



2017

► Comprehensive Annual
Financial Report ◀

FOR FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016

COTA

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Central Ohio Transit Authority Comprehensive Annual Financial Report For the Fiscal Years Ended December 31, 2017 and 2016

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INTRODUCTORY SECTION



CENTRAL OHIO TRANSIT AUTHORITY

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June 22, 2018

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 December 31, 2017, 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, COTA stakeholders and other interested parties.

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

Generally Accepted Accounting Principles require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found within the Financial Section immediately following the Independent Auditors' Report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to COTA for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This was the 28th 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 2017 report to the GFOA to determine its eligibility for another certificate.

LETTER OF TRANSMITTAL

REPORTING ENTITY

General

The accompanying financial statements comply with the provisions of accounting principles generally accepted in the United States of America in that these financial statements include all of the organization, activities, functions and component units for which the Authority is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the reporting entity's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the reporting entity. COTA does not have financial accountability over any entities, and no governmental units other than COTA itself are included in the reporting entity. COTA is not included as a component unit in the reporting entity of any other governmental unit's financial statements. A complete discussion of COTA's reporting entity is included in footnote 1 of the financial statements.

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

COTA was created by an agreement executed on 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 coterminous with Franklin County and small portions of Delaware, Fairfield, Licking and Union counties.

COTA's vision and mission statements are respectively:

COTA will be the region's transportation leader.

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

These statements are the focus of all operations and support functions.

Management—Board of Trustees

COTA is 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.

LETTER OF TRANSMITTAL

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 2017, service included 43 Frequent, Standard and Rush Hour fixed-bus routes, including special services such as the CBUS downtown circulator, COTA AirConnect and the Zoo Bus.

COTA makes improvements and adjustments to its fixed-route system three times a year. These changes occur in January, May and September. At the end of 2017, COTA operated 1,181,768 annualized scheduled service hours.

To address increasing customer needs for fixed-route bus service, service changes focus on four key areas of improvement: increased 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. At the end of 2017, there were 322 fixed-route buses in COTA's fleet. All new fixed-route transit buses purchased by COTA are powered by Compressed Natural Gas (CNG). A 12-year conversion program that began in 2013 will phase all diesel-powered, fixed-route buses out of the fleet. As of December 31, 2017, 150 CNG buses were in COTA's fleet.

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.

Ridership

COTA provided 18.7 million (fixed-route and paratransit) passenger trips in 2017.

Other Key Activities in 2017

Transit System Redesign

On May 1, 2017, COTA completely overhauled its bus network and launched the Transit System Redesign (TSR). COTA's new bus network has twice as many high-frequency routes that arrive every 15 minutes or better on major streets. Routes now operate on more consistent schedules seven days a week. Saturday service hours increased by almost 50% and Sunday service hours more than doubled. In addition, 100,000 more central Ohio residents live within a quarter-mile of high frequency bus service, and 110,000 more jobs are located within a quarter-mile of high frequency service.

LETTER OF TRANSMITTAL

COTA planned and executed a robust marketing, customer and stakeholder outreach campaign to educate the community about the TSR. To celebrate the new network, ease the transition for current COTA customers, and encourage riders to try the new system, COTA offered riders free service May 1-7, 2017. COTA is among a select group of agencies across the country that have implemented a comprehensive system redesign.

CMAX Bus Rapid Transit

Construction was completed in 2017 on COTA's highly anticipated CMAX Cleveland Avenue Bus Rapid Transit line (BRT). When it launches on Jan. 1, 2018, CMAX will be the first BRT line in central Ohio, and will connect more than 211,000 residents and 170,000 workers along Cleveland Avenue to jobs, health care and educational resources.

The 15.6-mile CMAX route runs along Cleveland Avenue between downtown Columbus and the Ohio Health Westerville Medical Campus at Polaris Parkway and Africa Road. The new service combines convenience, reliability and technology to get customers where they need to go quickly. CMAX runs every 10 minutes during rush hour on weekdays, and every 15 minutes midday, evenings and weekends. Service runs every 30 minutes north of SR-161 to Polaris Parkway and Africa Road.

CMAX was made possible by \$37.45 million in Federal Transit Administration funds and \$11.2 million in local funds. COTA purchased 15 specially-branded BRT coaches that are powered by Compressed Natural Gas (CNG) for the service. The project also included the construction of more than 60 enhanced passenger stations, the new Northland Transit Center opening on Jan. 1, 2018, and a new Northern Lights Park & Ride that will open later in 2018. More than 30 of the stations on the CMAX line feature artwork produced by local artists.

NextGen

As the region prepares to accommodate up to 1 million more residents and 300,000 more jobs by 2050, COTA was a leader in crafting a community vision for the future of transit in Central Ohio. The NextGen vision was shaped by technical analysis and conversations with community and business leaders, stakeholders and residents over three years, concluding in 2017. NextGen identified three types of potential transit investments: high-capacity transit, smart mobility options and enhanced bus service. Each potential transit investment is laid out on a timeline illustrating what could be accomplished by 2025, 2040 and 2050.

Technological Innovation

COTA continued to be at the forefront of transit system technology in 2017, when it became one of the first systems in the United States to offer riders free Wi-Fi on its entire fleet. Unlimited and unthrottled 4G data is available on fixed-route buses, at COTA's downtown transit terminals, and at the passenger shelters at 33 N. High St. and John Glenn International Airport. COTA also installed new fareboxes in 2017 that are capable of accepting smartcards and mobile payments, two new payment methods that will debut in 2018.

COTA Engages with Smart Columbus Partners

In 2016, Columbus won the U.S. Department of Transportation's Smart City Challenge \$40 million grant, which is aimed at transforming mobility in Columbus. COTA is a key Smart Columbus partner and in 2017 engaged in planning for projects that promise to position the region at the forefront of the coming transportation technology revolution. Initiatives include developing an integrated data exchange, common transportation payment system, multimodal trip planning, connected electric vehicles and a pedestrian collision avoidance system.

LETTER OF TRANSMITTAL

2017 Recognitions

COTA was awarded second place in the Large Employers category for the *Columbus Business First* Healthiest Employer Awards.

COTA received the HR Excellence Award for Team Excellence from *Columbus CEO* magazine. The Team Excellence award is given to a department, team, or group of individuals that has achieved excellent results by working together to advance their company or organization.

COTA's excellent financial reporting earned the Auditor of State Award with Distinction for the fifth year in a row.

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 facility houses both heavy and light bus maintenance operations, COTA's customer information call center, and indoor storage capacity for 240 buses. COTA is renovating the facility in three phases. Phase 3 began in 2014, and includes renovation of the building lobby, bus wash, operator dayroom and administrative offices. The new dayroom and two new bus washes were completed in 2016, which increased the facility to a 430,000-square-foot building that meets LEED "silver" specifications. Construction of a satellite CNG fueling station was completed in 2017. The final phase of the renovation will focus on the façade of the facility and the maintenance shops, and is projected to start design in 2018.

Fields Operations, 1333 Fields Ave., is a 283,000 square-foot facility with storage for 200 fixed-route buses and space for several light-maintenance work areas. Design work for the CNG conversion and infrastructure for an electric bus pilot program is scheduled to be completed in 2018 with construction to be completed in 2019-2020.

Mobility Services, 1330 Fields Ave., is a 104,000 square-foot building housing COTA's paratransit operations. The facility has capacity for 104 paratransit vehicles. All Mobility Services operations, including reservations, scheduling and dispatching, occur at the 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 20,000 square-foot facility on the Fields Avenue Campus. The building houses COTA's Street and Remote operations.

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 Primary Care Center to provide neighborhood medical services, a daycare center and other amenities. One Standard line serves the Linden Transit Center. CMAX will also serve this transit center when it begins operating on Jan. 1, 2018.

LETTER OF TRANSMITTAL

Easton Transit Center, 4260 Stelzer Rd., is a 1,850-square-foot facility near Easton Town Center. The facility includes an 8,950 square-foot overhead canopy and was renovated to include nine bus bays with three layover bays and a 33-vehicle capacity Park & Ride lot. In 2017, the building was expanded to accommodate increased service levels after the implementation of the Transit System Redesign. The facility also includes an adjacent 9,650 square-foot daycare center operated by an independent provider, leasing the space from COTA. Three Frequent, five Standard and two Rush Hour lines serve the Easton Transit Center.

Spring Street Terminal, 33 W. Spring St., is an outdoor CNG-compliant facility located on Spring Street between High and Front streets in downtown Columbus. There is an indoor waiting area and ticket vending machine at the facility. The terminal has five bus bays. Two Frequent, two Standard and three Rush Hour lines serve the Spring Street Terminal.

Near East Transit Center, 1125 E. Main St., is a 9,600-square-foot facility located at East Main Street and Champion Avenue in the Columbus Empowerment Zone, an economically disadvantaged area with high unemployment. The Near East Transit Center includes a Nationwide Children's Primary Care Center offering neighborhood medical services, as well as leased, street-level, retail space. One Frequent line and one Standard line serves the Near East Transit Center.

Facilities Leased

COTA Transit Terminal, 25 E. Rich St., is a 41,000-square-foot facility opened in November 1989 that serves commuters in the southern Downtown area. The terminal is located in the Columbus Commons parking garage between Rich and Main streets. In 2014, renovations were completed to accommodate CNG buses. A number of upgrades and customer amenities were also part of the renovation. One Standard and 12 Rush Hour lines serve the COTA Transit 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 ten (10) counties: Delaware, Fairfield, Franklin, Hocking, Licking, Madison, Morrow, Perry, Pickaway and Union. Based on data from the U.S. Census Bureau (2017), the combined area's population is 2,078,725 with Franklin County's population of 1,291,981 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
Most recent estimate	860,090 (2016)	1,291,981 (2017)

Source: U.S. Census Bureau

ECONOMIC OUTLOOK

While the local economy generally mirrors the national economy, Central Ohio has remained stable as a regional economic center. Columbus is the most populous city in Ohio and the only major municipality in the state experiencing population growth. This is attributed in part to Columbus' aggressive annexation policies and a pro-growth economic emphasis in city government. Franklin County's sizable institutional component, stemming from the presence of Ohio's capital and Ohio State University, lends considerable stability to the local economy. The region's economy consists of large professional and service sectors heavy on finance, insurance, education and research industries. The overall countywide, assessed property valuation continues to increase as a result of vibrant residential and commercial development. The economic climate of Franklin County directly affects COTA due to the reliance on sales and use tax receipts, which are COTA's major source of revenue. Future anticipated growth in sales tax revenue will be offset by the removal of sales tax collections on Medicaid Managed Care Organizations (MCO's) that began on July 1, 2017. Going forward, without any further changes in tax policy at the state level, COTA will lose an estimated \$9 million a year in sales tax collections, or 6 percent of the transit authority's total annual revenue, excluding capital grants, in 2017. Additionally, uncertainty related to the extent and timing of policy changes at the Federal level contribute to potential volatility in the national and local economies.

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 30.

LETTER OF TRANSMITTAL

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 statements prepared on a budgetary basis, in accordance with generally-accepted accounting principles, have been provided on page 48 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, 2017. 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, and the audit requirements of Title 2 "U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance).

