2006, voters approved a 10 year, renewable 0.25 percent sales-tax levy, in addition to the permanent 0.25 percent sales and use tax, to implement the Long-Range Transit Plan (LRTP). COTA began receiving revenue from the renewable sales tax in April 2008. In early 2007, COTA developed a Short-Range Transit Plan (SRTP) that describes planned service improvements for the first five years of the LRTP, which identifies capital projects to support the planned service improvements and summarizes COTA's financial plan for the next five years. The SRTP was updated in 2010 to cover the span from 2011 to 2015. Beginning in 2007 and in accordance with the SRTP and LRTP, COTA began improving service and embarked on capital projects such as park and rides, which support the system.

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

Fixed-Route Bus Service — The LRTP's goal to provide safe, reliable and convenient transportation includes adding approximately 20,000 annualized service hours three times each year for a total of 60,000 annualized service hours. Due to the downturn in the economy and subsequent decline of local sales tax receipts, COTA adjusted its service growth to a total of 30,000 annualized service hours. The plan called for acquiring 40 new fixed-route coaches annually for expansion and replacement, and hiring and training new bus operators to meet the service goals and increased demand for transit service. Since the expansion plan has been adjusted, the number of buses acquired annually has been reduced to approximately 30 with the exception of 2018 where no buses will be purchased.

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

Intelligent Transportation Systems — COTA is pursuing technologies to improve customer service, quality of service and efficiency including real-time bus arrival information at busy bus stops, smart card technologies and signal priority to adjust traffic light timing to expedite bus service.

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

FINANCIAL INFORMATION

Internal Control Structure

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

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

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

Basis of Accounting

COTA's financial records are maintained on the accrual basis of accounting. The activities are accounted for in a single enterprise, proprietary-type, fund. Additional information on COTA's accounting policies can be found in Note 2 in the Notes to the Financial Statements located on page 31.

Budgetary Controls

The annual accrual basis operation and capital budgets are proposed by COTA's management and adopted by the Board of Trustees in a public meeting, typically held in the month preceding a new fiscal year. The annual budget is prepared using overall guidelines established after consideration of COTA's long-range financial plan. The plan, updated annually, projects revenue sources over the next 10 years and establishes service levels and growth commensurate with revenue limits.

Management control for the budget is maintained by not permitting total expenditures to exceed total appropriations without approval of the Board of Trustees. It is the responsibility of each department to administer its operations in a manner to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Trustees. Financial schedules prepared on a budgetary basis, in accordance with generally accepted accounting principles, have been provided on page 45 to demonstrate budgetary compliance.

OTHER INFORMATION

Independent Audit

COTA's independent certified public accounting firm of Clark Schaefer Hackett has rendered an unmodified audit report on COTA's financial statements for the fiscal year ended Dec. 31, 2012. The report is included in the financial section of the CAFR.

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

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

Acknowledgements

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

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



W. Curtis Stitt
President/CEO



Marion White
CFO/Vice President of Finance

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, 2011

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.



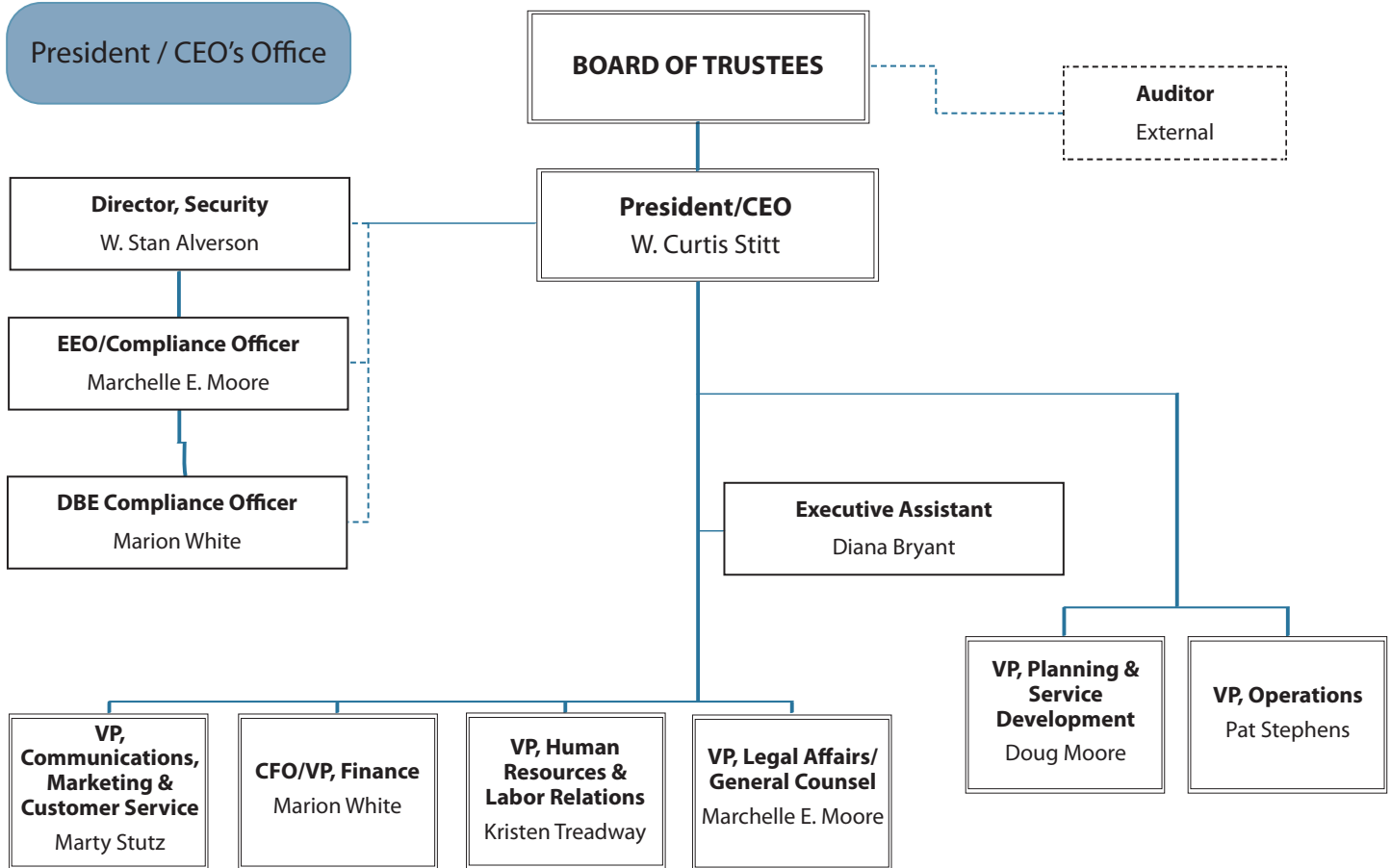
Christopher P. Morille

President

Jeffrey R. Enev

Executive Director

As of December 31, 2012



BOARD OF TRUSTEES

- Chair Dawn Tyler Lee
Appointed by the City of Columbus
- Vice-Chair Kevin E. Wood
Appointed by the City of Columbus
- Trustee William A. Anthony, Jr.
Appointed by the City of Columbus
- Trustee James E. Daley
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1 Vacancy – City of Columbus

1 Vacancy – Franklin County

ADMINISTRATION

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

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Central Ohio Transit Authority
Columbus, Ohio 43215

Report on the Financial Statements

We have audited the balance sheets of the Central Ohio Transit Authority (the Authority) as of December 31, 2012 and 2011, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Ohio Transit Authority, as of December 31, 2012 and 2011, and the changes in financial positions, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matters

Change in Accounting Principles

As described in Note 12, during the year ended December 31, 2012, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in the Pre-November 30, 1989 FASB and AICPA Pronouncements*; GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 24 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory section, supplement budget versus actual schedule, and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplement budget versus actual schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplement budget versus actual schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2013 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Springfield, Ohio
May 28, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Central Ohio Transit Authority (the Authority or COTA), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2012. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and identifying any significant changes in financial position. We encourage readers to consider the information presented here, in conjunction with the basic financial statements and notes to the financial statements, which follows this section and provides more specific detail.

Overview of Financial Highlights

- The Authority has Net Position of \$290.6 million. This Net Position results from the difference between total assets of \$314.7 million and total liabilities of \$24.1 million.
- The Authority's Net Position increased by \$39.4 million in 2012 mainly due to increased sales tax revenue and passenger fares.
- Current assets of \$127.4 million primarily consist of non-board designated cash and cash equivalents of \$46.2 million, sales tax receivables of \$28.5 million, investments of \$30.2 million, federal capital grant receivables of \$9.1 million, and Board designated assets of \$8.7 million.
- Current liabilities of \$22.9 million primarily consist of accrued payroll and fringe benefits of \$5.5 million, and accounts payable of \$15.5 million.
- The Authority has no long-term debt.

Basic Financial Statements and Presentation

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

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

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2012

The Statements of Revenues, Expenses and Changes in Net Positions, on page 27, presents information showing how the Authority's Net Position changed during the year. This statement summarizes operating revenues and expenses along with non-operating revenues and expenses. In addition, this statement lists capital grant revenues received from federal and state governments.

The Statements of Cash Flows on pages 28 - 29 allow financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statements are classified into four categories: 1) cash flows from operating activities, 2) cash flows from non-capital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 30 - 44.

Requests for Information

This financial report is designed to provide a general overview of the Central Ohio Transit Authority's financial status and performance. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Office of Chief Financial Officer
Central Ohio Transit Authority
William J. Lhota Building
33 N. High Street
Columbus, OH 43215
www.cota.com

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2012

FINANCIAL ANALYSIS OF THE AUTHORITY

Condensed Summary of Net Position

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

Description	2012	2011	2010
Assets			
Current Assets	\$ 118,700,772	\$ 95,023,858	\$ 73,960,973
Board Designated Assets (current)	8,656,755	6,672,935	6,865,855
Total Current Assets	<u>127,357,527</u>	<u>101,696,793</u>	<u>80,826,828</u>
Board Designated Assets (non-current)	14,828,816	14,612,706	13,994,345
Capital Assets (net of accumulated depreciation)	172,552,456	150,015,663	134,494,411
Total Non-Current Assets	<u>187,381,272</u>	<u>164,628,369</u>	<u>148,488,756</u>
Total Assets	314,738,799	266,325,162	229,315,584
Liabilities			
Current Liabilities	22,943,268	13,329,437	14,105,131
Non-Current Liabilities	1,179,081	1,770,340	1,519,878
Total Liabilities	<u>24,122,349</u>	<u>15,099,777</u>	<u>15,625,009</u>
Net Position			
Net Position Invested in Capital Assets	172,552,456	150,015,663	134,494,411
Net Position Unrestricted	118,063,994	101,209,722	79,196,164
Total Net Position	<u>\$ 290,616,450</u>	<u>\$ 251,225,385</u>	<u>\$ 213,690,575</u>

Most of the Authority's Net Position reflects investment in capital assets such as buses, maintenance equipment, and operating facilities. The Authority uses these capital assets to provide public transportation services for Franklin County and portions of the cities of Columbus, Dublin, Reynoldsburg, and Westerville that are located in counties adjacent to Franklin County. The Authority's investment in capital assets as of December 31, 2012 amounts to \$172.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, revenue vehicles, transit centers, other equipment, and construction in progress. The total increase in COTA's investment in capital assets for 2012 was \$22.5 million.

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2012

Major capital asset events during 2012 included the following:

- Purchase of (40) heavy duty transit buses
- Purchase of non-revenue vehicles
- Purchase of transit shelters

Contributions to construction in progress including the following projects:

- Construction of statehouse shelters
- CAD/AVL system upgrade
- Street and remote facility renovation
- McKinley Avenue bus garage and maintenance facility renovation

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

The Authority's current assets at the end of 2012 are composed of cash and cash equivalents (43.1%), investments (23.7%), receivables (30.4%), inventory (2.4%), and other assets (.4%) consisting predominately of prepaid expenses.

Expenses by Functional Category

The Statements of Revenues, Expenses and Changes in Net Position are presented on the next page with explanations and analysis following. The Authority's expenses, excluding leases and rentals, depreciation, and loss on disposal of capital assets, can also be classified by functional category as defined by the Authority's National Transit Database Report (NTDR) and summarized in the following table:

EXPENSES BY FUNCTION (see exclusions listed above)			
Description	2012	2011	2010
Transportation	\$ 55,845,630	\$ 52,611,779	\$ 49,019,975
Vehicle Maintenance	15,421,487	16,005,230	15,067,987
Facilities Maintenance	6,174,428	7,314,462	6,973,874
General & Administrative	16,204,549	16,904,701	16,272,000
Total	<u>\$ 93,646,094</u>	<u>\$ 92,836,172</u>	<u>\$ 87,333,836</u>

In accordance with NTDR guidelines, the 2012, 2011 and 2010 expenses include additional costs of \$93,279, \$15,473 and \$38,492 respectively, collected directly by the service provider from the Authority's customers for the Sedan Voucher Service for disabled passengers.