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

Acknowledgements

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

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



Joanna Pinkerton
President/CEO



Jeff Vosler
CFO/VP, Finance & DBE Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

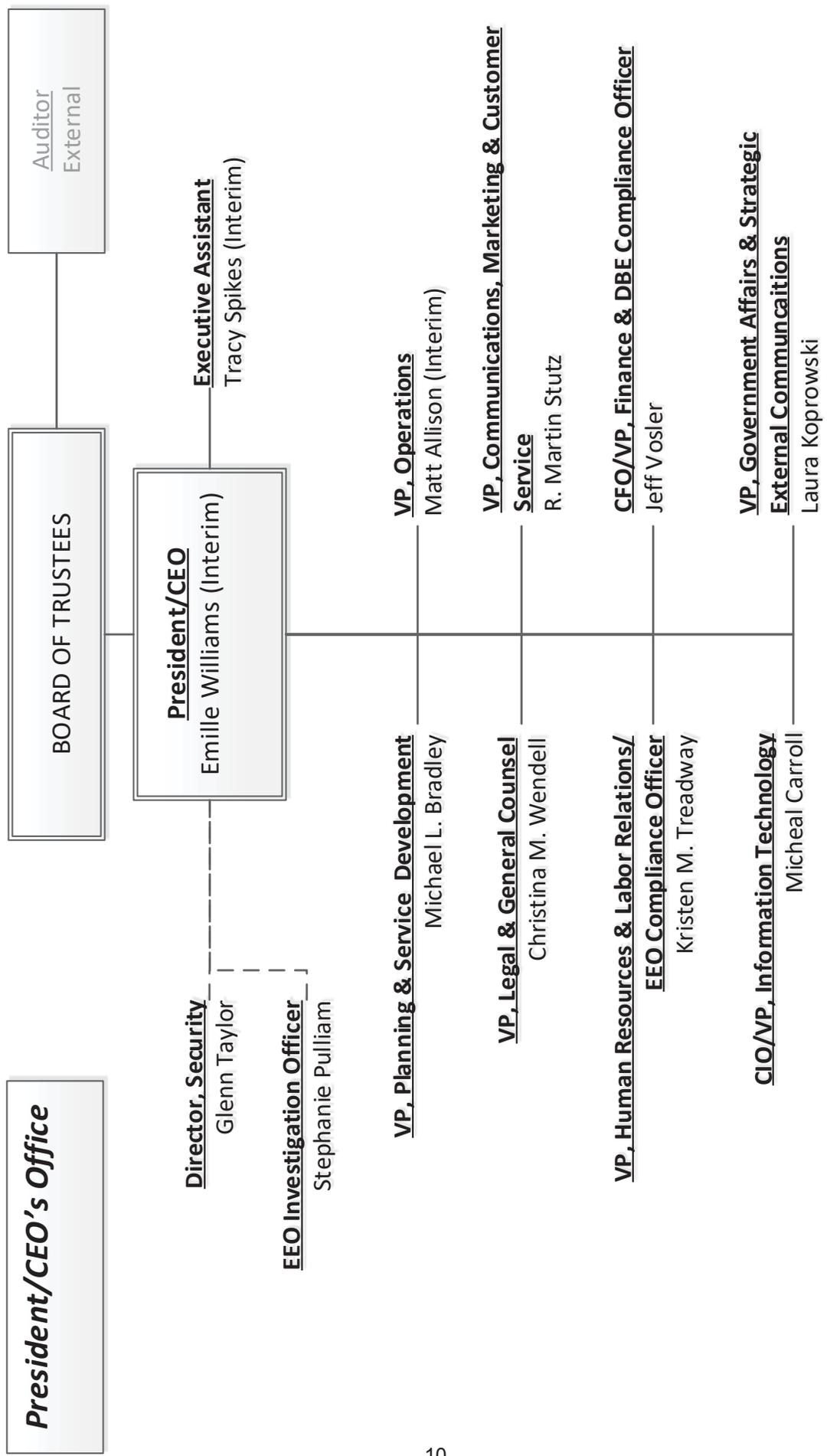
Central Ohio Transit Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO





BOARD OF TRUSTEES
As of December 31, 2017

Chair	Jean Carter Ryan Appointed by the City of Columbus
Vice-Chair	Trudy Bartley Appointed by the City of Columbus
Trustee	Michael Stevens Appointed by the City of Columbus
Trustee	Philip D. Honsey Appointed by the City of Grove City
Trustee	Donald B. Leach, Jr. Appointed by the City of Upper Arlington
Trustee	David M. Norstrom Appointed by the City of Worthington
Trustee	Regina R. Ormond Appointed by the City of Columbus
Trustee	Letty Schamp, P.E. Appointed by the City of Hilliard
Trustee	Amy M. Schmittauer Appointed by the City of Columbus
Trustee	Craig P. Treneff Appointed by Franklin County
1 vacancy	Franklin County
2 vacancy	City of Columbus

ADMINISTRATION

President/CEO	Emille Williams, Interim
Vice President	Micheal L. Bradley, Planning & Service Development
Vice President	Matthew Allison, Operations, Interim
Vice President	Christina M. Wendell, Legal & Government Affairs
Vice President	Robert M. Stutz, Communications, Marketing & Customer Service
Vice President	Jeffrey S. Vosler, Finance/CFO
Vice President	Kristen M. Treadway, Human Resources & Labor Relations
Vice President	Micheal Carroll, Information Technology/CIO
Vice President	Laura Koprowski, Government Affairs & Strategic External Communications

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FINANCIAL SECTION



CENTRAL OHIO TRANSIT AUTHORITY

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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 accompanying financial statements of the Central Ohio Transit Authority (the Authority), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2017 and 2016, and the changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (pages 15 through 25) and schedules of proportionate share of net pension liability and pension contributions (pages 46 through 47) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion 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 that collectively comprise the Authority's basic financial statements. The introductory section, supplemental budget versus actual schedule, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 22, 2018

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2017 and 2016

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, 2017. 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 \$401.5 million. Of this amount, \$241.0 million is invested in capital assets, net of accumulated depreciation.
- The Authority's Net Position increased by \$21.3 million in 2017 mainly due to increase federal and local capital grants.
- Current assets of \$221.4 million primarily consist of cash and cash equivalents of \$162.0 million, receivables of \$49.5 (sales tax receivables of \$33.5 million, federal capital grant receivable of \$8.1 million, other receivables of \$7.9 million), inventory of \$3.5 million, and Board designated assets of \$5.6 million and other assets of \$0.9 million.
- Current liabilities of \$18.6 million primarily consist of accrued payroll and fringe benefits of \$7.9 million, and accounts payable of \$6.7 million.
- The Authority's long term liabilities of \$95.6 million primarily consists of net pension liability of \$92.7 million.

Basic Financial Statements and Presentation

The financial statements presented by the Authority are the Statements of Net Position, 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 Statements of Net Position on page 26 presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between these 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.

The Statements of Revenues, Expenses and Changes in Net Position, 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/local governments.

The Statements of Cash Flows on page 28 allows 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 statement is 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 full understanding of the data provided in the financial statements. The notes to the financial statements are on pages 29-45.

CENTRAL OHIO TRANSIT AUTHORITY
Management's Discussion and Analysis
Years Ended December 31, 2017 and 2016

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:

<u>Description</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets			
Current Assets	\$ 215,787,832	\$ 192,174,265	\$ 174,911,441
Board Designated Assets (current)	5,581,092	13,147,757	6,561,276
Total Current Assets	221,368,924	205,322,022	181,472,717
Board Designated Assets (non-current)	15,311,310	15,270,310	15,137,183
Capital Assets (net of accumulated depreciation)	240,968,475	217,487,368	221,585,618
Total Non-Current Assets	256,279,785	232,757,678	236,722,801
Total Assets	477,648,709	438,079,700	418,195,518
Deferred Outflows of Resources	38,718,584	28,281,424	8,423,604
Liabilities			
Current Liabilities	18,636,616	15,535,387	15,309,540
Non-Current Liabilities	2,978,062	1,677,272	1,500,736
Net Pension Liability	92,665,735	67,648,215	43,734,920
Total Liabilities	114,280,413	84,860,874	60,545,196
Deferred Inflows of Resources	551,501	1,276,760	821,277
Net Position			
Net Position Invested in Capital Assets	240,968,475	217,487,368	221,585,618
Net Position Unrestricted	160,566,904	162,736,122	143,667,031
Total Net Position	\$ 401,535,379	\$ 380,223,490	\$ 365,252,649

The Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which significantly revised accounting for pension costs and liabilities. For Reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

As required by GASB 68, the net pension liability equals the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2017 and 2016

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan. Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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, 2017 amounts to \$241.0 million. This investment in capital assets includes land, buildings and improvements, revenue vehicles, transit centers, other equipment, and projects in progress (net of accumulated depreciation). The increase in COTA's investment in capital assets in 2017 was \$23.5 million.

Major capital asset events during 2017 included the following:

- Purchase of (13) Heavy Duty CNG Transit Buses
- Bus Rapid Transit Land Acquisitions and Purchase of (13) Heavy Duty CNG Transit Buses
- Farebox and Alternative Payment System
- Renovation of McKinley Avenue Satellite Fueling Station

Contributions to construction in progress including the following projects:

- Development of Enterprise Resource Planning System
- Bus Rapid Transit Project Construction
- Renovation of Easton Transit Center

Additional information on the Authority's capital assets can be found in Note 5, page 35 in the Notes to the Financial Statements.

CENTRAL OHIO TRANSIT AUTHORITY
Management's Discussion and Analysis
Years Ended December 31, 2017 and 2016

The Authority's current assets at the end of 2017 are composed of cash and cash equivalents (75.7%), receivables (22.3%), inventory (1.6%), and other assets (0.4%) consisting predominately of prepaid expenses.

In 2017, the Authority's total liabilities, other than net pension liability, increased \$4.0 million due to timing of accruals. The increase in net pension liability of \$25.0 million was due to the increase in the Authority's proportionate share of the unfunded pension obligation.

Expenses by Functional Category

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

Description	2017	2016	2015
Vehicle Operations	\$ 82,556,517	\$ 72,071,083	\$ 65,094,146
Vehicle Maintenance	25,471,563	21,049,012	18,358,558
Facilities Maintenance	9,322,109	7,294,177	7,169,624
General & Administrative	26,695,646	24,224,387	21,141,046
Total	<u>\$ 144,045,835</u>	<u>\$ 124,638,659</u>	<u>\$ 111,763,374</u>

In accordance with NTDR guidelines, the 2017, 2016 and 2015 expenses include additional costs of \$0, \$0, and \$17,952, respectively. These costs are collected directly by the service provider from the Authority's customers of the Sedan Service for Disabled Passengers which was discontinued in August 2015.

NTDR requires a portion of Purchased Transportation expense reflecting the cost of service provider vehicle depreciation to be recorded as vehicle lease expense. For 2017, 2016 and 2015, \$0, \$0, and \$19,283 respectively, is excluded from expense by function reporting.

CENTRAL OHIO TRANSIT AUTHORITY
Management's Discussion and Analysis
Years Ended December 31, 2017 and 2016

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

Description	2017	2016	2015
Operating Revenues			
Passenger Fare Revenues	\$ 18,816,434	\$ 18,663,499	\$ 19,137,087
Special Services Revenue	871,821	861,896	878,702
Total Operating revenues	19,688,255	19,525,395	20,015,789
Non-Operating Revenues			
Sales Tax Revenues	129,143,144	131,793,840	125,163,004
Federal Assistance	112,616	562,086	267,143
State Assistance	8,007,414	595,309	619,459
Investment Income	1,593,939	906,987	274,082
Gain on Disposal of Capital Assets	-	-	21,496
Non-transportation and Other Revenues	979,088	970,525	952,339
Total Non-Operating Revenues	139,836,201	134,828,747	127,297,523
Total Revenue before Capital Grants	159,524,456	154,354,142	147,313,312
Operating Expenses			
Labor	57,545,900	51,926,191	46,536,591
Fringe Benefits	47,905,632	35,780,980	29,516,806
Materials and Supplies	14,169,982	13,986,325	15,062,371
Purchased Transportation	7,668,883	7,822,141	7,742,526
Services	11,254,073	10,286,395	8,189,640
Other Expenses	5,674,390	5,022,957	4,891,383
Depreciation Expense	27,672,894	25,376,426	24,469,195
Total Operating Expenses	171,891,754	150,201,415	136,408,512
Non-Operating Expenses			
Loss on Disposal of Capital Assets	692,088	288,560	-
Regional Transit Subsidy	1,038,096	1,507,713	-
Non-Operating Project Expenses	4,409,245	1,216,008	239,951
Total Non-Operating Expenses	6,139,429	3,012,281	239,951
Change before Capital Grants	(18,506,727)	1,140,446	10,664,849
Capital Grant Revenues:			
Federal	36,246,455	13,830,395	26,389,805
Local	3,572,161	-	-
Total Capital Grant Revenues	39,818,616	13,830,395	26,389,805
Change in Net Position during the Year	21,311,889	14,970,841	37,054,654
Net Position, Beginning of Year	380,223,490	365,252,649	328,197,995
Net Position, End of Year	\$ 401,535,379	\$ 380,223,490	\$ 365,252,649

CENTRAL OHIO TRANSIT AUTHORITY
Management's Discussion and Analysis
Years Ended December 31, 2017 and 2016

GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred outflows and inflows of resources. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2017 statements report an increase to pension expense of \$13,855,101 compared to a slight decrease in pension expense reported in 2016.

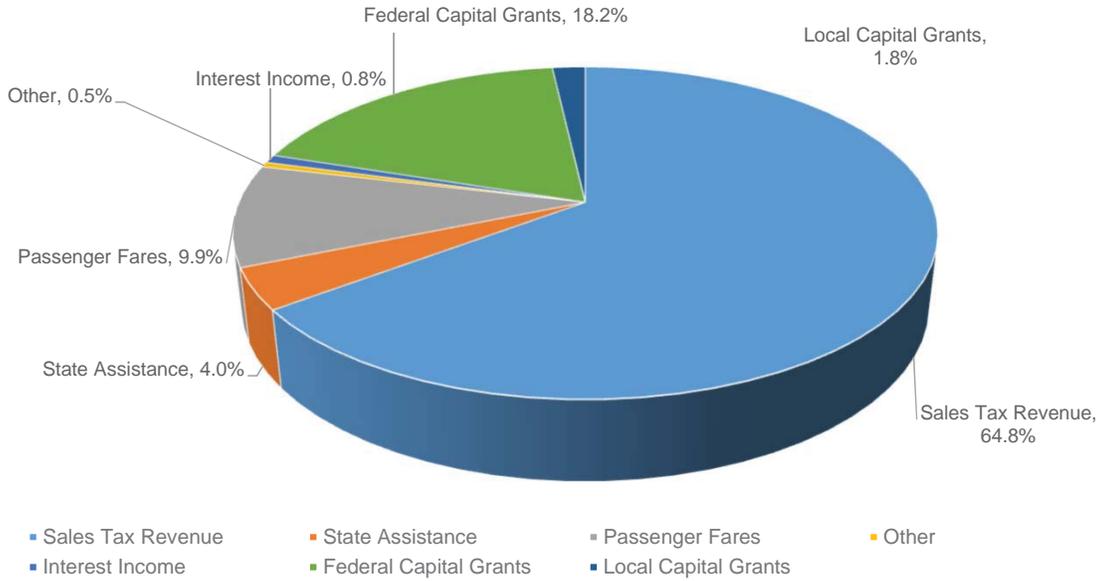
Requests for Information

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:

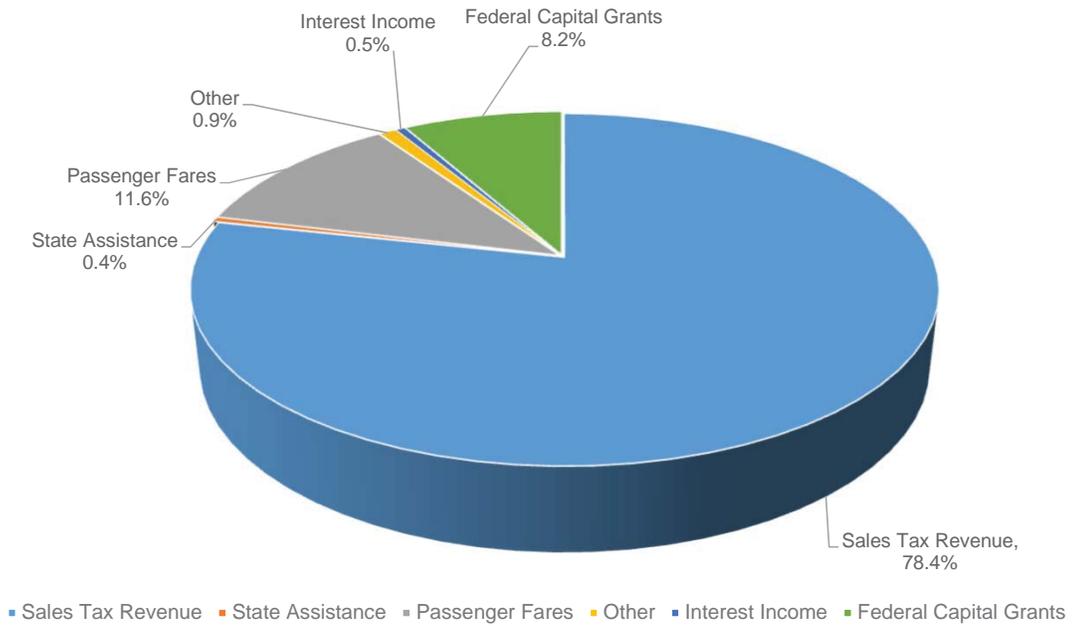
Office of Chief Financial Officer
Central Ohio Transit Authority
William J. Lhota Building
33 N. High Street
Columbus, OH 43215
www.cota.com

CENTRAL OHIO TRANSIT AUTHORITY Revenues by Source

**2017 Total Revenues
\$ 199,343,072**



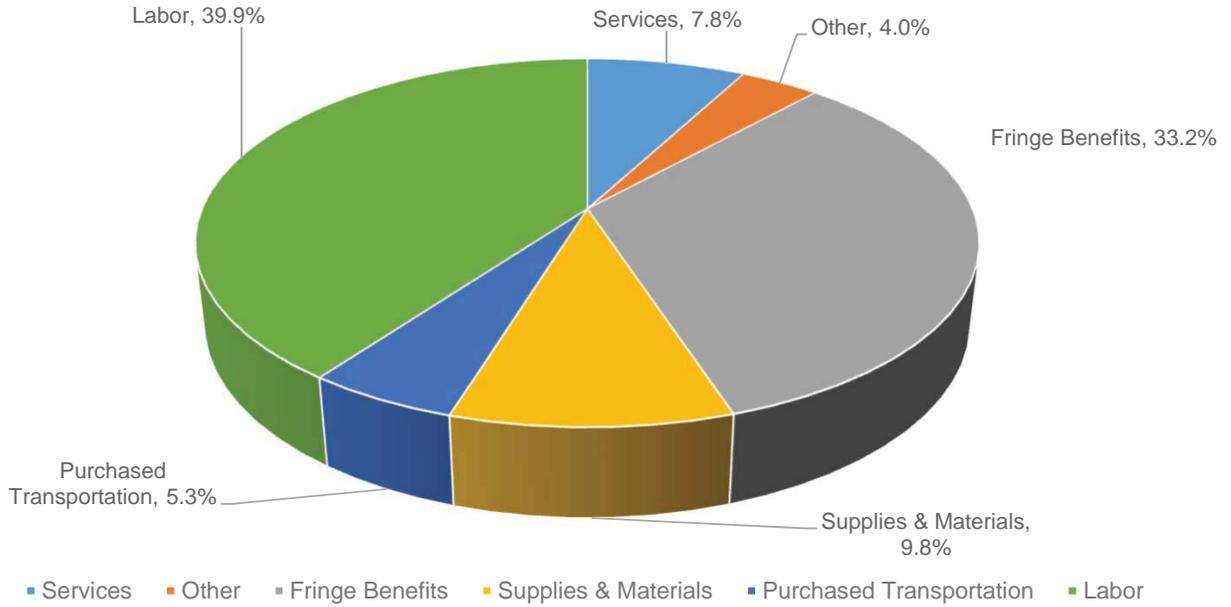
**2016 Total Revenues
\$ 168,184,537**



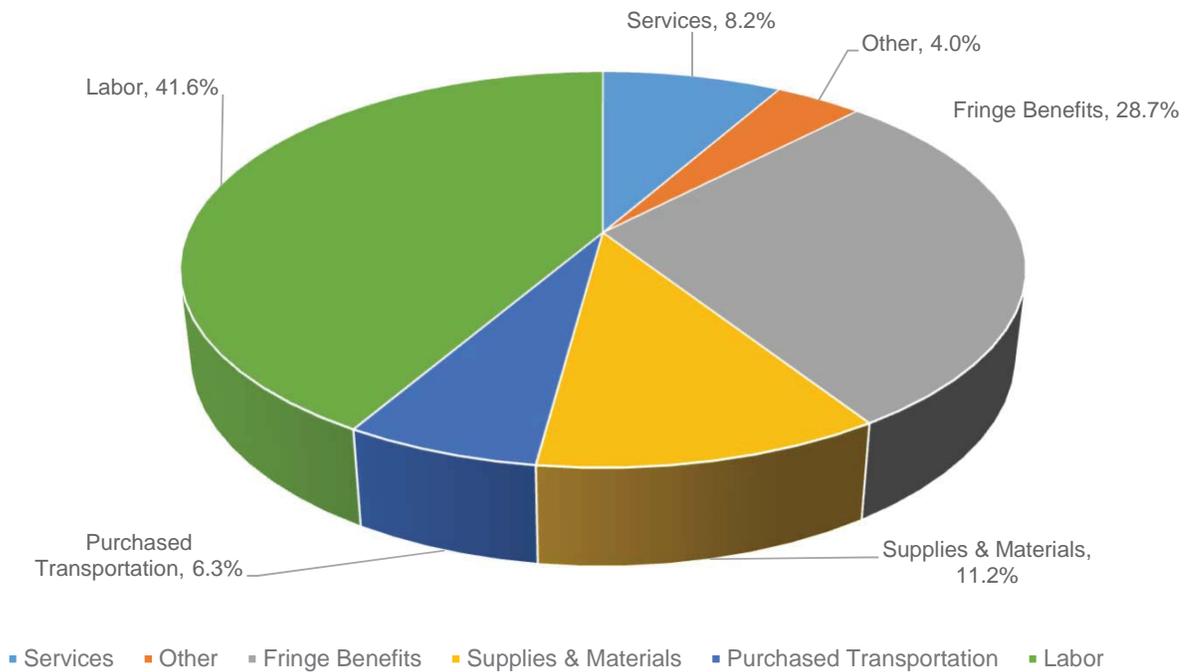
CENTRAL OHIO TRANSIT AUTHORITY

Operating Expense by Object Class (Excluding Depreciation)

2017 Total Expenses
\$ 144,218,860



2016 Total Expenses
\$124,824,989



CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2017 and 2016

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. When compared to 2015, the 2016 farebox revenue is down 2.4% driven by a decrease in ridership. Fare revenue in 2017 is flat compared to prior year despite a decrease in ridership

Sales Tax Revenues are received from a permanent ¼% sales tax levy approved by voters in November 1999 and a temporary ¼% sales tax levy approved by voters in November 2016 applicable to the Authority's service area for a ten year period. In 2017, 2016, and 2015, the Authority saw a -2.0%, 5.3% and 5.4% change in sales tax revenue, respectively. The decline in sales tax in 2017 reflects a change in the tax base midyear.

Federal Assistance is received from the Federal Transit Administration (FTA). In 2017 and 2016, COTA received operating assistance through §5310 to offset the cost of mobility services.

Federal Capital Grants are received from the Federal Transit Administration (FTA). 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. In 2017, 2016 and 2015, the Authority recognized a 3.7%, 3.2%, 3.1% change, respectively in the §5307 funding. In 2016 the Authority was also awarded §5309 New Starts Funding for the construction of Bus Rapid Transit on Cleveland Avenue.

State Assistance is the combination of two (2) revenue sources. 1.) The reimbursement of Ohio 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. 2.) In 2017 State Assistance also included transitional aid for loss of sales tax revenue from Medicaid health insuring corporations (MHIC).

Investment Income is earned on invested funds. In 2017 and 2016, the Authority recognized 75.7% and 230.9% change, respectively in Investment Income. These changes are directly impacted by increasing interest rates and cash balances.

Non-Transportation and Other Revenue consists of auxiliary transportation and non-transportation revenue. Non-transportation revenue includes miscellaneous income items such as rental income. In 2017, 2016 and 2015 respectively, the Authority recognized a 0.9% 1.9% and 2.1% change in Non-Transportation and Other Revenue. In 2015, a gain on the sale of capital assets was disclosed separately as non-operating revenue.

Local Grant Funding in 2017 was a one-time capital grant for a public-public partnership between the City of Columbus and COTA related to the CNG Satellite station. This funding made up 1.8% of COTA's 2017 total revenue.