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2012

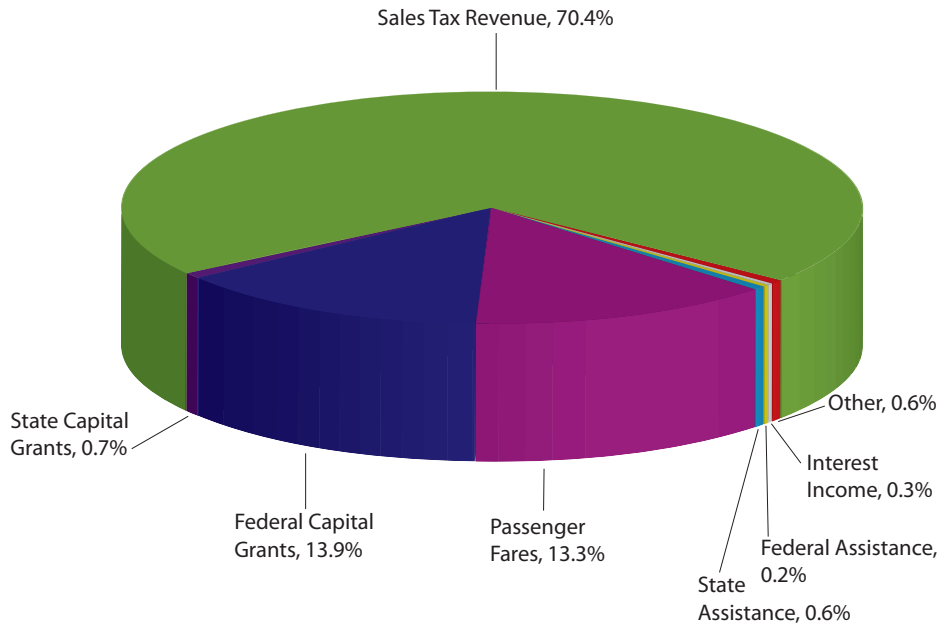
Condensed Summary of Revenues, Expenses and Changes in Net Position:

Description	2012	2011	2010
Operating Revenues			
Passenger Fare Revenues	\$ 19,255,815	\$ 17,224,642	\$ 15,401,602
Special Services Revenue	772,269	671,112	656,455
Other: Auxiliary Transportation Revenues	-	12,000	21,195
Total Operating Revenues	<u>20,028,084</u>	<u>17,907,754</u>	<u>16,079,252</u>
Non-Operating Revenues			
Sales Tax Revenues	105,853,807	98,993,307	93,437,059
Federal Assistance	405,697	2,995,411	89,791
State Assistance	916,967	996,521	962,247
Investment Income	423,358	28,760	37,572
Non-transportation and Other Revenues	946,898	1,088,266	987,164
Total Non-Operating Revenues	<u>108,546,727</u>	<u>104,102,265</u>	<u>95,513,833</u>
Total Revenue before Capital Grants	<u>128,574,811</u>	<u>122,010,019</u>	<u>111,593,085</u>
Operating Expenses			
Labor	38,037,394	37,623,495	35,675,628
Fringe Benefits	24,675,720	24,301,800	23,384,165
Materials and Supplies	14,694,236	13,884,864	12,211,150
Purchased Transportation	6,733,147	6,533,243	6,060,734
Services	5,992,543	6,522,447	6,118,037
Other Expenses	3,605,159	4,238,542	3,880,671
Depreciation Expense	16,334,626	13,332,969	12,671,636
Total Operating Expenses	<u>110,072,825</u>	<u>106,437,360</u>	<u>100,002,021</u>
Non-Operating Expenses			
Loss on disposal of fixed assets	932,552	56,407	650,485
Change before Capital Grants	<u>17,569,434</u>	<u>15,516,252</u>	<u>10,940,579</u>
Capital Grant Revenues:			
Federal	20,835,612	19,358,710	24,914,321
State	986,019	2,659,848	4,460,437
Total Capital Grant Revenues	<u>21,821,631</u>	<u>22,018,558</u>	<u>29,374,758</u>
Change in Net Position during the Year	39,391,065	37,534,810	40,315,337
Net Position, Beginning of Year	251,225,385	213,690,575	173,375,238
Net Position, End of Year	<u>\$ 290,616,450</u>	<u>\$ 251,225,385</u>	<u>\$ 213,690,575</u>

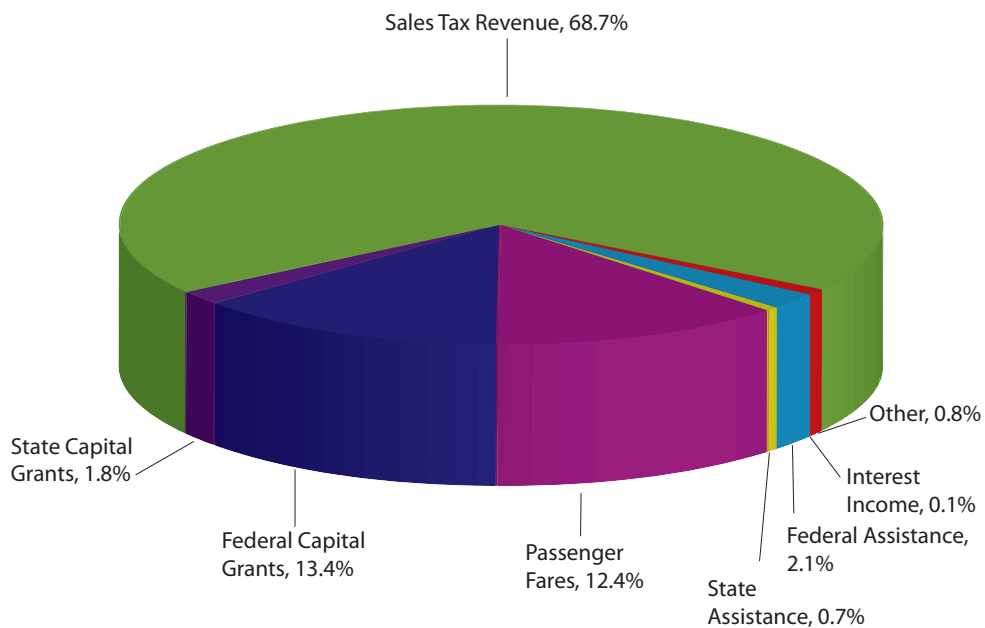
CENTRAL OHIO TRANSIT AUTHORITY

Revenues by Source

**2012 Total Revenues
\$150,396,442**



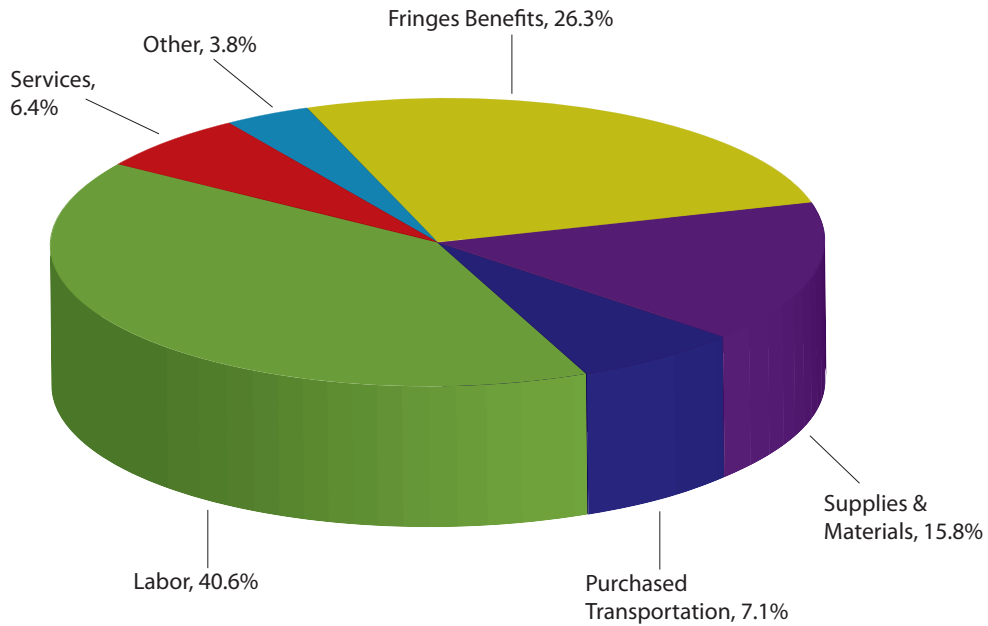
**2011 Total Revenues
\$144,028,577**



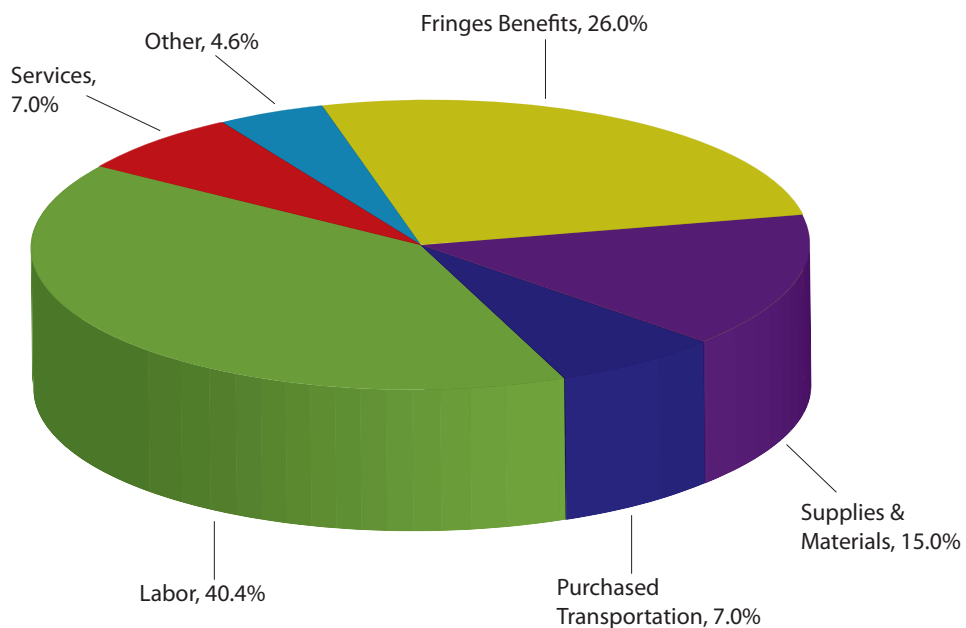
CENTRAL OHIO TRANSIT AUTHORITY

Expense by Object Class (Excluding Depreciation)

**2012 Total Expenses
\$ 93,738,199**



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



CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2012

FINANCIAL OPERATING RESULTS

Revenues

For purposes of this presentation, the Authority groups its operating revenues into the following categories:

Passenger Fares are comprised of farebox revenues and special services revenues. The 2012, 2011 and 2010 increase is due to increased ridership from increases in service hours.

Sales Tax Revenues are received from a permanent ¼% sales tax levy approved by voters in November 1999 and a temporary ¼% sales tax levy approved by voters in November 2006 applicable to the Authority's service area for a ten year period. In 2012, 2011 and 2010, the Authority saw a 6.9%, 5.9% and 5.9% increase in sales tax revenue respectively.

Federal Assistance is received from the Federal Transit Administration (FTA). Transit funds can be used for a variety of expenditures as defined in 49 USC §5307. Eligible expenditures fall into two general categories: capital expenditures and other expenditures which are limited to specific programs. The Authority's funding, as authorized in the Moving Ahead for Progress in the 21st Century (MAP-21) comes primarily from §5307 which is the Urbanized Area Formula Program. The Authority utilizes these funds primarily for capital programs, transit improvements and enhancements, and preventative maintenance. The funds appropriated for §5307 for 2012 increased 3% over 2011 and for 2011 increased 4% over 2010. In 2011, ODOT redirected flexible federal Surface Transportation Program funds as a partnership with the FTA for the specific purpose of funding capitalized operating expenses. The Authority used these funds to offset operational costs in vehicle maintenance.

State Assistance is received from the Ohio Department of Transportation (ODOT) for elderly and disabled rider reduced-fare subsidies, and for reimbursement of State fuel taxes. COTA is required to remit State taxes on diesel fuel, but is refunded \$0.27 of the \$0.28 per gallon paid. The Authority did not receive the elderly and disabled rider reduced-fare subsidies amount in 2012 due to ODOT reallocation methodology.

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2012

State Capital Grants are received from ODOT for capital projects and capital acquisitions. State Capital Grants reimburse the Authority in part for the purchase of new buses and equipment.

Investment Income is earned on invested funds. Cash balances have continued to increase during 2012, but due to continuing interest rate reductions the Authority invested \$40.2M into certificates of deposit which are generating increased interest income compared to 2011 and 2010.

Non-Transportation and Other Revenues consist of auxiliary transportation revenues and non-transportation revenues. Auxiliary transportation revenues represent fees collected for advertising placed in buses and bus shelters. Non-transportation revenues include other miscellaneous income items such as rent income which has continued to increase year-over-year since 2010 due to full occupancy and escalating lease terms. In 2012, 2011 and 2010, the loss on sale of capital assets was disclosed separately as a non-operating expense.