CENTRAL OHIO TRANSIT AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2017 and 2016

Expenses

Labor comprises almost half of the total Authority expenses and includes hourly wages paid to union-represented employees (bus operators, mechanics and facility maintenance personnel), and salaries and wages paid to administrative staff (clerical, supervisory and management personnel). In 2017 and 2016, the Authority recognized a 10.8% and 11.6% increase respectively, in labor expense. In 2016, for the first time, the Authority offered a performance improvement incentive to union employees. This incentive, in addition to merit increases and additional operators hired to provide increased service hours, resulted in an increase of labor expense in 2016 over prior year. In 2017, the increase in labor was the result of an increase in the performance improvement incentive payment to union employees coupled with increases in service hours and staffing levels to support the transit system redesign efforts.

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. The 2017, 2016 and 2015 fringe benefits increased by 33.9%, 21.2% and 3.9%, respectively. The increases are not proportionate to the increase in labor expense due to GASB 68 pension expense adjustments.

Materials and Supplies include the Authority's diesel fuel expense and parts used to maintain buses and facilities. With 150 CNG (Clean Natural Gas) buses in the revenue fleet, the Authority's fuel expense continues to decrease even with the Authority's continuing increase of service hours. In 2017, 2016, and 2015, the Authority recognized a -23.5%, -27.3% and -1.1% change, respectively, in fuel expenses incurred. The decreases are due to the lower cost of natural gas, in addition to favorable commodity pricing. In 2017, 2016 and 2015, materials and supplies (excluding fuel) increased 14.9%, 9.5%, and 11.9% respectively. The majority of the material and supply costs for the Authority are related to parts for the repair and maintenance of revenue buses and materials used to maintain Authority owned facilities. Increased material and supply costs, exclusive of fuel, are directly related to service expansions year over year.

Purchased Transportation expenses are amounts paid to private local contractors for the Authority's door-to-door Project Mainstream service. Project Mainstream provides service-on-demand in minibuses equipped with wheelchair lifts for persons with disabilities. Contracted costs are based on a fixed fee in addition to a variable rate based on revenue hours provided. In 2017, 2016 and 2015, the Authority recognized a -2.0%, 1.0% and 1.2% change respectively. In 2017 there was a decrease to Purchased Transportation expense due to contract reductions and stringent management controls. 2016 and 2015 had a slight expense increase that was in line with an increase in service hours provided.

Services are provided by outside contractors to assist the Authority in completing professional, technical, consulting and maintenance related projects. In 2017, 2016 and 2015 the Authority recognized 9.4%, 25.6%, and 12.7% increase, respectively, in the cost of services. These increases are mainly driven by information technology consultants, software maintenance, outside consulting for planning projects and outsourced facility maintenance expenses.

Other Expenses consist primarily of utilities, taxes, advertising, leases and rentals, claims and insurance and other miscellaneous expenses. In 2017, 2016 and 2015, other expenses increased 13.0%, 2.7% and 3.1%, respectively, mostly driven by an increase in advertising expense. In 2017 the increase to other expenses was also driven by a significant increase in utility expense due to winter weather.

CENTRAL OHIO TRANSIT AUTHORITY
Management's Discussion and Analysis
Years Ended December 31, 2017 and 2016

Depreciation Expense In 2017 and 2016, the Authority recognized 9% and 3.7% increases respectively, over prior year depreciation expense. The 2017 increase was due to an overall increase in capital assets associated with the BRT and the addition of fixed route buses. The 2016 increase is due to the purchase of additional fixed route and paratransit revenue vehicles as well as the completion of several IT projects.

Non-Operating Expense As a result of the 2010 US census, the City of Delaware has been classified as a part of the Columbus Metropolitan Statistical Area (MSA). This change was effective with Federal Fiscal Year 2013 which affected the funding status of the Delaware Area Transit Authority (DATA) moving them from a rural transit funded through Ohio Department of Transportation (ODOT) to an urban transit funded directly from the Federal Transit Administration via Section 5307 formula funds. The change has had a detrimental impact on DATA's ability to utilize their federal funds from the urbanized area. DATA is unable to meet the local funding requirements to utilize their portion of the federal funding. With the assistance of MORPC, COTA and DATA recently entered into an agreement that specified the method of allocation that will be used going forward to split the 5307 funds awarded to the Columbus MSA on an annual basis. The allocation that DATA receives from this split is significantly less than the funding they received under the rural program administered by ODOT. In recognition of the financial dilemma that DATA is in, ODOT and COTA have entered into an agreement whereby DATA will receive local funding from COTA for use in public transportation in Delaware County and the FTA, upon advisement by ODOT, will transfer an equal amount of federal funds to COTA. In 2017, 2016 and 2015, \$1,038,096, \$1,507,713 and \$239,951 respectively, was transferred to Delaware Area Transit Authority.

The Authority has several on-going capital projects that require the improvement of assets that are not owned by the Authority. Such expenses cannot be classified as capital expenses of the project nor can they be classified as operating expenses of the Authority. In 2017 and 2016 these non-operating projects expenses were \$4,409,245 and \$1,216,008, respectively.

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Net Position
December 31, 2017 and 2016

	2017	2016
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 161,953,534	\$ 101,985,668
Investments.....	-	45,028,903
Receivables:		
Sales tax.....	33,500,954	34,833,394
Federal capital grants receivable.....	8,116,838	3,823,681
Federal operating assistance.....	-	520,234
State operating grant receivable.....	4,752,128	-
Other.....	3,127,892	1,140,853
Inventory of materials and supplies.....	3,460,635	3,702,893
Other.....	875,851	1,138,639
Board designated:		
Cash and cash equivalents - capital grants.....	5,581,092	13,147,757
TOTAL CURRENT ASSETS.....	221,368,924	205,322,022
NON-CURRENT ASSETS:		
Board designated:		
Investments - self insurance.....	15,311,310	15,270,310
Capital assets:		
Nondepreciable - land.....	11,456,847	10,340,587
Nondepreciable - construction in progress.....	38,001,929	10,818,141
Net depreciable capital assets.....	191,509,699	196,328,640
Capital assets, net.....	240,968,475	217,487,368
TOTAL NON-CURRENT ASSETS.....	256,279,785	232,757,678
TOTAL ASSETS.....	477,648,709	438,079,700
DEFERRED OUTFLOWS OF RESOURCES:		
Pension.....	38,718,584	28,281,424
CURRENT LIABILITIES:		
Accrued payroll and fringe benefits.....	7,917,469	7,794,249
Accounts payable.....	6,730,782	4,864,760
Accrued payroll taxes.....	1,029,536	944,645
Estimated workers' compensation claims.....	294,347	308,531
Estimated claims payable.....	106,961	81,260
Other current liabilities.....	2,557,521	1,541,942
Total current liabilities.....	18,636,616	15,535,387
NON-CURRENT LIABILITIES:		
Accrued fringe benefits.....	1,482,376	567,293
Estimated workers' compensation claims.....	1,261,186	874,729
Estimated claims payable.....	234,500	235,250
Net pension liability.....	92,665,735	67,648,215
TOTAL NON-CURRENT LIABILITIES.....	95,643,797	69,325,487
TOTAL LIABILITIES.....	114,280,413	84,860,874
DEFERRED INFLOWS OF RESOURCES:		
Pension.....	551,501	1,276,760
NET POSITION:		
Investment in capital assets.....	240,968,475	217,487,368
Unrestricted.....	160,566,904	162,736,122
TOTAL NET POSITION.....	\$ 401,535,379	\$ 380,223,490

See notes to financial statements.

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Revenues, Expenses and Changes in Net Position
Years ended December 31, 2017 and 2016

	2017	2016
OPERATING REVENUES:		
Passenger fares for transit service.....	\$ 18,816,434	\$ 18,663,499
Special transit fares.....	871,821	861,896
Total operating revenues	<u>19,688,255</u>	<u>19,525,395</u>
OPERATING EXPENSES OTHER THAN DEPRECIATION:		
Labor.....	57,545,900	51,926,191
Fringe benefits.....	47,905,632	35,780,980
Materials and supplies.....	10,385,146	9,040,554
Fuel.....	3,784,836	4,945,771
Purchased transportation.....	7,668,883	7,822,141
Services.....	11,254,073	10,286,395
Utilities.....	2,266,875	2,037,416
Taxes.....	778,040	750,012
Leases and rentals	173,025	186,329
Claims and insurance, net of settlements.....	178,354	57,397
Advertising.....	1,132,773	824,312
Miscellaneous.....	1,145,323	1,167,491
Total.....	<u>144,218,860</u>	<u>124,824,989</u>
DEPRECIATION.....	<u>27,672,894</u>	<u>25,376,426</u>
Total operating expenses.....	<u>171,891,754</u>	<u>150,201,415</u>
OPERATING LOSS.....	<u>(152,203,499)</u>	<u>(130,676,020)</u>
NON-OPERATING REVENUES(EXPENSES):		
Sales tax revenues.....	129,143,144	131,793,840
Federal operating grants.....	112,616	562,086
State operating grants, reimbursements and special fare assistance	8,007,414	595,309
Investment income.....	1,593,939	906,987
Regional transit subsidy.....	(1,038,096)	(1,507,713)
Non-operating project expense.....	(4,409,245)	(1,216,008)
Non-Transportation and other revenue.....	979,088	970,525
Gain on disposal of capital assets.....	(692,088)	(288,560)
Total.....	<u>133,696,772</u>	<u>131,816,466</u>
Change before capital grants.....	<u>(18,506,727)</u>	<u>1,140,446</u>
CAPITAL GRANT REVENUES:		
Federal	36,246,455	13,830,395
Local	3,572,161	-
Total.....	<u>39,818,616</u>	<u>13,830,395</u>
CHANGE IN NET POSITION	21,311,889	14,970,841
NET POSITION, BEGINNING OF YEAR	<u>380,223,490</u>	<u>365,252,649</u>
NET POSITION, END OF YEAR.....	<u>\$ 401,535,379</u>	<u>\$ 380,223,490</u>

See notes to financial statements.

CENTRAL OHIO TRANSIT AUTHORITY
Statements of Cash Flows
Years ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers.....	\$ 19,688,255	\$ 19,525,395
Cash payments to suppliers for goods and services.....	(36,821,389)	(36,559,336)
Cash payments to employees for services.....	(55,887,420)	(50,251,744)
Cash payments for employee benefits.....	(34,298,436)	(30,786,051)
Cash payments for casualty and liability.....	(221,270)	(167,156)
Other receipts.....	(1,007,951)	1,720,713
Net cash used in operating activities.....	<u>(108,548,211)</u>	<u>(96,518,179)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Sales taxes received.....	130,475,584	130,651,428
Federal operating assistance received.....	632,850	41,852
Local assistance provided.....	(1,038,096)	(1,507,713)
State operating and other assistance received.....	3,255,286	595,309
Net cash provided by non-capital financing activities.....	<u>133,325,624</u>	<u>129,780,876</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal capital grants received.....	31,953,298	16,345,659
Local capital grants received.....	3,572,161	-
Acquisition and construction of capital assets.....	(50,319,122)	(24,023,983)
Acquisition and construction of non-capital project expenses.....	(4,409,245)	(1,216,008)
Proceeds from sale of capital assets.....	244,854	238,851
Net cash used in capital and related financing activities.....	<u>(18,958,054)</u>	<u>(8,655,481)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in CD's.....	44,987,903	(167,432)
Interest received from investments.....	1,593,939	906,987
Net cash provided by in investing activities.....	<u>46,581,842</u>	<u>739,555</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	52,401,201	25,346,771
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	115,133,425	89,786,654
CASH AND CASH EQUIVALENTS, END OF YEAR.....	<u>\$ 167,534,626</u>	<u>\$ 115,133,425</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss.....	\$ (152,203,499)	\$ (130,676,020)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation.....	27,672,894	25,376,426
Other receipts.....	979,088	970,525
Change in assets and liabilities:		
Decrease (Increase) in other receivables.....	(1,987,039)	750,189
(Increase) Decrease in materials and supplies inventory.....	242,258	(150,746)
Decrease (Increase) in other assets.....	262,788	170,445
(Increase) in deferred outflows.....	(10,437,160)	(19,857,820)
Increase in accounts payable, accrued compensation, self-insurance liabilities and other.....	2,630,198	2,530,044
Increase in net pension liability.....	25,017,520	23,913,295
Increase (Decrease) in deferred inflows.....	(725,259)	455,483
Net cash used in operating activities.....	<u>\$ (108,548,211)</u>	<u>\$ (96,518,179)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Property purchases in accounts payable	<u>\$ 3,510,242</u>	<u>\$ 1,738,421</u>

See notes to financial statements.

CENTRAL OHIO TRANSIT AUTHORITY

Notes to Financial Statements

Years Ended December 31, 2017 and 2016

(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 8, 2016, the voters of Franklin County and surrounding counties within the COTA district renewed 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 year 2017.

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.

Reporting Entity

The accompanying financial statements comply with the provisions of accounting principles generally accepted in the United States of America in that these financial statements include all of the organization's activities, functions and component units for which the Authority is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the reporting entity's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the reporting entity. 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.

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(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.

Investments

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. 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 amounts relating to its local share requirements for active capital grants.

Net Position – Equity is displayed in two components as follows:

Investment 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 position that does not meet the definition of "investment in capital assets".

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.

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(2) Summary of Significant Accounting Policies (continued)

Recognition of Revenue and Receivables

The federal government, through the Federal Transit Administration (FTA), Ohio Department of Transportation (ODOT) and other support provided by local governments, provides financial assistance and makes 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 expenses 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 expenses 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 \$5,000 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:

<u>Description</u>	<u>Years</u>
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. Donated capital assets are recorded at the acquisition value as of the date donated.

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.

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(2) Summary of Significant Accounting Policies (continued)

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 leave expense from the previous five years.

	Current	Noncurrent
Compensated Absences Liability December 31, 2015	\$ 3,670,167	\$ 899,985
Vacation and Sick Liability Earned	4,243,050	-
Vacation and Sick Liability Paid	(4,139,304)	(332,692)
Compensated Absences Liability December 31, 2016	3,773,913	567,293
Vacation and Sick Liability Earned	4,865,824	915,083
Vacation and Sick Liability Paid	(4,915,219)	-
Compensated Absences Liability December 31, 2017	<u>\$ 3,724,518</u>	<u>\$ 1,482,376</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.

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 deferred outflows of resources and liabilities and deferred inflows of resources 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 2017 will be recognized as revenue in 2017. 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.

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(2) Summary of Significant Accounting Policies (continued)

Deferred inflows of resources

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the Authority, deferred inflows of resources from pension are reported on the Statement of Net Position (see Note 9).

Deferred outflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources from pension are reported on the Statement of Net Position (see Note 9).

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

(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.

The Authority has invested funds in the State Treasury Assets Reserves of Ohio (STAR Ohio) during 2017. 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 SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The Authority measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but on to the \$50 million limit. All accounts of the participant will be combined for these purposes.

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(3) Cash and Investments (continued)

Deposits with Financial Institutions

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the Federal Deposit Insurance Corporation. The Authority has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At December 31, 2017, the carrying amount of the Authority's deposits with financial institutions was \$26,755,585 and the bank balance was \$27,591,872. The difference results from outstanding checks and deposits in transit. At December 31, 2017, \$250,000 was covered by Federal Deposit Insurance. \$25,246,563 was collateralized with securities deposited with a qualified trustee and pledged to the Treasurer of State. At December 31, 2017, \$2,095,309 of Authority's bank balance was exposed to custodial credit risk. Certain timing issues related to fluctuations in depository balances contributed to the uncollateralized balance. These insufficiencies were corrected the next business day. In addition, the Authority had \$7,783 of cash on hand.

At December 31, 2016, the carrying amount of the Authority's deposits with financial institutions was \$10,602,197 and the bank balance was \$12,941,014. The difference results from outstanding checks and deposits in transit. Based on criteria as described in GASB Statement No. 40, "*Deposit and Investment Risk Disclosure*", as of December 31, 2016, \$250,000 was covered by Federal Deposit Insurance. The \$12,691,014 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 \$7,783 of cash on hand.

Other Deposits

As of December 31, 2017 and 2016, the Authority held equity of \$140,779,042 and \$104,523,445 respectively, in the STAR Ohio investment pool. As of July 2017, 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 the Trustees and are fully covered by FDIC. At December 31, 2017 the total fair value of the Authority's investment in negotiable CDs was \$15,311,310, all of which have maturity dates of less than one year. Fair value hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs such as quoted prices for similar assets in active markets. Level 3 inputs are significantly unobservable inputs. At December 31, 2017, the Authority categorizes fair value measurements of its negotiable CDs totaling \$15,311,310 as Level 2 inputs as fair value measures were obtained from trustees who use various pricing services.

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(4) Commitments

The Authority has several active projects as of December 31, 2017. The projects include the continuing renovation of the Bus Rapid Transit (BRT) Project. At year-end, the Authority's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Bus Rapid Transit (BRT)	\$ 25,099,156	\$ 3,848,394
McKinley Avenue Renovation	-	3,068,777
Bus Stop Improvements	917,189	389,646
Easton Transit Center Improvements	-	3,089,000
Downtown Building Improvements	2,851,775	1,778,246
Total	<u>\$ 28,868,120</u>	<u>\$ 12,174,063</u>

(5) Capital Assets

Capital asset activities for the years ended December 31, 2017 and 2016 are as follows:

	January 1, 2017	Additions	Disposals	Reclassifications/ Transfers	December 31, 2017
Capital Assets Not Being Depreciated					
Land	\$ 10,340,587	\$ 1,116,260	\$ -	\$ -	\$ 11,456,847
CIP	10,818,141	31,100,489	-	(3,916,701)	38,001,929
Total	<u>21,158,728</u>	<u>32,216,749</u>	<u>-</u>	<u>(3,916,701)</u>	<u>49,458,776</u>
Capital Assets Being Depreciated					
Land and leasehold improvements	5,533,422	-	(148,269)	1,078,806	6,463,959
Building and improvements	151,336,563	12,964	(444,175)	(547,719)	150,357,633
Revenue vehicles	148,959,618	13,597,335	(760,791)	520	161,796,682
Transit shelter	2,514,623	-	-	-	2,514,623
Other equipment	43,869,394	6,263,895	(3,770,762)	3,385,094	49,747,621
Total	<u>352,213,620</u>	<u>19,874,194</u>	<u>(5,123,997)</u>	<u>3,916,701</u>	<u>370,880,518</u>
Less Accumulated Depreciation					
Land and leasehold improvements	(2,554,746)	(387,247)	148,269	(575,614)	(3,369,338)
Building and improvements	(58,327,212)	(8,475,795)	158,792	575,614	(66,068,601)
Revenue vehicles	(66,106,688)	(13,584,823)	620,879	-	(79,070,632)
Transit shelter	(1,476,862)	(269,726)	-	-	(1,746,588)
Other equipment	(27,419,472)	(4,955,303)	3,259,115	-	(29,115,660)
Total	<u>(155,884,980)</u>	<u>(27,672,894)</u>	<u>4,187,055</u>	<u>-</u>	<u>(179,370,819)</u>
Total Capital Assets Being Depreciated, Net	<u>196,328,640</u>	<u>(7,798,700)</u>	<u>(936,942)</u>	<u>3,916,701</u>	<u>191,509,699</u>
Total Capital Assets Net	<u>\$ 217,487,368</u>	<u>\$ 24,418,049</u>	<u>\$ (936,942)</u>	<u>\$ -</u>	<u>\$ 240,968,475</u>

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(5) Capital Assets (continued)

	January 1, 2016	Additions	Disposals	Reclassifications/ Transfers	December 31, 2016
Capital Assets Not Being Depreciated					
Land	\$ 10,426,419	\$ -	\$ (85,832)	\$ -	\$ 10,340,587
CIP	30,465,317	8,970,252	-	(28,617,428)	10,818,141
Total	40,891,736	8,970,252	(85,832)	(28,617,428)	21,158,728
Capital Assets Being Depreciated					
Land and leasehold improvements	5,607,084	191,562	(265,224)	-	5,533,422
Building and improvements	127,580,708	209,548	(1,072,547)	24,618,854	151,336,563
Revenue vehicles	141,538,917	11,414,659	(3,993,958)	-	148,959,618
Transit shelter	3,204,617	-	(701,040)	11,046	2,514,623
Other equipment	40,417,491	1,110,302	(1,645,927)	3,987,528	43,869,394
Total	318,348,817	12,926,071	(7,678,696)	28,617,428	352,213,620
Less Accumulated Depreciation					
Land and leasehold improvements	(2,489,300)	(319,534)	254,088	-	(2,554,746)
Building and improvements	(51,813,731)	(7,298,259)	784,778	-	(58,327,212)
Revenue vehicles	(57,371,627)	(12,592,981)	3,857,920	-	(66,106,688)
Transit shelter	(1,807,617)	(303,029)	633,784	-	(1,476,862)
Other equipment	(24,172,660)	(4,862,623)	1,615,811	-	(27,419,472)
Total	(137,654,935)	(25,376,426)	7,146,381	-	(155,884,980)
Total Capital Assets Being Depreciated, Net	180,693,882	(12,450,355)	(532,315)	28,617,428	196,328,640
Total Capital Assets Net	\$ 221,585,618	\$ (3,480,103)	\$ (618,147)	\$ -	\$ 217,487,368

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(6) Leases

COTA leases certain property and equipment under operating leases. Rental expense for all operating leases was \$160,152 in 2017 and \$186,329 in 2016. 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, 2017:

	Commitments under Operating Leases
2018	\$ 5,921
2019	6,158
2020	6,404
2021	6,660
2022	6,927
2023 and forward	7,204
Total Minimum Lease Payments	\$ 39,274

(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, 2017 and 2016 consist of the following:

	2017	2016
Federal:		
FTA Capital Assistance	\$ 36,246,455	\$ 13,830,395
FTA Operating Assistance	112,616	562,086
Total	\$ 36,359,071	\$ 14,392,481
State:		
ODOT Fuel Tax Reimbursement	\$ 618,353	\$ 595,309
Medicare Transitional Aid	7,389,061	-
Total	\$ 8,007,414	\$ 595,309
Local:		
City of Columbus Reimbursement	\$ 3,572,161	\$ -

(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 \$341,461 at December 31, 2017, and \$316,510 at December 31, 2016, are included in estimated claims payable in the accompanying statements of net position. At December 31, 2017 and 2016 \$15,311,310 and \$15,270,310, respectively, was designated by the Board of Trustees to fund the self-insurance program. Such funds are included in board designated assets in the accompanying statements of net position.

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(8) Risk Management (continued)

Prior to June 30, 1998, COTA was insured through the State of Ohio Bureau of Workers' Compensation (BWC) for injuries to its employees. On July 1, 1998, the Authority entered into an agreement with the BWC to become self-insured for claims pertaining to work-related injuries to Authority employees occurring on or after that date. The BWC agreed to continue to administer and pay all compensation claims arising on or before June 30, 1998. The estimated remaining liability for all such claims occurring since July 1, 1998, is \$1,555,533 at December 31, 2017 and \$1,183,260 at December 31, 2016 and is included as a liability in the accompanying statements of net position.

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, 2017 and 2016 follows:

	General Liability	Workers' Compensation
Claims liability at December 31, 2015	\$ 348,928	\$ 473,831
Incurred claims, net of favorable settlements	134,666	1,357,274
Claims paid	(167,084)	(647,845)
Claims liability at December 31, 2016	316,510	1,183,260
Incurred claims, net of favorable settlements	246,221	1,155,212
Claims paid	(221,270)	(782,939)
Claims liability at December 31, 2017	<u>\$ 341,461</u>	<u>\$ 1,555,533</u>

There were no changes to the above policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding reserves. The amount of general liability and workers' compensation reserve expected to be paid within one year is \$106,961 and \$81,260, for 2017 and 2016 respectively.