Expenses

Labor comprises nearly half of the total Authority expenses and includes hourly wages paid to union-represented employees (bus operators, mechanics and facility maintenance personnel), and salaries and wages paid to administrative staff (clerical, supervisory and management personnel). Wages increased just 1.1% in 2012 because the pay increases were offset against lost wages due to the 3 day strike by the TWU employees. In 2011, wages increased 5.5% driven by increased headcount in operations driven by an increase in service hours and merit increases. In 2010, bus operations and maintenance staff was increased by seventy full time employees due to increased service and the administrative staff was increased by six thereby driving an 11.2% increase in labor costs.

Fringe Benefits consist primarily of vacation, sick and holiday pay, required Authority contributions to the Ohio Public Employees Retirement System (OPERS), and employee medical benefits. Required employer contributions to OPERS were made at the rate of 14% of total gross taxable wages.

In 2012, fringe benefits increased by 1.5% due to marginal increases in health insurance premiums and increasing costs related to workers compensation. In 2011, fringe benefits increased by 3.9% mainly due to the increase in headcount. In 2010, fringe benefits increased by 8.8% due to increasing health insurance premiums.

Materials and Supplies include the Authority's diesel fuel expense and parts used in the maintenance of buses and facilities. In 2012, fuel costs increased by 10.5% due to an average price per gallon increase of .27 cents while materials and supplies remained consistent with 2011 with a .2% increase. In 2011, fuel costs increased by 19.4% driven by both increasing commodity cost and increased service hours. Materials and supplies increased by 7.0% in 2011 due to increasing prices. Fuel costs increased 27.6% in 2010 while supplies associated with the maintenance of vehicles had a marginal increase of 6.2% over 2009.

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Year Ended December 31, 2012

Purchased Transportation expense is comprised of amounts paid to a private local contractor to provide the Authority's Project Mainstream service door-to-door, service-on-demand in wheelchair lift-equipped minibuses for disabled. In 2012, purchased transportation costs increased by 3.1% mainly due to increased ridership of 3.5%. In 2011, purchased transportation costs increased by 7.8% due to an increase in ridership of 9.1%. Purchased transportation costs remain virtually unchanged in 2010 in comparison to 2009 costs.

Services are provided by outside contractors to the Authority for a wide variety of professional, technical, consulting and maintenance needs. Services decreased 8.1% in 2012 due to primarily due to project delays. In 2011, similar to 2010, services costs increased by 6.6% and 6.9% respectively, due to maintenance related costs such as paving and repairs of park-n-rides and bus-turn around locations and professional services for operational studies.

Other Expenses consist primarily of utilities, taxes, interest, leases and rentals, claims and insurance and other miscellaneous expenses. In 2012, other expenses decreased by 14.9% driven by a significant decrease in utilities due to variable weather conditions and reduced commodity costs. In 2011, other expenses increased by 9.2% due to increasing utility costs as well as a reduction in claims recovery and an increase in claims expense. In 2010, other expenses had a decrease of 6.7% over 2009 mainly driven by an increase in claims recoveries.

Depreciation Expense increased in 2012 by 22.5% due to a full year of depreciation on several large renovation and construction projects. In 2011 the depreciation increase of 5.2% was due to completion of the paratransit facility in January. In 2010, depreciation increased by 8.7% due to the completion of the administrative office renovation and the Fields Avenue bus garage and maintenance facility renovation.

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets
December 31, 2012 and 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 46,206,853	\$ 51,256,062
Investments.....	30,229,036	-
Receivables:		
Sales tax.....	28,450,295	27,075,618
Federal capital grants receivable.....	9,073,067	9,535,873
Federal operating assistance.....	-	50,332
State capital grants receivable.....	-	2,340,003
State operating grant receivable.....	3,980	5,340
Other.....	1,225,549	1,284,488
Inventory of materials and supplies.....	3,061,649	2,818,295
Other.....	450,343	657,847
Total.....	<u>118,700,772</u>	<u>95,023,858</u>
Board designated:		
Cash and cash equivalents - capital grants.....	8,470,006	6,289,542
Cash and cash equivalents - self insurance.....	186,749	383,393
Total.....	<u>8,656,755</u>	<u>6,672,935</u>
Total current assets.....	<u>127,357,527</u>	<u>101,696,793</u>
NON-CURRENT ASSETS:		
Board designated:		
Cash and cash equivalents - self insurance.....	4,839,013	14,612,706
Investments - self insurance.....	9,989,803	-
Total board designated non-current assets.....	<u>14,828,816</u>	<u>14,612,706</u>
Capital assets:		
Nondepreciable - land	6,929,824	6,929,824
Nondepreciable - construction in progress	30,540,987	3,241,898
Net depreciable capital assets	135,081,645	139,843,941
Total capital assets.....	<u>172,552,456</u>	<u>150,015,663</u>
Total non-current assets.....	<u>187,381,272</u>	<u>164,628,369</u>
TOTAL ASSETS.....	<u>\$ 314,738,799</u>	<u>\$ 266,325,162</u>

See notes to financial statements.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Balance Sheets (continued)
December 31, 2012 and 2011

<u>LIABILITIES AND NET POSITION</u>	<u>2012</u>	<u>2011</u>
CURRENT LIABILITIES:		
Accrued payroll and fringe benefits.....	\$ 5,453,453	\$ 5,230,926
Accounts payable.....	15,524,753	6,576,252
Accrued payroll taxes.....	868,096	790,842
Estimated workers' compensation claims.....	136,192	213,871
Estimated claims payable	50,557	169,522
Other current liabilities.....	910,217	348,024
Total current liabilities.....	<u>22,943,268</u>	<u>13,329,437</u>
 NON-CURRENT LIABILITIES:		
Accrued fringe benefits.....	760,674	1,169,040
Estimated workers' compensation claims.....	315,907	457,550
Estimated claims payable	102,500	143,750
Total non-current liabilities.....	<u>1,179,081</u>	<u>1,770,340</u>
TOTAL LIABILITIES.....	<u>24,122,349</u>	<u>15,099,777</u>
 NET POSITION:		
Invested in capital assets.....	172,552,456	150,015,663
Unrestricted.....	118,063,994	101,209,722
TOTAL NET POSITION.....	<u>290,616,450</u>	<u>251,225,385</u>
TOTAL LIABILITIES AND NET POSITION.....	<u>\$ 314,738,799</u>	<u>\$ 266,325,162</u>

See notes to financial statements.

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Revenues, Expenses and Changes in Net Position
December 31, 2012 and 2011

	2012	2011
OPERATING REVENUES:		
Passenger fares for transit service.....	\$ 19,255,815	\$ 17,224,642
Special transit fares.....	772,269	671,112
Auxiliary transportation revenue.....	-	12,000
Total.....	20,028,084	17,907,754
OPERATING EXPENSES OTHER THAN DEPRECIATION:		
Labor.....	38,037,394	37,623,495
Fringe benefits.....	24,675,720	24,301,800
Materials and supplies.....	14,694,236	13,884,864
Purchased transportation.....	6,733,147	6,533,243
Services.....	5,992,543	6,522,447
Utilities.....	1,551,673	1,936,699
Taxes.....	933,667	936,779
Leases and rentals	185,383	283,692
Claims and insurance, net of settlements.....	79,967	337,621
Advertising.....	260,340	180,254
Miscellaneous.....	594,129	563,497
Total.....	93,738,199	93,104,391
DEPRECIATION.....	16,334,626	13,332,969
Total operating expenses.....	110,072,825	106,437,360
OPERATING LOSS.....	(90,044,741)	(88,529,606)
NON-OPERATING REVENUES(EXPENSES):		
Sales tax revenues.....	105,853,807	98,993,307
Federal operating grants.....	405,697	2,995,411
State operating grants, reimbursements and special fare assistance	916,967	996,521
Investment income.....	423,358	28,760
Nontransportation and other revenue.....	946,898	1,088,266
Loss on disposal of capital assets.....	(932,552)	(56,407)
Total.....	107,614,175	104,045,858
Change before capital grants.....	17,569,434	15,516,252
CAPITAL GRANT REVENUES:		
Federal	20,835,612	19,358,710
State	986,019	2,659,848
Total	21,821,631	22,018,558
CHANGES IN NET POSITION	39,391,065	37,534,810
NET POSITIONS, BEGINNING OF YEAR.....	251,225,385	213,690,575
NET POSITIONS, END OF YEAR.....	\$ 290,616,450	\$ 251,225,385

See notes to financial statements.

CENTRAL OHIO TRANSIT AUTHORITY

Statements of Cash Flows

December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers.....;	\$ 20,028,084	\$ 17,895,754
Cash payments to suppliers for goods and services.....	(31,022,834)	(30,978,585)
Cash payments to employees for services.....	(42,887,520)	(37,457,172)
Cash payments for employee benefits.....	(20,230,755)	(24,917,026)
Cash payments for casualty and liability.....	(209,138)	(297,610)
Other receipts.....	976,494	864,520
Net cash used in operating activities.....	(73,345,669)	(74,890,119)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Sales taxes received.....	104,479,130	97,952,515
Federal operating assistance received.....	456,029	2,945,079
State operating and other assistance received.....	918,327	991,181
Net cash provided by non-capital financing activities.....	105,853,486	101,888,775
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal capital grants received.....	21,298,418	13,893,189
State capital grants received.....	3,326,022	1,652,507
Acquisition and construction of capital assets.....	(30,450,161)	(29,266,934)
Proceeds from sale of capital assets.....	274,303	163,002
Net cash used in capital and related financing activities.....	(5,551,418)	(13,558,236)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in CD's.....	(40,218,839)	-
Interest received from investments.....	423,358	28,760
Net cash provided by (used in) investing activities.....	(39,795,481)	28,760
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,839,082)	13,469,180
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	72,541,703	59,072,523
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ 59,702,621	\$ 72,541,703

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows (continued)
December 31, 2012 and 2011

	2012	2011
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss.....	\$ (90,044,741)	\$ (88,529,606)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation.....	16,334,626	13,332,969
Inventory obsolescence reserve adjustments.....	-	(229,789)
Other receipts.....	946,898	931,409
Change in assets and liabilities:		
(Increase) decrease in other receivables.....	58,939	(78,889)
(Increase) decrease in materials and supplies inventory.....	(243,354)	135,412
Decrease (increase) in other assets.....	207,504	(276,554)
(Decrease) in accounts payable, accrued compensation, self-insurance liabilities and other.....	(605,541)	(175,071)
Net cash used in operating activities.....	\$ (73,345,669)	\$ (74,890,119)
 SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Property purchases in accounts payable	\$ 13,585,165	\$ 3,957,052

See notes to financial statements.

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

(1) Organization and Reporting Entity

Organization

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

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

The Authority also has the power, under Section 306.40 of the Ohio Revised Code, to levy and collect both voted (after approval at an election) and unvoted ad valorem taxes on all the taxable property within the territorial boundaries of the Authority, in order to pay debt service on its bonds and notes issued in anticipation thereof. Ad valorem taxes were not levied during fiscal years 2012 and 2011.

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

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

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

Reporting Entity

The accompanying financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. This statement requires that financial statements of the reporting entity include all of the organization, activities, functions and component units for which the reporting entity is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the reporting entity's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the reporting entity. COTA does not have financial accountability over any entities.

The City of Columbus (the City) is a related organization to COTA as the Mayor of the City, with the approval of City Council, appoints a voting majority of COTA's Board. However, the financial statements of COTA are not included within the City's "Reporting Entity" as the City cannot impose its will and there is no financial benefit or financial burden relationship between the City and COTA.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased and deposits in the State Treasurer's Asset Reserve investment pool (STAR Ohio) to be cash equivalents.

Grant and Assistance

The federal government, through the Federal Transit Administration (FTA), and the Ohio Department of Transportation, (ODOT) provides financial assistance and makes grants directly to the Authority for operations and the acquisition of property and equipment.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

Investments

Pursuant to GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments are carried at fair value based on quoted market prices. Any unrealized gains or losses are recognized as adjustments to investment income. The Authority's policy is to hold investment securities to their scheduled maturities.

Inventory of Materials and Supplies

Inventory items are stated at cost using the weighted average method. Inventory generally consists of maintenance parts and supplies for transportation equipment and fuel and inventory items are expensed when consumed.

Board Designated Assets

These assets are designated for the payment of public liability claims under the Authority's self-insurance program and for future capital expenditures.

Designated for Capital Grant Expenditures

These assets are restricted under the Authority's capital grants for certain capital projects. The Authority also includes in designated capital grant asset amounts relating to its local share requirements for active capital grants.

Net Position – Equity displayed in two components as follows:

Invested in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

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

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

Classifications of Revenues

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

Recognition of Revenue and Receivables

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

When assets acquired with capital grant funds are disposed of before their useful life, the Authority is required to notify the granting federal agency if the net book value of the asset exceeds \$5,000 at the time of disposal. A proportional amount of the proceeds or fair market value, if any, of such property and equipment, may be used to acquire like-kind replacement assets; and if not replaced, remitted to the granting federal agency.