(9) Pension Plan

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(9) Pension Plan (continued)

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued payroll and fringe benefits.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g., Authority employees) may elect the Member-Directed Plan and the Combined Plan, the majority of employee members are in OPERS' Traditional Plan; therefore, the following disclosures focus on the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code (ORC). OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of Service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by year of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(9) Pension Plan (continued)

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Funding Policy—The ORC provides statutory authority for member and employer contributions. For 2017, member contribution rates were 10% of salary and employer contribution rates were 14%. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 1.0% during calendar year 2017. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions

The net pension liability for OPERS was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

Proportionate Share of the Net Pension Liability	\$ 92,665,735
Proportion of the Net Pension Liability	0.4080699%
Change in Proportion	0.0175199%
Pension Expense	\$ 21,654,824

At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional
Deferred Outflows of Resources	
Difference between expected and actual experience	\$ 125,602
Net difference between projected and actual earnings on pension plan investment	13,800,066
Change in assumptions	14,697,920
Change in Authority's proportionate share and Difference in employer contributions	2,295,272
Authority contributions subsequent to the measurement date	7,799,724
Total Deferred Outflows of Resources	\$ 38,718,584
Deferred Inflows of Resources	
Difference between expected and actual experience	\$ 551,501
Total Deferred Inflows of Resources	\$ 551,501

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(9) Pension Plan (continued)

\$7,799,724 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follow:

Year-Ending December 31,	Traditional Plan Net Deferred Outflows of Resources
2018	\$ 12,984,697
2019	12,820,522
2020	4,966,656
2021	(404,515)
Total	\$ 30,367,360

Actuarial Assumptions

Total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Assumptions	December 31, 2016 Valuation	December 31, 2015 and prior Valuations
Wage inflation	3.25%	3.75%
Future salary increases, Including inflation	3.25% to 10.75%	4.25% to 10.05%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3%; Post 1/7/2013 retirees: 3% simple through 2018, then 2.15% simple	Pre 1/7/2013 retirees: 3%; Post 1/7/2013 retirees: 3% simple through 2018, then 2.80% simple
Investment rate of return	7.50%	8.00%
Actuarial cost method	Individual entry age	Individual entry age
Mortality tables	RP-2014	RP-2000

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(9) Pension Plan (continued)

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan.

The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.75%
Domestic Equities	20.70%	6.34%
Real Estate	10.00%	4.75%
Private Equity	10.00%	8.97%
International Equities	18.30%	7.95%
Other Investments	<u>18.00%</u>	<u>4.92%</u>
Total	<u>100.00%</u>	<u>5.66%</u>

Discount Rate The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.50%) and one-percentage point higher (8.50%) than the current rate:

Proportionate Share of the Net Pension Liability (Asset)	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Traditional pension plan	\$141,569,477	\$ 92,665,735	\$ 51,915,337

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(9) Pension Plan (continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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. Please see the Plan Statement in the OPERS 2016 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

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

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS may be set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2017 was 4.0%.

The Authority's contributions allocated to fund post-employment health care benefits for the fiscal years ended December 31, 2017, 2016 and 2015 were approximately \$600,000, \$1,146,000 and \$1,051,000, respectively, which equaled the required contributions each year.

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(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, 2017, 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, 2017, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of COTA's management, no material grant expenditures will be disallowed. FTA grant stipulations also require the granter to retain assets acquired by FTA funds for the full estimated asset life (as determined by the FTA). If this provision is not met, the granter must refund FTA's un-depreciated basis in assets disposed with a net book value greater than \$5,000.

(11) Energy 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 and natural gas cost, and increase the likelihood that actual net energy costs will remain below the budgeted cost, increase the certainty of future cost, attain a lower overall cost of fuel and natural gas in the long-term, and manage year-over-year changes in energy costs. 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 2016 and 2015, heating oil #2 futures contracts as well as natural gas 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 \$0.0298 and \$0.0315 per gallon at December 31, 2017 and 2016, respectively. The price of natural gas purchased is the New York Mercantile Exchange monthly closing index plus or minus a margin agreed to through a competitive bidding process. The contracted margin is \$0.0319/DTH through August 31, 2018. For the year ending December 31, 2017 a gain of \$283,802 was recognized as a decrease in diesel fuel expense. For the year ending December 31, 2016 a loss of \$1,694,539 was recognized as an increase in diesel fuel expense. On December 31, 2017 the open diesel fuel contracts had \$594,907 of unrealized gain. On December 31, 2017, the open natural gas contracts had \$2,480 of unrealized gain. The amount realized will change based on market prices at the time all contract settlements are fixed. There is no debt associated with these contracts.

CENTRAL OHIO TRANSIT AUTHORITY
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

(12) Change in Accounting Principles

For 2017, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement improves financial reporting by enhancing consistency in the application of financial reporting requirements related to certain pension issues, including presentation of payroll-related measures in RSI, selection of assumptions, and classification of employer-paid member contributions. These changes are incorporated into the Authority's 2017 financial statements; however, there was no effect on beginning net position or fund balance.

Issued but Not Implemented Accounting Standard

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which will require the Authority to recognize on the face of the financial statements, its proportionate share of the net OPEB liability related to its participation in the Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire Pension Fund (OP&F). This Standard also enhances accountability and transparency through revised note disclosures and required supplementary information. The provisions of this Standard are required to be implemented for reporting periods beginning after June 15, 2017. The Authority has not early implemented GASB Statement No. 75 and is currently in the process of evaluating the impact this Standard will have on its financial statements; however, that effect is anticipated to be significant.

Required Supplementary Information

CENTRAL OHIO TRANSIT AUTHORITY
Schedule of the Authority's Proportionate Share
of the Net Pension Liability (Asset)

Last Four Years ⁽¹⁾ ⁽²⁾

	2016	2015	2014	2013
Ohio Public Employees Retirement System:				
Authority's Proportion of the Net Pension Liability	0.408070%	0.390550%	0.363971%	0.363971%
Authority's Proportionate Share of the Net Pension Liability	\$ 92,665,735	\$ 67,648,215	\$ 43,734,920	\$ 42,862,731
Authority's Covered Payroll	\$ 52,764,617	\$ 48,887,633	\$ 44,622,933	\$ 38,340,346
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.62%	138.37%	98.01%	103.30%
Plan Fiduciary net Pension as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2013 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.

Notes to Schedule:

Change in assumptions. In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

CENTRAL OHIO TRANSIT AUTHORITY
Schedule of the Authority's Contributions
Last Five Years ⁽¹⁾

	2017	2016	2015	2014	2013
Ohio Public Employees Retirement System					
Contractually Required Contribution	\$ 7,799,724	\$ 6,331,754	\$ 5,866,516	\$ 5,354,752	\$ 4,984,245
Contributions in Relation to the Contractually Required Contributions	<u>(7,799,724)</u>	<u>(6,331,754)</u>	<u>(5,866,516)</u>	<u>(5,354,752)</u>	<u>(4,984,245)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Authority Covered Payroll	\$ 59,997,877	\$ 52,764,617	\$ 48,887,633	\$ 44,622,933	\$ 38,340,346
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available. The Authority will continue to present information for years available until a full ten-year trend is presented.

CENTRAL OHIO TRANSIT AUTHORITY
Supplemental Schedule of Revenues, Expenses and
Changes in Net Position - Budget vs. Actual (Accrual Basis)
Year ended December 31, 2017

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
OPERATING REVENUES.....	\$ 19,504,961	\$ 19,688,255	\$ 183,294
OPERATING EXPENSES OTHER THAN DEPRECIATION:			
Labor.....	66,436,228	57,545,900	8,890,328
Fringe benefits.....	26,850,598	34,050,532	(7,199,934)
Materials and supplies.....	10,558,018	10,385,146	172,872
Fuel.....	4,995,436	3,784,836	1,210,600
Purchased transportation.....	7,945,924	7,668,883	277,041
Services.....	11,463,788	11,254,073	209,715
Utilities.....	2,358,617	2,266,875	91,742
Claims and insurance, net of settlements.....	329,200	178,354	150,846
Miscellaneous.....	3,444,839	3,229,161	215,678
Total.....	<u>134,382,648</u>	<u>130,363,760</u>	<u>4,018,888</u>
DEPRECIATION.....	<u>27,970,000</u>	<u>27,672,894</u>	<u>297,106</u>
Total operating expenses.....	<u>162,352,648</u>	<u>158,036,654</u>	<u>4,315,994</u>
OPERATING LOSS.....	<u>(142,847,687)</u>	<u>(138,348,399)</u>	<u>4,499,288</u>
NON-OPERATING REVENUES (EXPENSES):			
Sales tax revenues.....	129,937,425	129,143,144	(794,281)
Federal operating grant.....	315,000	112,616	(202,384)
State operating grants, reimbursements and special fare assistance.....	446,147	8,007,414	7,561,267
Investment income.....	204,000	1,593,939	1,389,939
Non-transportation and other revenues.....	8,860,248	979,088	(7,881,160)
Regional Transit Subsidy.....	(1,239,951)	(1,038,096)	201,855
Non-operating project expense.....	(7,560,049)	(4,409,245)	3,150,804
Loss on disposal of capital assets.....	-	(692,088)	(692,088)
Total.....	<u>130,962,820</u>	<u>133,696,772</u>	<u>2,733,952</u>
Change before capital grants.....	(11,884,867)	(4,651,627)	7,233,240
CAPITAL GRANT REVENUE:			
Federal.....	48,843,837	36,246,455	(12,597,382)
State.....	-	3,572,161	3,572,161
Total.....	<u>48,843,837</u>	<u>39,818,616</u>	<u>(9,025,221)</u>
CHANGE IN NET POSITION.....	<u>36,958,970</u>	<u>35,166,989</u>	<u>(1,791,981)</u>
NET POSITION, BEGINNING OF YEAR.....	<u>380,223,490</u>	<u>380,223,490</u>	<u>-</u>
NET POSITION, END OF YEAR.....	<u>\$ 417,182,460</u>	<u>\$ 415,390,479</u>	<u>\$ (1,791,981)</u>

Note to Supplemental Schedule:

COTA adopts its annual budget on a GAAP basis prior to the start of each year. However, pension expense reported by COTA on the Statement of Revenues, Expenses and Change in Net Position contains an allocation of COTA's proportionate share of the State-wide pension system's pension expense which is not anticipated in the operating budget adopted or accounted for within the general ledger accounts throughout the year. The table that follows demonstrates the difference between the Budgeted Accrual Basis the annual operating budget is adopted on compared to the GAAP Accrual Basis presented in the Statement of Revenues, Expenses and Change in Net Position:

Change in Net Position, GAAP Basis	\$ 21,311,889
<i>Budgeting Difference:</i>	
Recognition of proportionate share of state-wide pension system's pension expense for current year.	<u>13,855,100</u>
Change in Net Position, Budgeted Accrual Basis	<u>\$ 35,166,989</u>

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 P49-57

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 P58-60

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

Economic and Demographic Information P61-63

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 P64-68

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
NET POSITION										
Investment in Capital Assets	\$ 79,797,680	\$ 106,204,159	\$ 134,494,411	\$ 150,015,663	\$ 172,552,456	\$ 190,576,138	\$ 208,365,365	\$ 221,585,618	\$ 217,487,368	\$ 240,968,475
Unrestricted	56,749,764	67,171,079	79,196,164	101,209,722	118,063,994	140,748,674	119,832,630	143,667,031	162,736,122	160,566,904
TOTAL NET POSITION	\$ 136,547,444	\$ 173,375,238	\$ 213,690,575	\$ 251,225,385	\$ 290,616,450	\$ 331,324,812	\$ 328,197,995	\$ 365,252,649	\$ 380,223,490	\$ 401,535,379