Property and Depreciation

Property and equipment are stated at historical cost and include expenditures that substantially increase the useful lives of existing assets. Routine maintenance and repairs are expensed as incurred. An asset is capitalized if its value exceeds \$3,000 and it has an economic life of greater than one year. The capitalization cost of a physical asset is defined to be the full cost of placing the asset into productive service.

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

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

Assets acquired with capital grants are included in property and equipment and depreciation on those assets is included in the Statement of Revenues, Expenses and Changes in Net Position.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

Estimated Claims Payable

The Authority has a self-insurance program for public liability, personal injury, property damage and workers' compensation (see Note 8). Claims are accrued in the year the expenses are incurred, based upon estimates of the claim liabilities made by management and the legal counsel of the Authority. Also provided for are estimates of claims incurred during the year but not yet reported. These estimates are based on past experience and current outstanding claims.

Compensated Absences

The Authority accrues vacation and sick pay benefits as earned by its employees. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates. Non-current accrued fringe benefits are estimated based on the average vacation and sick expense from the previous five years.

	Current	Non-current
Compensated Absences Liability December 31, 2010	\$ 3,105,886	\$ 1,321,388
Vacation & Sick Liability Earned	3,635,973	-
Vacation & Sick Liability Paid	(3,565,461)	(152,348)
Compensated Absences Liability December 31, 2011	\$ 3,176,398	\$ 1,169,040
Vacation & Sick Liability Earned	3,386,641	-
Vacation & Sick Liability Paid	(3,298,017)	(408,366)
Compensated Absences Liability December 31, 2012	<u>\$ 3,265,022</u>	<u>\$ 760,674</u>

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

Passenger Fares

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

Budgetary Accounting and Control

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

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

Use of Estimates

The accounting and reporting policies of COTA conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Non-exchange Transactions

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include sales and use tax revenue and grants. On an accrual basis, revenue from sales and use taxes is recognized in the period when the underlying exchange transaction occurs. Therefore, taxes on items sold in 2012 will be recognized as revenue in 2012. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

(3) Cash and Investments

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

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, 2012 and 2011.

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

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

(3) Cash and Investments (continued)

Deposits with Financial Institutions

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

At December 31, 2012, the carrying amount of the Authority's deposits with financial institutions was \$25,732,258 and the bank balance was \$26,093,242. The difference results from outstanding checks. Based on criteria as described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure", as of December 31, 2012, \$250,000 was covered by Federal Deposit Insurance. The \$25,843,242 exposed to custodial risk was collateralized by a pool of securities maintained by the Authority's financial institutions but not in the Authority's name. In addition, the Authority had \$5,249 of cash on hand.

At December 31, 2011, the carrying amount of the Authority's deposits with financial institutions was \$25,881,353 and the bank balance was \$26,369,778. The difference results from outstanding checks. Based on criteria as described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure", as of December 31, 2011, \$250,000 was covered by insurance coverage provided for accounts held at FDIC-insured banks. The \$26,119,778 exposed to custodial risk was collateralized by a pool of securities maintained by the Authority's financial institutions but not in the Authority's name. In addition, the Authority had \$4,650 of cash on hand.

Other Deposits

As of December 31, 2012 and 2011, the Authority held equity of \$33,965,113 and \$46,655,699 respectively, in the STAR Ohio investment pool. As of June 2012, Star Ohio has maintained Standard and Poors rating of AAAM. This investment has not been categorized based on a custodial risk because it is not a security. The relationship between the Authority and the investment asset is a direct contractual relationship and the investments evidence ownership or creditorship.

Investments

The Authority's investments consist solely of negotiable certificates of deposits (CDs). These CDs are held in the Authority's name by Trustees and are fully covered by FDIC.

	Carrying Value	Investment Maturity	
		> 1 year	3 to 5 yrs
Negotiable CDs	40,218,839	15,014,989	25,203,850

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

(4) Commitments

The Authority has several active projects as of December 31, 2012. The projects include the construction of a new CNG addition and McKinley Renovation, as well as a contractual obligation to purchase heavy duty revenue vehicles. At year-end, the Authority's commitments with contractors are as follows:

Project	Spent-to Date	Remaining Commitment
McKinley Avenue Renovation	\$ 7,188,285	\$ 23,740,738
Construction of Para-Transit Facility	20,806,697	170,475
CAD/AVL System Replacement	3,698,844	3,978,467
New Transit CNG Buses	0	13,967,829
New Partransit Buses	2,676,752	620,805
High Street Layover	682,324	484,704
Shelter Replacement	1,222,344	586,777
Essex Renovation	1,959,617	1,337,046
TOTAL	\$ 38,234,863	\$ 44,886,841

(5) Capital Assets

Capital asset activities for the years ended December 31, 2012 and 2011 are as follows:

	January 1, 2012	Additions	Disposals	Transfers	December 31, 2012
Capital Assets Not Being Depreciated:					
Land	\$ 6,929,824	\$ -	\$ -	\$ -	\$ 6,929,824
CIP	3,241,898	27,822,100		(523,011)	30,540,987
Total	10,171,722	27,822,100	-	(523,011)	37,470,811
Capital Assets Being Depreciated:					
Land and leasehold improvements	8,426,728	16,292	(6,349)	233,861	8,670,532
Building and improvements	90,793,886		(640,991)		90,152,895
Revenue vehicles	106,308,439	11,047,698	(7,517,230)		109,838,907
Transit shelter	1,923,645	140,638	(224,181)	60,319	1,900,421
Other equipment	28,676,982	1,051,546	(363,007)	228,831	29,594,352
Total	236,129,680	12,256,174	(8,751,758)	523,011	240,157,107
Less Accumulated Depreciation:					
Land and leasehold improvements	(7,137,780)	(183,489)	6,349		(7,314,920)
Building and improvements	(32,096,525)	(4,059,594)	549,702		(35,606,417)
Revenue vehicles	(42,058,959)	(9,173,850)	6,405,772		(44,827,037)
Transit shelter	(937,208)	(225,723)	222,861		(940,070)
Other equipment	(14,055,267)	(2,691,969)	360,218		(16,387,018)
Total	(96,285,739)	(16,334,625)	7,544,902	-	(105,075,462)
Total Capital Assets Being Depreciated, Net	139,843,941	(4,078,451)	(1,206,856)	523,011	135,081,645
Total Capital Assets, Net	\$ 150,015,663	\$ 23,743,649	\$ (1,206,856)	\$ -	\$ 172,552,456

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

(5) Capital Assets (continued)

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

(6) Leases

COTA leases certain property and office equipment under operating leases. Rental expense for all operating leases was \$185,383 in 2012 and \$283,692 in 2011. 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, 2012:

	Commitments under Operating Leases
2013	\$ 41,724
2014	12,961
2015	5,264
2016	5,474
2017	5,693
Total Minimum Lease Payments	<u>\$ 71,116</u>

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

(7) Grants, Reimbursements and Special Fare Assistance

Grants, reimbursements and special fare assistance included in the Statement of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2012 and 2011, consist of the following:

	2012	2011
Federal:		
FTA Capital Assistance	\$ 20,835,612	\$ 19,358,710
FTA Operating Assistance	405,697	2,995,411
Total	\$ 21,241,309	\$ 22,354,121
State:		
ODOT Passing Federal Funds	\$ 986,019	\$ 2,659,848
ODOT Elderly and Disabled Fare Assistance	-	176,940
ODOT Fuel Tax Reimbursement	800,917	801,093
ODOT Operating Assistance	116,050	18,489
Total	\$ 1,902,986	\$ 3,656,370

(8) Risk Management

COTA is exposed to various risks of loss related to torts, theft or destruction of assets, injuries to employees and natural disasters. The Authority purchases commercial insurance for employee bonding, flood, fire, property, crime, travel and general liability. There have been no reductions in coverage nor have there been any settlements exceeding insurance coverage for the past three years.

COTA is self-insured for all public liability, personal injury and property damage claims. The estimated liability for such claims of \$153,057 at December 31, 2012, and \$299,772 at December 31, 2011, are included in estimated claims payable in the accompanying balance sheets. At December 31, 2012 and 2011, \$15,015,565 and \$14,996,099, respectively, were designated by the Board of Trustees to fund the self-insurance program. Such funds are included in board designated assets in the accompanying balance sheets.

Prior to June 30, 1998, COTA was insured through the State of Ohio Bureau of Workers' Compensation (BWC) for injuries to its employees. On July 1, 1998, the Authority entered into an agreement with the BWC to become self-insured for claims pertaining to work-related injuries to Authority employees occurring on or after that date. The BWC agreed to continue to administer and pay all compensation claims arising on or before June 30, 1998. The estimated remaining liability for all such claims occurring since July 1, 1998, is \$452,099 at December 31, 2012, and \$671,421 at December 31, 2011 and is included as a liability in the accompanying balance sheet.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
December 31, 2012 and 2011

(8) Risk Management (continued)

The general claims liability was calculated by establishing reserves on a case-by-case basis after analysis by in-house counsel and outside attorneys. The workers' compensation liability was determined by analyzing claim lag information provided by COTA's third party administrators. A summary of changes in self-insurance claims liability for the years ended December 31, 2012 and 2011 follows:

	General Liability	Workers' Compensation
Claims liability at December 31, 2010	205,571	1,012,787
Incurred claims, net of favorable settlements	405,311	419,354
Claims paid	(297,610)	(760,720)
Claims liability at December 31, 2011	313,272	671,421
Incurred claims, net of favorable settlements	49,123	663,376
Claims paid	(209,338)	(882,698)
Claims liability at December 31, 2012	\$ 153,057	\$ 452,099

There were no changes to the above policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding reserves. The amount of general liability and workers' compensation reserve expected to be paid within one year is \$50,557 and \$136,192, respectively.

(9) Pension Plan

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

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

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

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

(9) Pension Plan (continued)

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone, financial report. Interested parties may obtain a copy by visiting <http://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2012 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.5% and 12.10%, respectively. Effective January 1, 2013, the member contribution rates for public safety and law enforcement members increased to 12.00% and 12.60% respectively.

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

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care benefits.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

(9) Pension Plan (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised code. Active members do not make contributions to the OPEB plan.

OPERS' Post-Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Authority's contributions to OPERS for the years ending December 31, 2012, 2011, and 2010 were approximately \$6,055,000, \$5,922,000, and \$5,638,000 respectively, equal to the required contributions for each year. The Authority's contributions actually made to fund post-employment benefits totaled \$1,730,000 in 2012, \$1,692,000 in 2011, and \$1,811,000 in 2010. Required employer contributions are equal to 100% of the dollar amount extracted from the Authority's records.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

(10) Contingent Liabilities

Litigation

It is the Authority's policy to act as self-insurer for certain insurable risks consisting primarily of public liability and property damage. At December 31, 2012, COTA has been named in various public liability and property damage claims and suits, some of which seek significant damages. The ultimate outcome of the claims and suits cannot be determined; however, it is the opinion of management that any resulting liability to the Authority in excess of that provided for in the accompanying balance sheet will not have a material adverse effect on the Authority's financial position.

Federal and State Grants

Under the terms of the Authority's various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At December 31, 2012, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of COTA's management, no material grant expenditures will be disallowed.

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

(11) Fuel Pricing Management Program

Pursuant to Ohio Revised Code sections 9.835 (A), (B), and section (C) the Central Ohio Transit Authority has established an energy price risk management program to decrease the volatility of diesel fuel cost, and increase the likelihood that actual net fuel costs will remain below the budgeted cost, increase the certainty of future cost, attain a lower overall cost of fuel in the long-term, and manage year-over-year changes in fuel cost. Within this program, COTA will acquire, hold, and dispose of positions in exchange-traded futures contracts and other financial instruments including but not limited to use of futures, options, options on future, or fixed price delivery contracts. In 2012 and 2011, heating oil #2 futures contracts were utilized. The COTA Board approval limits contracts in-place to a maximum hedge ratio of up to 100% of forecast consumption, up to thirty-six (36) months into the future. The initial value of each contract is zero. The price of diesel fuel purchased is the published Columbus, Ohio OPIS price for the week plus or minus a differential agreed to through a competitive bidding process. The differential to the published Columbus, Ohio OPIS price was \$.0275 and \$.0224 per gallon at December 31, 2012 and 2011, respectively. For the years ending December 31, 2012 and 2011, gains of \$1,054,915 (.35 cents per gallons) and \$1,620,769 (.54 cents per gallon), respectively, were recognized as a decrease in diesel fuel expense. On December 31, 2012 the open contracts had \$504,990 of unrealized gain. The amount realized will change based on market prices at the time contract settlements are fixed. There is no debt associated with these contracts.

(continued)

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

December 31, 2012 and 2011

(12) Change in Accounting Principle for New GASB Statements

For the fiscal year 2012, the Authority implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. GASB Statement No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedures

For the fiscal year 2012, the Authority implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB Statement No. 63 provides financial reporting guidance to the Authority for deferred outflows of resources and deferred inflows of resources. The statement also identifies net position as the residual of all other elements presented in a balance sheet, amending the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of the balance sheet and by renaming that measure as net position. The implementation of GASB Statement 63 did not require the Authority to restate any prior year balances.

For the fiscal year 2012, the Authority implemented the provisions of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB Statement No. 65 reclassifies as deferred outflows of resources or deferred inflows of resources items that were previously reported as assets and liabilities. The implementation of GASB Statement 65 did not require the Authority to restate any prior year balances.

CENTRAL OHIO TRANSIT AUTHORITY
Supplemental Schedule of Revenues, Expenses and
Changes in Net Position - Budget vs. Actual (Accrual Basis)
Year ended December 31, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(OVER)/ UNDER VARIANCE</u>
OPERATING REVENUES.....	\$ 21,092,389	\$ 20,028,084	\$ (1,064,305)
OPERATING EXPENSES OTHER THAN DEPRECIATION:			
Labor.....	44,358,680	38,037,394	6,321,286
Fringe benefits.....	21,406,819	24,675,720	(3,268,901)
Materials and supplies.....	15,524,168	14,694,236	829,932
Purchased transportation.....	6,835,677	6,733,147	102,530
Services.....	6,428,497	5,992,543	435,954
Utilities.....	1,957,757	1,551,673	406,084
Taxes.....	1,099,931	933,667	166,264
Leases and rentals.....	154,492	185,383	(30,891)
Claims and insurance, net of settlements.....	170,550	79,967	90,583
Advertising.....	247,244	260,340	(13,096)
Miscellaneous.....	712,161	594,129	118,032
Total.....	<u>98,895,976</u>	<u>93,738,199</u>	<u>5,157,777</u>
DEPRECIATION.....	17,000,000	16,334,626	665,374
Total operating expenses.....	<u>115,895,976</u>	<u>110,072,825</u>	<u>5,823,151</u>
OPERATING LOSS.....	<u>(94,803,587)</u>	<u>(90,044,741)</u>	<u>4,758,846</u>
NON-OPERATING REVENUES (EXPENSES):			
Sales tax revenues.....	102,114,434	105,853,807	3,739,373
Federal operating grant.....	297,520	405,697	108,177
State operating grants, reimbursements and special fare assistance.....	850,543	916,967	66,424
Investment income.....	600,000	423,358	(176,642)
Nontransportation and other revenues.....	832,148	946,898	114,750
Loss on sale of fixed assets.....	-	(932,552)	(932,552)
Total.....	<u>104,694,645</u>	<u>107,614,175</u>	<u>2,919,530</u>
Change before capital grants.....	9,891,058	17,569,434	7,678,376
CAPITAL GRANT REVENUE:			
Federal.....	24,751,394	20,835,612	(3,915,782)
State.....	-	986,019	986,019
Total.....	<u>24,751,394</u>	<u>21,821,631</u>	<u>(2,929,763)</u>
CHANGE IN NET POSITION.....	<u>34,642,452</u>	<u>39,391,065</u>	<u>4,748,613</u>
NET POSITION, BEGINNING OF YEAR.....	<u>251,225,385</u>	<u>251,225,385</u>	<u>-</u>
NET POSITION, END OF YEAR.....	<u>\$ 285,867,837</u>	<u>\$ 290,616,450</u>	<u>\$ 4,748,613</u>

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STATISTICAL SECTION

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

Financial Trends and Revenue Capacity

P46-54

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

Debt Capacity

P55-57

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

Economic and Demographic Information

P58-60

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

Operating Information

P61-65

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

CENTRAL OHIO TRANSIT AUTHORITY
NET POSITION COMPONENT
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
NET POSITION										
Invested in Capital Assets	\$ 82,306,157	\$ 82,607,843	\$ 82,895,537	\$ 61,349,114	\$ 64,712,680	\$ 79,797,680	\$ 106,204,159	\$ 134,494,411	\$ 150,015,663	\$ 172,552,456
Restricted for Capital Assets	437,146	536,110	649,631	-	-	-	-	-	-	-
Unrestricted	33,470,610	30,947,554	24,675,713	31,616,529	35,104,679	56,749,764	67,171,079	79,196,164	101,209,722	118,063,994
TOTAL NET POSITION	\$ 116,213,913	\$ 114,091,507	\$ 108,220,881	\$ 92,965,643	\$ 99,817,359	\$ 136,547,444	\$ 173,375,238	\$ 213,690,575	\$ 251,225,385	\$ 290,616,450

Source: Central Ohio Transit Authority's Financial Statements

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Revenues, Expenses and Changes in Net Position
Last Ten Fiscal Years
(in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
OPERATING REVENUES:										
Passenger fares for transit service	\$ 12,013	\$ 11,421	\$ 11,405	\$ 12,817	\$ 12,666	\$ 13,492	\$ 13,272	\$ 15,402	\$ 17,225	\$ 19,256
Special transit fares	374	347	326	360	391	486	535	656	671	772
Charter service revenue	23	34	12	-	-	-	-	-	-	-
Auxiliary transportation revenue	568	515	372	243	238	64	-	21	12	-
Total operating revenues	12,978	12,317	12,115	13,420	13,295	14,042	13,807	16,079	17,908	20,028
OPERATING EXPENSES OTHER THAN DEPRECIATION										
Labor	32,752	32,053	31,829	27,522	28,498	30,080	33,463	35,676	37,623	38,037
Fringe Benefits	19,934	20,776	21,156	18,476	18,334	18,930	21,490	23,384	24,302	24,676
Services	3,808	3,952	3,722	3,738	4,096	4,887	5,723	6,118	6,522	5,993
Materials and Supplies	4,177	3,869	4,224	4,319	4,759	5,142	5,515	5,857	7,250	7,250
Fuel	2,478	2,990	4,364	4,917	5,326	9,041	4,979	6,354	7,588	7,444
Utilities	1,337	1,307	1,571	1,436	1,502	1,711	1,727	1,894	1,937	1,552
Claims and Insurance	390	275	595	1,118	675	509	348	(84)	338	80
Taxes	654	692	743	727	766	817	900	960	937	934
Purchased transportation	4,257	4,411	4,531	4,608	5,016	6,071	6,053	6,061	6,533	6,733
Leases and rentals	523	517	570	359	223	223	351	341	284	185
Miscellaneous	781	624	508	471	624	940	833	769	743	854
Total	71,091	71,466	73,813	67,691	69,767	78,351	81,382	87,330	93,104	93,738
Depreciation	10,939	9,860	9,114	8,565	8,227	7,938	13,877	12,672	13,333	16,335
Total operating expenses	82,030	81,326	82,927	76,256	77,994	86,289	95,259	100,002	106,437	110,073
OPERATING LOSS	(69,052)	(69,009)	(70,812)	(62,836)	(64,699)	(72,247)	(81,452)	(83,923)	(88,529)	(90,045)
NON-OPERATING REVENUES(EXPENSES)										
Sales Tax Revenues	43,774	44,985	44,821	47,007	47,616	92,495	88,095	93,437	98,993	105,854
Federal operating grants and reimbursements	10,874	10,688	11,056	10,867	11,480	-	-	90	2,995	406
State operating grants, reimbursements and special fare assistance	722	942	1,185	1,456	1,416	1,488	1,409	962	996	917
Investment income	423	293	650	1,008	1,177	699	87	38	29	423
Nontransportation and other revenue	440	402	538	549	748	650	1,041	987	1,088	947
Loss on sale of capital assets	-	-	-	-	-	(107)	(1,157)	(650)	(56)	(933)
Total non-operating revenues(expenses)	56,233	57,310	58,250	60,887	62,437	95,225	89,475	94,864	104,045	107,614
Gain(Loss) before capital grants and special item	(12,819)	(11,699)	(12,562)	(1,949)	(2,262)	22,978	8,023	10,941	15,516	17,569
CAPITAL GRANT REVENUES										
Federal	6,399	8,323	6,302	3,215	7,924	12,753	27,492	24,914	19,359	20,835
State	2,275	2,890	2,783	1,608	2,136	999	1,313	4,461	2,660	986
Other	-	-	-	7	-	-	-	-	-	-
Donated Capital	-	367	-	-	-	-	-	-	-	-
Total	8,674	11,380	9,085	4,830	10,060	13,752	28,805	29,375	22,019	21,821
SPECIAL ITEM										
Loss on transfer of assets	-	(1,804)	(2,393)	(666)	-	-	-	-	-	-
Loss on project impairment	-	-	-	(17,471)	(947)	-	-	-	-	-
Total	-	(1,804)	(2,393)	(18,137)	(947)	-	-	-	-	-
CHANGES IN NET POSITION										
NET POSITION, BEGINNING OF YEAR	(4,145)	(2,123)	(5,870)	(15,255)	6,851	36,730	36,828	40,316	37,535	39,390
NET POSITION, END OF YEAR	120,359	116,214	114,091	108,221	92,966	99,817	136,547	173,375	213,691	251,226
NET POSITION, END OF YEAR	\$ 116,214	\$ 114,091	\$ 108,221	\$ 92,966	\$ 95,817	\$ 136,547	\$ 173,375	\$ 213,691	\$ 251,226	\$ 290,616

Amounts are presented in accordance with generally accepted accounting principles, on an accrual basis
Source: The Authority's independently audited annual financial statements

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

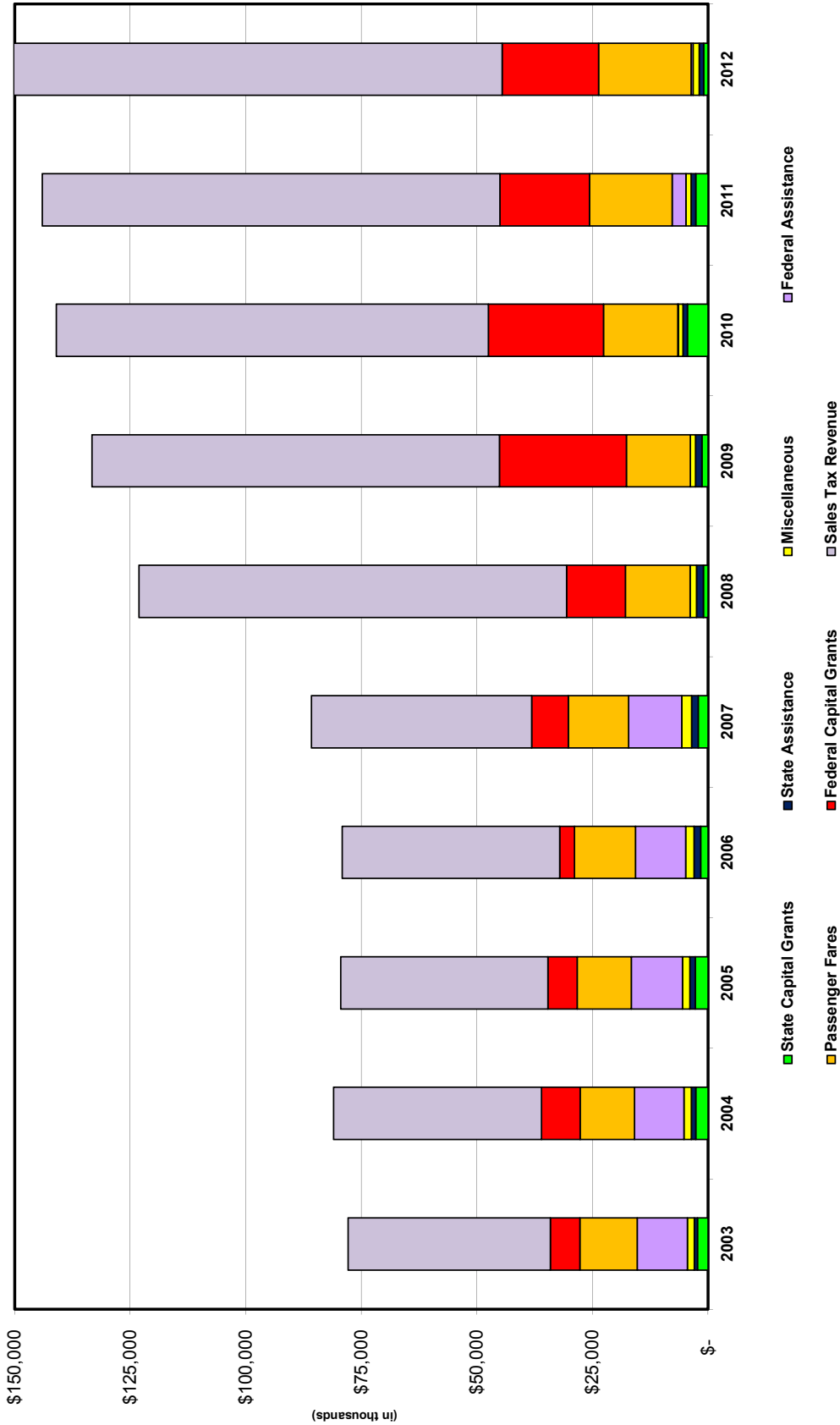
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
OPERATING REVENUES:										
Passenger fares for transit service	\$ 12,013	\$ 11,421	\$ 11,405	\$ 12,817	\$ 12,666	\$ 13,492	\$ 13,272	\$ 15,402	\$ 17,225	\$ 19,256
Special transit fares	374	347	326	360	391	486	535	656	671	772
Charter service revenue	23	34	12	-	-	-	-	-	-	-
Auxiliary transportation revenue	568	515	372	243	238	64	-	21	12	-
Total operating revenues	<u>12,978</u>	<u>12,317</u>	<u>12,115</u>	<u>13,420</u>	<u>13,295</u>	<u>14,042</u>	<u>13,807</u>	<u>16,079</u>	<u>17,908</u>	<u>20,028</u>
NON-OPERATING REVENUES:										
Sales tax revenues	43,774	44,985	44,821	47,007	47,616	92,495	88,095	93,437	98,993	105,854
Federal operating grants and reimbursements	10,874	10,688	11,056	10,867	11,480	-	-	90	2,995	406
State operating grants, reimbursements and special fare assistance	722	942	1,185	1,456	1,416	1,488	1,409	962	996	917
Investment income	423	293	650	1,008	1,177	699	87	38	29	423
Nontransportation and other revenues	440	402	538	549	748	650	1,041	987	1,088	947
Total nonoperating revenues before capital gifts and grants	<u>56,233</u>	<u>57,310</u>	<u>58,250</u>	<u>60,887</u>	<u>62,437</u>	<u>95,332</u>	<u>90,632</u>	<u>95,514</u>	<u>104,101</u>	<u>108,547</u>
Capital gifts and grants:										
Federal capital grants	6,399	8,323	6,302	3,215	7,924	12,753	27,492	24,914	19,359	20,835
State and other capital grants	2,275	2,690	2,783	1,608	2,136	1,000	1,313	4,461	2,660	986
Donated capital	-	367	-	-	-	-	-	-	-	-
Total non-operating revenues	<u>64,907</u>	<u>68,690</u>	<u>67,335</u>	<u>65,710</u>	<u>72,497</u>	<u>109,085</u>	<u>119,437</u>	<u>124,889</u>	<u>126,120</u>	<u>130,368</u>
TOTAL REVENUES	<u>\$ 77,885</u>	<u>\$ 81,007</u>	<u>\$ 79,450</u>	<u>\$ 79,130</u>	<u>\$ 85,792</u>	<u>\$ 123,127</u>	<u>\$ 133,244</u>	<u>\$ 140,968</u>	<u>\$ 144,028</u>	<u>\$ 150,396</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