* 2014 was restated in 2015 for implementation of GASB 68.
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
Statements of Revenues, Expenses and Changes in Net Position
Last Ten Fiscal Years
(in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
OPERATING REVENUES:										
Passenger fares for transit service	\$ 13,492	\$ 13,272	\$ 15,402	\$ 17,225	\$ 19,256	\$ 19,519	\$ 20,130	\$ 19,137	\$ 18,663	\$ 18,816
Special transit fares	486	535	656	671	772	775	781	879	862	872
Charter service revenue	-	-	-	-	-	-	-	-	-	-
Auxiliary transportation revenue	64	-	21	12	-	-	-	-	-	-
Total operating revenues	14,042	13,807	16,079	17,908	20,028	20,294	20,911	20,016	19,525	19,688
OPERATING EXPENSES OTHER THAN DEPRECIATION										
Labor	30,080	33,463	35,676	37,623	38,037	39,805	43,216	46,537	51,926	57,546
Fringe Benefits	18,930	21,490	23,384	24,302	24,676	26,120	28,402	29,517	35,781	47,906
Services	4,887	5,723	6,118	6,522	5,993	7,744	7,269	8,190	10,286	11,254
Materials and Supplies	5,142	5,515	5,857	6,297	6,307	6,958	7,372	8,256	9,041	10,385
Fuel	9,041	4,979	6,354	7,588	8,387	9,025	8,536	6,806	4,946	3,785
Utilities	1,711	1,727	1,894	1,937	1,552	1,811	2,179	2,099	2,038	2,267
Claims and Insurance	509	348	80	338	80	(454)	246	150	57	178
Taxes	817	900	960	937	934	1,037	860	814	750	778
Purchased transportation	6,071	6,053	6,061	6,533	6,733	7,136	7,652	7,742	7,822	7,669
Leases and rentals	223	351	341	284	185	184	184	175	186	173
Miscellaneous	940	833	769	743	854	938	1,278	1,653	1,992	2,278
Total	78,351	81,382	87,330	93,104	93,736	100,303	107,194	111,939	124,825	144,219
Depreciation	7,938	13,877	12,672	13,333	16,335	20,048	22,094	24,469	25,376	27,673
Total operating expenses	86,289	95,259	100,002	106,437	110,073	120,351	129,288	136,408	150,201	171,892
OPERATING LOSS	(72,247)	(81,452)	(83,923)	(88,529)	(90,045)	(100,057)	(108,377)	(116,392)	(130,676)	(152,204)
NON-OPERATING REVENUES(EXPENSES)										
Sales Tax Revenues	92,495	88,095	93,437	98,993	105,854	111,214	118,663	125,163	131,794	129,143
Federal operating grants and reimbursements	-	-	90	2,995	406	1,224	22	267	562	113
State operating grants, reimbursements and special fare assistance	1,488	1,409	962	996	917	830	745	619	596	8,007
Investment income	699	87	38	29	423	143	384	274	907	1,594
Non-transportation and other revenue	650	1,041	987	1,088	947	1,048	933	952	971	979
Regional transit subsidy	-	-	-	-	-	-	(1,072)	(240)	(1,508)	(1,038)
Non-operating project expense	-	-	-	-	-	-	-	-	(1,216)	(4,409)
Gain(Loss) on sale of capital assets	(107)	(1,157)	(650)	(56)	(933)	-	(30)	22	(289)	(692)
Total non-operating revenues(expenses)	95,225	89,475	94,864	104,045	107,614	114,459	119,645	127,057	131,817	133,697
Gain(Loss) before capital grants and special item	22,978	8,023	10,941	15,516	17,569	14,402	11,268	10,665	1,141	(18,507)
CAPITAL GRANT REVENUES										
Federal	12,753	27,492	24,914	19,359	20,835	26,307	22,926	26,389	13,830	36,247
State / Local	999	1,313	4,461	2,660	986	-	-	-	-	3,572
Total	13,752	28,805	29,375	22,019	21,821	26,307	22,926	26,389	13,830	39,819
SPECIAL ITEM										
Loss on project impairment	-	-	-	-	-	-	-	-	-	-
CHANGES IN NET POSITION										
NET POSITION, BEGINNING OF YEAR	36,730	36,828	40,316	37,535	39,390	40,709	34,194	37,054	14,971	21,312
Restatement, GASB 68	99,817	136,547	173,375	213,691	251,226	290,616	331,325	328,198	365,252	380,223
NET POSITION, END OF YEAR	\$ 136,547	\$ 173,375	\$ 213,691	\$ 251,226	\$ 290,616	\$ 331,325	\$ 328,198	\$ 365,252	\$ 380,223	\$ 401,535

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

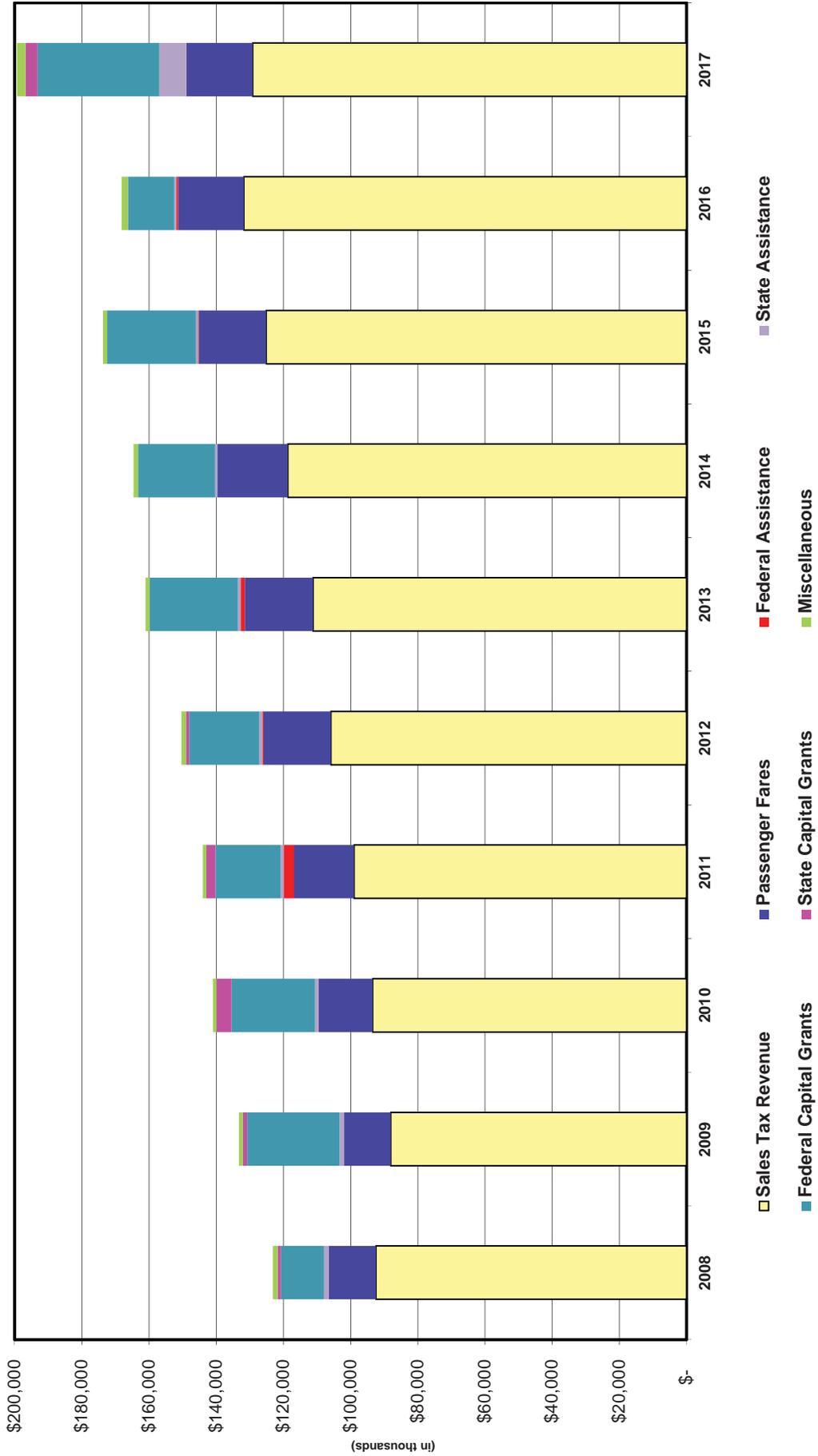
(in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
OPERATING REVENUES:										
Passenger fares for transit service	\$ 13,492	\$ 13,272	\$ 15,402	\$ 17,225	\$ 19,256	\$ 19,519	\$ 20,130	\$ 19,137	\$ 18,663	\$ 18,816
Special transit fares	486	535	656	671	772	775	781	879	862	872
Auxiliary transportation revenue	64	-	21	12	-	-	-	-	-	-
Total operating revenues	14,042	13,807	16,079	17,908	20,028	20,294	20,911	20,016	19,525	19,688
NON-OPERATING REVENUES:										
Sales tax revenues	92,495	88,095	93,437	98,993	105,854	111,214	118,663	125,163	131,794	129,143
Federal operating grants	-	-	90	2,995	406	1,224	22	267	562	113
State operating grants, reimbursements and special fare assistance	1,488	1,409	962	996	917	830	745	620	596	8,007
Investment income	699	87	38	29	423	143	384	274	907	1,594
Non-transportation and other revenues	650	1,041	987	1,088	947	1,048	933	974	971	979
Total nonoperating revenues before capital gifts and grants	95,332	90,632	95,514	104,101	108,547	114,459	120,747	127,298	134,830	139,836
Capital gifts and grants:										
Federal capital grants	12,753	27,492	24,914	19,359	20,835	26,307	22,926	26,389	13,830	36,247
State and other capital grants	1,000	1,313	4,461	2,660	986	-	-	-	-	3,572
Total non-operating revenues	109,085	119,437	124,889	126,120	130,368	140,766	143,673	153,687	148,660	179,655
TOTAL REVENUES	\$ 123,127	\$ 133,244	\$ 140,968	\$ 144,028	\$ 150,396	\$ 161,060	\$ 164,584	\$ 173,703	\$ 168,185	\$ 199,343

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)

YEAR	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			TOTAL ALL REVENUES
	<u>PASSENGER</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>STATE & LOCAL</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
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	32.8	11.1	43.9	46.3	9.8	56.1	100.0
2012	32.5	11.1	43.6	47.5	8.9	56.4	100.0
2013	32.5	10.3	42.8	48.3	8.9	57.2	100.0
2014	32.0	10.8	42.8	48.6	8.6	57.2	100.0
2015	32.5	11.6	44.1	47.6	8.3	55.9	100.0
2016	*	*	*	*	*	*	*
2017	*	*	*	*	*	*	*

CENTRAL OHIO TRANSIT AUTHORITY (2)

YEAR	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			TOTAL ALL REVENUES
	<u>PASSENGER</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>STATE & LOCAL</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
2008	11.0	12.3 (3)	23.3	76.7 (4)	0.0	76.7	100.0
2009	10.0	22.5	32.5	67.5	0.0	67.5	100.0
2010	10.9	21.6	32.5	67.4	0.1	67.5	100.0
2011	12.0	16.1	28.1	69.8	2.1	71.9	100.0
2012	12.8	15.4	28.2	71.5	0.3	71.8	100.0
2013	12.1	17.1	29.2	70.0	0.8	70.8	100.0
2014	12.2	14.7	26.9	73.1	0.0	73.1	100.0
2015	11.0	15.9	26.9	72.9	0.2	73.1	100.0
2016	11.1	9.3	20.4	79.3	0.3	79.6	100.0
2017	9.4	21.3	30.7	69.1	0.1	69.2	99.9

* Information not available

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

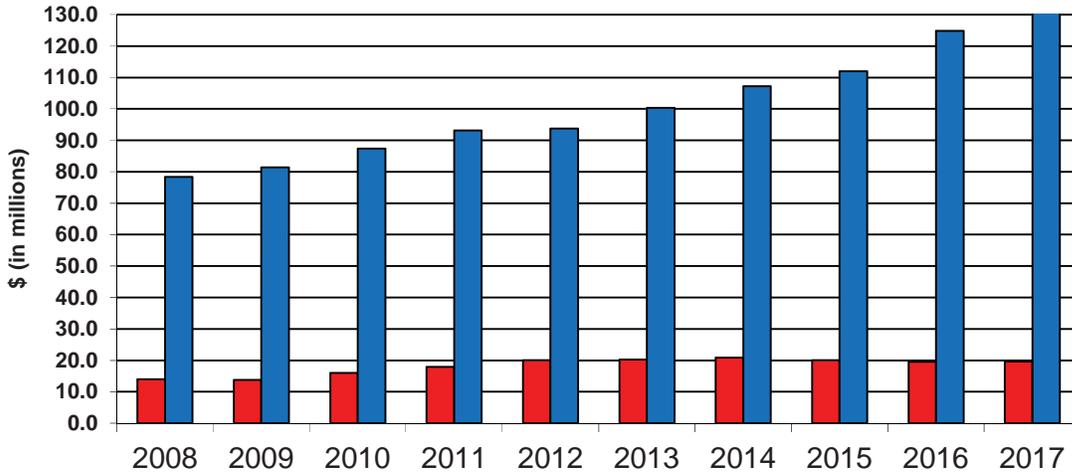
(2) Percentages are derived from the Authority's independently audited annual financial statements