Revenues by Source
Last Ten Fiscal Years



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

TRANSPORTATION INDUSTRY (1)

<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 & LOCAL</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
2003	32.6	18.1	50.7	43.5	5.8	49.3	100.0
2004	32.9	16.7	49.6	43.4	7.0	50.4	100.0
2005	32.4	15.7	48.1	44.6	7.3	51.9	100.0
2006	33.2	15.3	48.5	43.8	7.7	51.5	100.0
2007	31.4	14.1	45.5	47.0	7.5	54.5	100.0
2008	31.2	12.9	44.1	48.9	7.0	55.9	100.0
2009	31.5	12.5	44.0	47.8	8.2	56.0	100.0
2010	32.1	11.9	44.0	46.6	9.4	56.0	100.0
2011	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*

CENTRAL OHIO TRANSIT AUTHORITY (2)

<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 & LOCAL</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
2003	15.9	13.0	28.9	57.1	14.0	71.1	100.0
2004	14.6	15.5	30.1	56.7	13.2	69.9	100.0
2005	14.8	13.4	28.2	57.9	13.9	71.8	100.0
2006	16.7	8.4	25.1	61.2	13.7	74.9	100.0
2007	15.2	14.2	29.4	57.2	13.4	70.6	100.0
2008	11.4	12.3	23.7	76.3	0.0	76.3	100.0
2009	10.4	22.5	32.9	67.2	0.0	67.2	100.0
2010	11.4	21.6	33.0	67.0	0.1	67.1	100.0
2011	12.4	16.1	28.5	69.4	2.1	71.5	100.0
2012	13.3	15.4	28.7	71.0	0.3	71.3	100.0

* Information not available

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

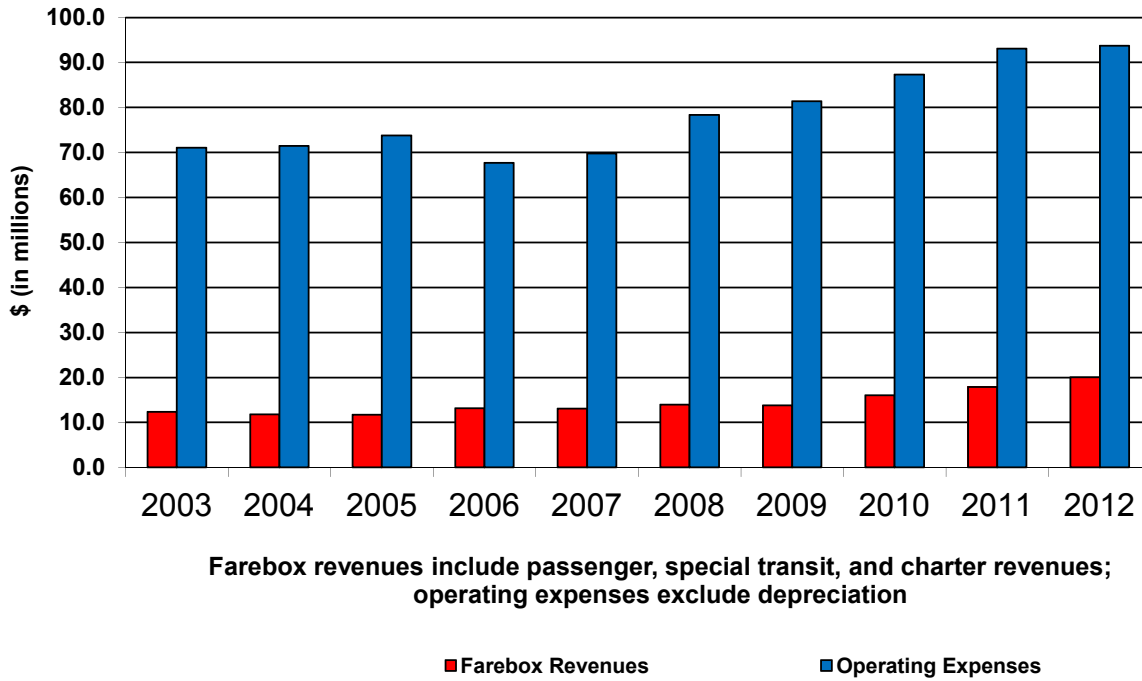
(2) Percentages are derived from the Authority's independently audited annual financial statements.

(3) Includes auxiliary transportation revenues, interest income, nontransportation, other revenues and capital grants

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

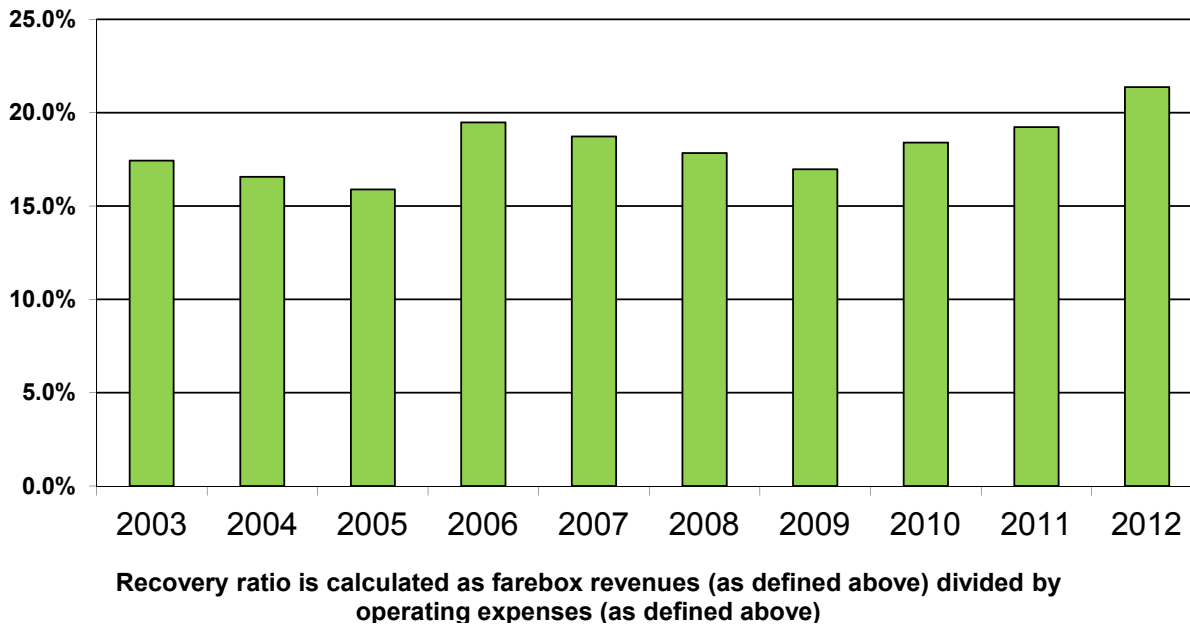
CENTRAL OHIO TRANSIT AUTHORITY

Farebox Revenues vs. Operating Expenses
Last Ten Fiscal Years



CENTRAL OHIO TRANSIT AUTHORITY

Farebox Recovery Ratio
Last Ten Fiscal Years



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

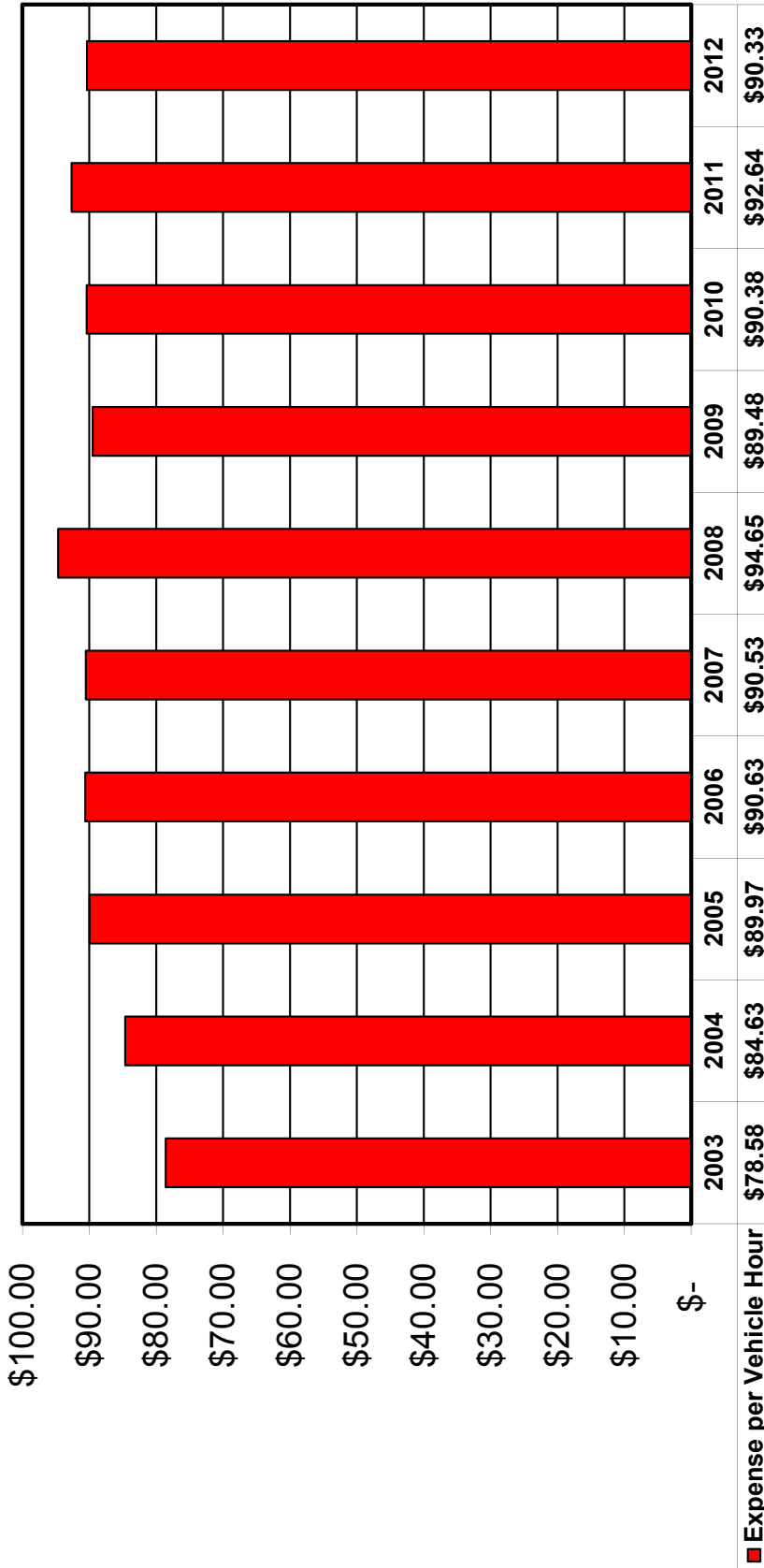
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
OPERATING EXPENSES										
OTHER THAN DEPRECIATION:										
Labor	\$ 32,752	\$ 32,053	\$ 31,829	\$ 27,522	\$ 28,498	\$ 30,080	\$ 33,463	\$ 35,676	\$ 37,623	\$ 38,037
Fringe benefits	19,934	20,776	21,156	18,476	18,334	18,930	21,490	23,384	24,302	24,676
Services	3,808	3,952	3,722	3,738	4,096	4,887	5,723	6,118	6,522	5,993
Materials and supplies	4,177	3,869	4,224	4,319	4,759	5,142	5,515	5,857	6,297	7,250
Fuel	2,478	2,990	4,364	4,917	5,326	9,041	4,979	6,354	7,588	7,444
Utilities	1,337	1,307	1,571	1,436	1,502	1,711	1,727	1,894	1,937	1,552
Claims and insurance	390	275	595	1,118	675	509	348	(84)	338	80
Taxes	654	692	743	727	766	817	900	960	937	934
Purchased transportation	4,257	4,411	4,531	4,608	5,016	6,071	6,053	6,061	6,533	6,733
Leases and rentals	523	517	570	359	209	223	351	341	284	185
Miscellaneous	781	624	508	471	586	940	833	769	743	854
Total	71,091	71,466	73,813	67,691	69,767	78,351	81,382	87,330	93,104	93,738
DEPRECIATION	10,939	9,860	9,114	8,565	8,227	7,938	13,877	12,672	13,333	16,335
Total operating expenses	82,030	81,326	82,927	76,256	77,994	86,289	95,259	100,002	106,437	110,073
NONOPERATING EXPENSES:										
Loss on sale of capital assets	0	0	0	0	0	107	1,157	650	56	933
TOTAL EXPENSES	<u>\$ 82,030</u>	<u>\$ 81,326</u>	<u>\$ 82,927</u>	<u>\$ 76,256</u>	<u>\$ 77,994</u>	<u>\$ 86,396</u>	<u>\$ 96,416</u>	<u>\$ 100,652</u>	<u>\$ 106,493</u>	<u>\$ 111,006</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 Total Vehicle Hour
Last Ten Fiscal Years



Operating expenses exclude depreciation

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

TRANSPORTATION INDUSTRY (1)

<u>YEAR</u>	<u>LABOR AND FRINGES</u>	<u>SERVICES</u>	<u>MATERIALS AND SUPPLIES</u>	<u>UTILITIES</u>	<u>CLAIMS AND INSURANCE</u>	<u>PURCHASED TRANS-PORTATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES</u>
2003	69.1%	6.0%	9.0%	3.0%	2.6%	13.4%	(3.1%)	100.0%
2004	68.7%	5.8%	9.1%	3.0%	2.6%	13.4%	(2.6%)	100.0%
2005	66.9%	5.8%	10.1%	3.2%	2.5%	13.8%	(2.3%)	100.0%
2006	66.1%	5.9%	11.3%	3.2%	2.5%	13.4%	(2.4%)	100.0%
2007	65.8%	6.1%	11.6%	3.4%	2.4%	13.0%	(2.3%)	100.0%
2008	63.9%	6.3%	12.8%	3.4%	2.2%	13.7%	(2.3%)	100.0%
2009	64.8%	6.6%	11.3%	3.5%	2.3%	14.0%	(2.5%)	100.0%
2010	65.2%	6.6%	10.7%	3.4%	2.6%	13.8%	(2.3%)	100.0%
2011	*	*	*	*	*	*	*	0.0%
2012	*	*	*	*	*	*	*	0.0%

CENTRAL OHIO TRANSIT AUTHORITY (2)

<u>YEAR</u>	<u>LABOR AND FRINGES</u>	<u>SERVICES</u>	<u>MATERIALS AND SUPPLIES</u>	<u>UTILITIES</u>	<u>CLAIMS AND INSURANCE</u>	<u>PURCHASED TRANS-PORTATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES (3)</u>
2003	74.1%	5.4%	9.4%	1.9%	0.5%	6.0%	2.7%	100.0%
2004	73.9%	5.5%	9.6%	1.8%	0.4%	6.2%	2.6%	100.0%
2005	71.8%	5.0%	11.6%	2.1%	0.8%	6.1%	2.6%	100.0%
2006	68.0%	5.5%	13.6%	2.1%	1.7%	6.8%	2.3%	100.0%
2007	67.1%	5.9%	14.5%	2.2%	1.0%	7.2%	2.1%	100.0%
2008	62.6%	6.2%	18.1%	2.2%	0.6%	7.7%	2.6%	100.0%
2009	67.5%	7.0%	12.9%	2.1%	0.4%	7.4%	2.7%	100.0%
2010	67.7%	7.0%	14.0%	2.2%	0.0%	6.9%	2.2%	100.0%
2011	66.6%	7.0%	14.9%	2.1%	0.5%	7.0%	1.9%	100.0%
2012	66.9%	6.4%	15.7%	1.7%	0.2%	7.2%	1.9%	100.0%

* Information not available

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

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

(3) Total operating expenses exclude depreciation

**CENTRAL OHIO TRANSIT AUTHORITY
LEGAL DEBT MARGIN
DECEMBER 31, 2012
(IN THOUSANDS)**

CALCULATION OF LEGAL OVERALL DEBT MARGIN:

Total assessed property valuation of Authority (2012 tax year valuation) (1)	\$ 26,973,197
Multiplied by: Legal overall debt limitation (%)	<u>5.00%</u>
Equals: Total legal voted and unvoted debt limitation	\$ 1,348,660
Less: Nonexempt general obligation debt (voted and unvoted) (2)	<u>\$ -</u>
Equals: Legal overall debt margin (maximum amount permitted for new voted and unvoted nonexempt general obligation debt issuances)	<u>\$ 1,348,660</u>

CALCULATION OF LEGAL UNVOTED DEBT MARGIN:

Total assessed property valuation of Authority (2011 tax year valuation) (1)	\$ 26,973,197
Multiplied by: Legal unvoted debt limitation (%)	<u>0.10%</u>
Equals: Legal unvoted debt limitation	\$ 26,973
Less: Maximum aggregate amounts of principal and interest payable in any one calendar year (2)	<u>\$ -</u>
Equals: Legal unvoted debt margin (maximum annual debt service charges permitted for new unvoted nonexempt general obligation debt issuances).....	<u>\$ 26,973</u>

Sources

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

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

<u>YEAR</u>	<u>POPULATION</u> (1)	<u>ASSESSED</u> <u>VALUE</u> (2)	<u>GENERAL</u> <u>BONDED DEBT</u> (3)	<u>RATIO OF</u> <u>BONDED DEBT TO</u> <u>ASSESSED VALUE</u>	<u>BONDED DEBT</u> <u>PER CAPITA</u>
2003	1,088,944	\$ 25,474,792,681	\$ -	0.00%	\$0.00
2004	1,088,971	\$ 26,007,315,683	\$ -	0.00%	\$0.00
2005	1,112,880	\$ 29,101,151,990	\$ -	0.00%	\$0.00
2006	1,095,662	\$ 29,193,651,687	\$ -	0.00%	\$0.00
2007	1,153,932	\$ 28,259,014,070	\$ -	0.00%	\$0.00
2008	1,160,308	\$ 28,772,964,620	\$ -	0.00%	\$0.00
2009	1,164,725	\$ 28,943,091,370	\$ -	0.00%	\$0.00
2010	1,163,414	\$ 28,868,029,740	\$ -	0.00%	\$0.00
2011	1,173,158	\$ 27,147,358,600	\$ -	0.00%	\$0.00
2012	1,168,018	\$ 26,973,196,500	\$ -	0.00%	\$0.00

* Information not available

Sources:

(1) MORPC

(2) Franklin County Auditor's Office

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

COTA

Computation of Direct and Overlapping General Obligation Debt December 31, 2012

Franklin County Total Value	\$26,124,037,800
Licking County (City of Reynoldsburg)	\$176,260,010
Delaware County (Westerville & Columbus)	\$516,460,730
Fairfield County (Columbus and Reynoldsburg)	\$156,437,960

***Assessed Value for COTA = \$ 26,973,196,500**

* The above amounts are all less Tangible Personal

Political Subdivision	General Obligation Debt	Percentage Applicable to COTA	Amount Applicable to COTA
COTA	0	100.00%	0
Franklin County	257,170,000	100.00%	257,170,000
Cities wholly within COTA	1,710,203,720	100.00%	1,710,203,720
Cities with Overlapping:			
City of Dublin	12,340,000	84.86%	10,471,724
City of Pickerington	2,505,000	0.38%	9,519
Villages wholly within COTA	11,405,000	100.00%	11,405,000
Villages with Overlapping:			
Village of Canal Winchester	2,332,824	87.74%	2,046,820
Townships wholly within COTA	4,495,768	100.00%	4,495,768
Townships with Overlapping:			
Washington Township	1,629,999	85.18%	1,388,433
School Districts wholly within COTA	768,595,165	100.00%	768,595,165
School Districts with Overlapping:			
Canal Winchester Local S.D.	59,188,346	73.54%	43,527,110
Dublin City S.D.	156,465,449	80.16%	125,422,704
Hilliard City S.D.	134,917,593	99.99%	134,904,101
Licking Heights Local S.D.	51,761,229	51.85%	26,838,197
Olentangy Local S.D.	342,887,243	0.06%	205,732
Pickerington Local S.D.	127,739,787	3.88%	4,956,304
Plain Local S.D.	45,896,893	99.99%	45,892,303
South-Western City S.D.	209,649,989	99.82%	209,272,619
Teays Valley Local S.D.	35,719,988	0.07%	25,004
Westerville City S.D.	101,695,000	63.67%	64,749,207
Delaware County Joint Vocational S.D.	0	0.04%	0
Eastland Joint Vocational S.D.	3,150,000	59.17%	1,863,855
Licking County Joint Vocational S.D.	24,084,991	7.28%	1,753,387
Special District with Overlapping:			
Delaware County District Library	0	0.04%	0
New Albany/Plain Jnt Park District	4,365,000	99.99%	4,364,564
Total			\$ 3,429,561,236

Source: Ohio Municipal Advisory Council database

CENTRAL OHIO TRANSIT AUTHORITY
Demographic Statistics
Last Ten Fiscal Years

<u>YEAR</u>	<u>POPULATION</u>	<u>PER CAPITA INCOME</u>	<u>MEDIAN AGE</u>	<u>K - 12 SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
	(1)	(2)	(3)	(4)	(5)
2003	1,088,944	\$33,576	*	177,666	4.9%
2004	1,088,971	\$34,664	*	185,678	5.4%
2005	1,112,880	\$36,135	*	186,756	5.3%
2006	1,095,662	\$37,492	*	188,737	4.9%
2007	1,153,932	\$38,556	34.5	189,072	4.7%
2008	1,160,300	\$39,165	32.6	206,197	5.5%
2009	1,164,725	\$38,020	33.1	216,820	10.9%
2010	1,163,414	\$38,170	33.4	208,698	9.6%
2011	*	\$39,646	34.9	*	8.1%
2012	1,168,018	*	*	*	6.7%

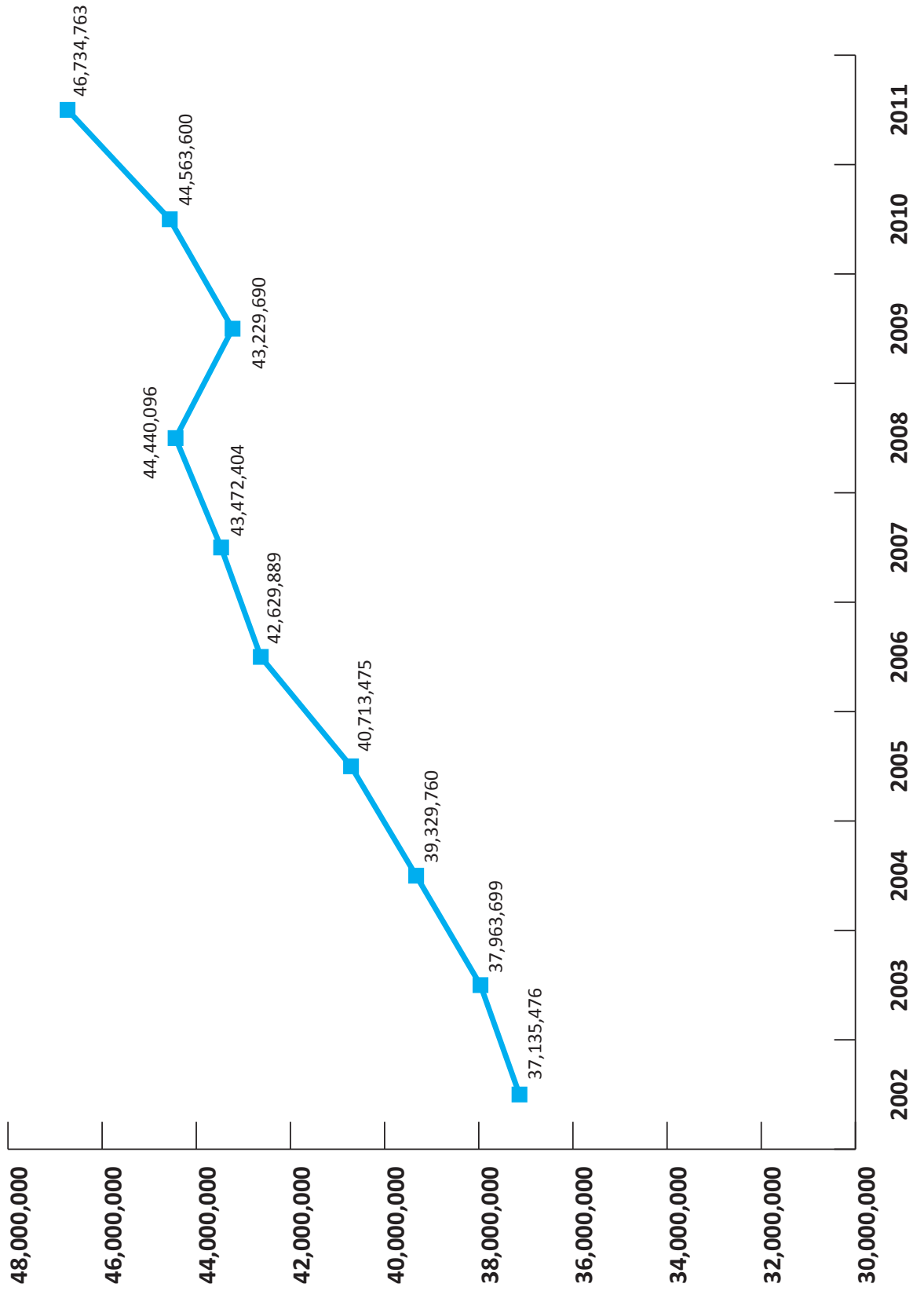
Note: All information presented is for Franklin County

* Information not available

Sources:

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

CENTRAL OHIO TRANSIT AUTHORITY PERSONAL INCOME OF FRANKLIN COUNTY, OH 2002 - 2011 (in thousands)



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

Rank	Name of Employer	FTE		Rank	Name of Employer	FTE		% of Total
		2012	% of Total			2003	% of Total	
1	Ohio State University	27,404	2.90%	1	State of Ohio	25,787	N.A.	
2	State of Ohio	24,748	2.62%	2	Federal Government/United States Postal Service (1)	17,655	N.A.	
3	JP Morgan Chase Bank	19,200	2.03%	3	Ohio State University	17,361	N.A.	
4	OhioHealth	14,025	1.49%	4	Columbus Public Schools	12,092	N.A.	
5	Nationwide Mutual Insurance Co.	11,316	1.20%	5	Nationwide Mutual Insurance Co.	10,815	N.A.	
6	Kroger Co.	10,031	1.06%	6	Bank One NA	8,873	N.A.	
7	Columbus Public Schools	9,753	1.03%	7	Ohio Health	8,304	N.A.	
8	City of Columbus	8,455	0.90%	8	City of Columbus	8,067	N.A.	
9	Mount Carmel Health System	7,961	0.84%	9	Limited Brands Inc.	7,200	N.A.	
10	Limited Brands Inc.	7,800	0.83%	10	Franklin County	7,161	N.A.	
11	McDonald's Corp.	7,622	0.81%	11	Honda of America Manufacturing Inc.	6,600	N.A.	
12	Nationwide Children's Hospital	7,472	0.79%	12	Mount Carmel Health System	4,983	N.A.	
13	Honda of America Manufacturing Inc.	7,000	0.74%	13	Kroger Co.	4,632	N.A.	
14	Franklin County	6,689	0.74%	14	Wendy's International, Inc.	4,500	N.A.	
15	Huntington Bancshares Inc.	5,094	0.54%	15	Wal-mart Stores, Inc.	4,444	N.A.	
16	Cardinal Health Inc.	4,468	0.47%	16	American Electric Power Company, Inc.*	3,795	N.A.	
17	Giant Eagle Inc.	4,260	0.45%	17	Huntington Bancshares, Inc.	3,521	N.A.	
18	American Electric Power Company, Inc.	3,361	0.36%	18	SBC Ohio	3,000	N.A.	
19	DLA Land and Maritime	3,200	0.34%	19	Chase Home Finance	2,861	N.A.	
20	Columbus State Community College	2,843	0.30%	20	Medco Health Solutions, Inc.	2,528	N.A.	
21	Abercrombie & Fitch Co.	2,725	0.29%	21	Children's Hospital, Inc.	2,505	N.A.	
22	South-Western City Schools	2,477	0.26%	22	Discover Financial Services	2,496	N.A.	
23	Alliance Date Systems Corp.	2,434	0.26%	23	South-Western City Schools	2,440	N.A.	
24	Battelle	2,417	0.26%	24	Ross Products	2,392	N.A.	
25	State Farm Insurance	2,000	0.21%	25	Battelle	2,184	N.A.	

(1) Federal Government employees includes: 13,300 Federal Government and US Postal Service FTEs; 2275 Defense Supply Center FTEs; and 2,080 Defense Finance & Accounting Service Center FTEs.

Source of FTEs and Rank: "Top 100 Largest Area Employers", Business First of Columbus. ©Copyright 2012, Business First of Columbus Inc. All rights reserved. Reprinted with permission.

Source of 2012 % to Total: City of Columbus, City Auditor. Percentage calculated using Columbus MSA labor force number from Table 23 of 961,200 less Morrow County labor force of 17,400, which is included in the Columbus MSA, but not considered in the Business First Largest Employers statistics.

CENTRAL OHIO TRANSIT AUTHORITY Fare Rate Structure December 31, 2012

CASH OR TICKET FARES:

Express	\$ 2.75
Local and Crosstown	2.00
Project Mainstream ADA Trip ⁽¹⁾	3.50
Project Mainstream Non-ADA Trip ⁽¹⁾	5.00
COTA LINK ⁽²⁾	1.00
Transfer	Free

DAY PASSES ⁽³⁾:

Adult ⁽⁴⁾	\$ 4.50
Human Service Agency ⁽⁵⁾	4.00
Children over 48" and under 12 years old, Senior Discount Card ⁽⁶⁾ , or Key Card ⁽⁷⁾	2.25
Seven-Day Pass	25.00

MONTHLY PASSES:

Express	\$ 85.00
Local	62.00
Project Mainstream ⁽¹⁾	105.00
Senior Discount Card ⁽⁶⁾ , or Key Card ⁽⁷⁾	31.00

SPECIAL FARES:

Children over 48" and under 12 years old, Senior Discount Card ⁽⁶⁾ , or Key Card ⁽⁷⁾	\$ 1.00
Children under 48" tall	Free
All ADA Card ⁽⁸⁾ recipients on fixed-route bus service only	1.00

- (1) Door-to-door service on demand, in wheelchair lift-equipped paratransit mini-buses, for eligible disabled riders holding an "ADA" card. ADA Trips are defined as trips originating 3/4 of a mile or less from an existing fixed-route bus line that is in operation within the time of day and day of the week. All other trips are considered a Non-ADA Trip.
- (2) Shuttle-type service available in the Linden area during weekdays only
- (3) Good for unlimited travel on all local/crosstown routes from time of validation until midnight
- (4) Additional \$0.75 required for express service
- (5) Distributed by approved nonprofit service agencies for use by their clientele
- (6) Photo identification card, for riders aged 65 and over
- (7) Photo identification card, for eligible disabled riders
- (8) Photo identification card, for physically or mentally disabled riders eligible for Project Mainstream service

CENTRAL OHIO TRANSIT AUTHORITY
Operating Statistics
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
SYSTEM RIDERSHIP										
Motor bus.....	15,626,090	14,543,962	14,625,379	14,841,320	14,787,666	16,502,040	17,208,787	17,034,878	18,764,047	18,423,352
Demand responsive.....	159,047	159,044	164,167	168,899	182,181	216,489	237,949	238,290	259,883	268,960
AVERAGE WEEKDAY										
SYSTEM RIDERSHIP										
Motor bus.....	53,564	49,524	50,035	50,649	50,337	56,181	58,779	57,340	63,065	62,266
Demand responsive.....	545	533	556	559	591	709	779	782	858	873
VEHICLE MILES OPERATED										
Motor bus.....	10,436,511	10,020,080	9,791,598	8,866,548	9,017,363	9,460,805	10,519,662	11,049,687	11,518,844	11,859,067
Demand responsive.....	2,425,583	2,390,622	2,503,071	2,425,008	2,499,539	2,877,197	3,318,535	3,478,991	3,429,996	3,484,254
AVERAGE WEEKDAY										
VEHICLE MILES OPERATED										
Motor bus.....	35,334	33,560	32,819	29,465	30,085	32,134	35,331	36,911	38,551	39,047
Demand responsive.....	8,211	7,938	8,452	8,001	8,229	9,523	10,973	11,550	11,388	11,430
REVENUE MILES										
Motor bus.....	8,673,312	8,270,619	8,026,651	7,157,710	7,292,170	7,628,914	8,523,927	9,075,389	9,388,064	9,689,684
Demand responsive.....	1,974,203	2,019,314	2,135,309	2,133,486	2,248,932	2,567,604	2,803,983	2,875,824	3,003,424	3,082,210
PASSENGER MILES										
Motor bus.....	59,179,326	48,218,184	58,685,850	59,508,735	56,130,167	60,965,006	65,605,753	63,278,446	70,704,654	70,809,418
Demand responsive.....	1,233,606	1,475,482	1,596,026	1,677,786	1,802,332	2,113,438	2,352,821	2,387,942	2,571,127	2,696,146

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

(continued on next page)

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
VEHICLE HOURS OPERATED (1)										
Motor bus.....	759,778	714,525	692,438	623,987	635,828	678,302	753,377	801,137	835,880	861,213
Demand responsive.....	136,795	129,909	127,981	124,675	134,796	149,480	156,103	165,099	169,102	176,468
VEHICLE REVENUE HOURS (1)										
Motor bus.....	691,262	649,005	628,815	566,343	577,336	615,332	685,030	732,886	766,606	789,004
Demand responsive.....	112,263	110,153	109,141	106,225	116,211	133,899	138,847	142,958	151,416	159,306
DIESEL & BIODIESEL FUEL USAGE (IN GALLONS)(1)	2,607,032	2,460,343	2,496,363	2,092,315	2,396,400	2,592,382	2,738,935	2,877,839	2,979,458	2,969,188
FLEET REQUIREMENTS (DURING PEAK HOURS) (1)										
Motor bus.....	247	230	228	195	195	219	235	241	247	257
Demand responsive.....	43	43	47	46	46	58	56	56	56	68
TOTAL REVENUE VEHICLES DURING PERIOD (1)										
Motor bus.....	308	276	274	234	234	268	292	306	296	308
Demand responsive.....	58	58	57	55	60	62	66	65	64	74
NUMBER OF EMPLOYEES(1)	757	722	690	616	669	699	782	793	853	852

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

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

CLASSIFICATION	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
VEHICLE OPERATIONS	488	469	451	394	450	486	531	532	577	593
VEHICLE MAINTENANCE	125	114	112	102	101	99	116	114	123	117
NON-VEHICLE MAINTENANCE	36	40	38	30	25	27	33	37	36	35
GENERAL ADMINISTRATION	98	99	89	90	93	87	102	110	117	107
TOTAL LABOR	747	722	690	616	669	699	782	793	853	852

CENTRAL OHIO TRANSIT AUTHORITY
Miscellaneous Statistics
For the Year ended December 31, 2012

Date of creation of Authority by local county and municipal governments	February 17, 1971
Date of acquisition of assets of Columbus Transit Company (C.T.C.)	June 29, 1973
Date of commencement of Authority operations	January 1, 1974
Form of government	Board of Trustees, with fulltime President/CEO
Number of Trustees	13
County in which Authority operates	Franklin County and small portions of adjacent Delaware, Fairfield, Union, and Licking Counties, Ohio
Type of tax support	Service Area Sales Tax - 1/4 % permanent 1/4 % temporary
Size of Authority	560.3 square miles
Miles of route	1084.48
Number of routes	67
Number of bus stop locations	4,038
Number of bus stop passenger shelters	374
Number of Park-and-Ride facilities	29
Parking capacity, all Park-and-Ride facilities	2,295
Number of active fleet buses	308
Average bus vehicle age	5
Average fixed-route system speed	13.77 miles per hour
Average fixed-route system fuel economy	4.44
Number of customer information calls received	2,129,127

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Dave Yost • Auditor of State

CENTRAL OHIO TRANSIT AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 11, 2013**