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

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

CENTRAL OHIO TRANSIT AUTHORITY

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

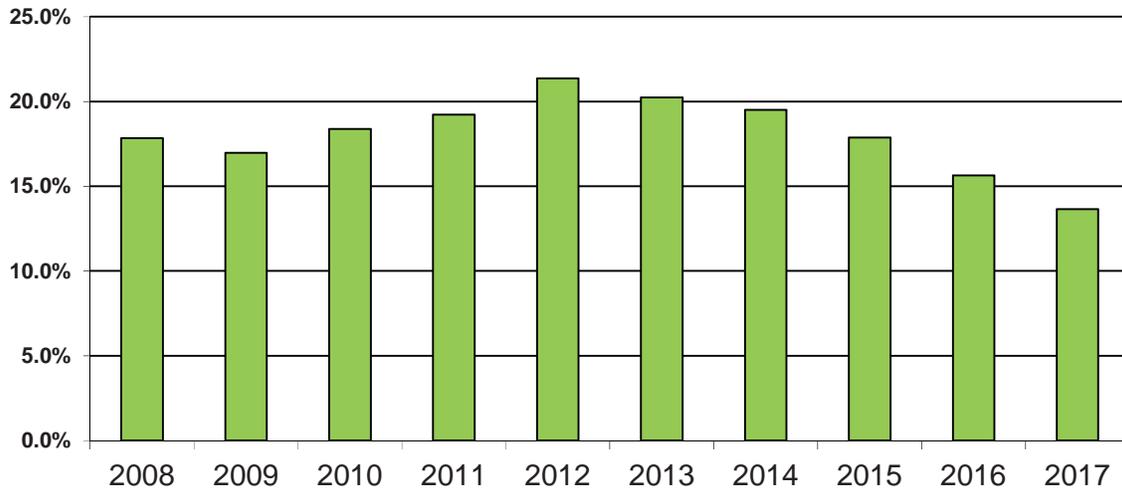


Farebox revenues include passenger, special transit, and charter revenues;
operating expenses exclude depreciation

■ Farebox Revenues ■ Operating Expenses

CENTRAL OHIO TRANSIT AUTHORITY

**Farebox Recovery Ratio
Last Ten Fiscal Years**



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

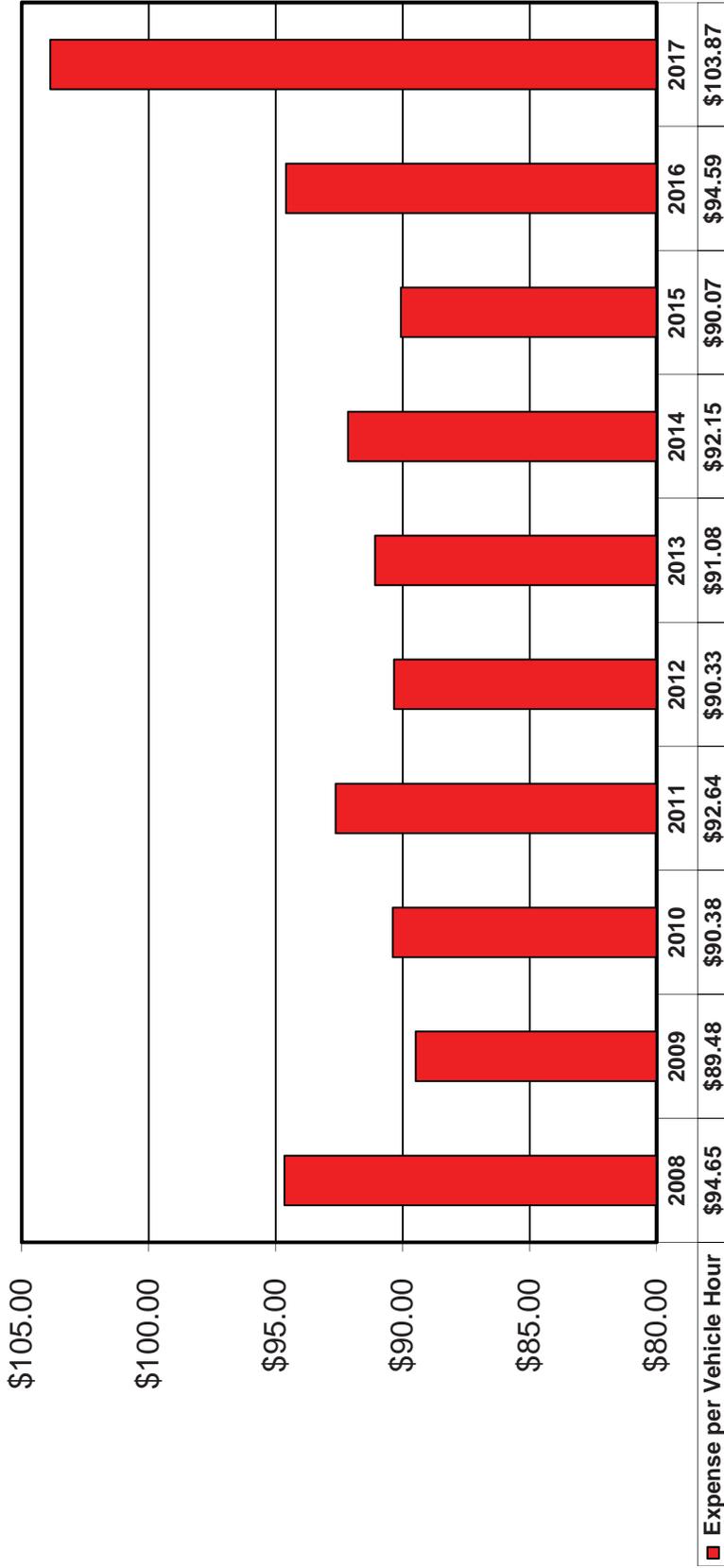
CENTRAL OHIO TRANSIT AUTHORITY
Expenses by Object Class
Last Ten Fiscal Years
(in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
OPERATING EXPENSES										
OTHER THAN DEPRECIATION:										
Labor	\$ 30,080	\$ 33,463	\$ 35,676	\$ 37,623	\$ 38,037	\$ 39,805	\$ 43,216	\$ 46,537	\$ 51,926	\$ 57,546
Fringe benefits	18,930	21,490	23,384	24,302	24,676	26,120	28,402	29,517	35,781	47,906
Services	4,887	5,723	6,118	6,522	5,993	7,744	7,269	8,190	10,286	11,254
Materials and supplies	5,142	5,515	5,857	6,297	6,307	6,958	7,372	8,256	9,041	10,385
Fuel.....	9,041	4,979	6,354	7,588	8,387	9,025	8,536	6,806	4,946	3,785
Utilities	1,711	1,727	1,894	1,937	1,552	1,811	2,179	2,099	2,038	2,267
Claims and insurance	509	348	(84)	338	80	(454)	246	150	57	178
Taxes	817	900	960	937	934	1,037	860	814	750	778
Purchased transportation	6,071	6,053	6,061	6,533	6,733	7,136	7,652	7,742	7,822	7,669
Leases and rentals	223	351	341	284	185	183	184	175	186	173
Miscellaneous	940	833	769	743	854	938	1,278	1,653	1,992	2,278
Total	78,351	81,382	87,330	93,104	93,738	100,303	107,194	111,939	124,825	144,219
DEPRECIATION	7,938	13,877	12,672	13,333	16,335	20,048	22,094	24,469	25,376	27,673
Total operating expenses	86,289	95,259	100,002	106,437	110,073	120,351	129,288	136,408	150,201	171,892
NONOPERATING EXPENSES:										
Loss on sale of capital assets	107	1,157	650	56	933	-	30	-	289	692
Non-operating project expense	-	-	-	-	-	-	-	-	1,216	4,409
Regional transit subsidy	-	-	-	-	-	-	1,072	240	1,508	1,038
TOTAL EXPENSES	\$ 86,396	\$ 96,416	\$ 100,652	\$ 106,493	\$ 111,006	\$ 120,351	\$ 130,390	\$ 136,648	\$ 153,214	\$ 178,031

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

CENTRAL OHIO TRANSIT AUTHORITY

Operating Expenses per Vehicle Hour
Last Ten Fiscal Years



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>
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	65.0%	6.6%	11.4%	3.3%	2.6%	13.3%	(2.2%)	100.0%
2012	64.0%	6.9%	11.7%	3.2%	2.2%	13.8%	(1.9%)	100.0%
2013	60.7%	7.1%	11.2%	3.1%	2.4%	13.7%	1.8%	100.0%
2014	61.1%	6.9%	11.0%	3.2%	2.5%	13.6%	1.7%	100.0%
2015	61.5%	7.3%	9.8%	3.0%	2.4%	14.2%	1.7%	100.0%
2016	*	*	*	*	*	*	*	*
2017	*	*	*	*	*	*	*	*

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>
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	67.6%	7.0%	14.0%	2.2%	0.0%	6.9%	2.2%	99.9%
2011	66.5%	7.0%	14.9%	2.1%	0.5%	7.0%	1.9%	99.9%
2012	66.9%	6.4%	15.7%	1.7%	0.2%	7.2%	1.9%	100.0%
2013	65.7%	7.7%	15.9%	1.8%	-0.5%	7.1%	2.3%	100.0%
2014	66.8%	6.8%	14.8%	2.0%	0.2%	7.1%	2.3%	100.0%
2015	67.9%	7.3%	13.5%	1.9%	0.1%	6.9%	2.4%	100.0%
2016	70.3%	8.2%	11.2%	1.6%	0.0%	6.3%	2.3%	100.0%
2017	73.1%	7.8%	9.8%	1.6%	0.1%	5.3%	2.2%	100.0%

* Information not available

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

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

(3) Total operating expenses exclude depreciation

**CENTRAL OHIO TRANSIT AUTHORITY
LEGAL DEBT MARGIN
DECEMBER 31, 2017**

CALCULATION OF LEGAL OVERALL DEBT MARGIN:

Total assessed property valuation of Authority (2017 tax year valuation) (1)	\$ 31,177,066,170
Multiplied by: Legal overall debt limitation (%)	<u>5.00%</u>
Equals: Total legal voted and unvoted debt limitation	\$ 1,558,853,309
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>\$ 1,558,853,309</u>

CALCULATION OF LEGAL UNVOTED DEBT MARGIN:

Total assessed property valuation of Authority (2017 tax year valuation) (1)	\$ 31,177,066,170
Multiplied by: Legal unvoted debt limitation (%)	<u>0.10%</u>
Equals: Legal unvoted debt limitation	\$ 31,177,066
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>\$ 31,177,066</u>

(1) Source: Franklin County Auditor's Office

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

<u>YEAR</u>	<u>POPULATION</u> (1)	<u>ASSESSED VALUE</u> (2)	<u>GENERAL BONDED DEBT</u> (3)	<u>RATIO OF BONDED DEBT TO ASSESSED VALUE</u>	<u>BONDED DEBT PER CAPITA</u>
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
2013	1,195,537	\$ 27,018,525,940	\$ -	0.00%	\$0.00
2014	1,231,393	\$ 27,221,010,540	\$ -	0.00%	\$0.00
2015	1,251,722	\$ 27,907,630,030	\$ -	0.00%	\$0.00
2016	1,264,518	\$ 27,990,535,515	\$ -	0.00%	\$0.00
2017	1,291,981 _(est)	\$ 31,177,066,170	\$ -	0.00%	\$0.00

* Information not available

(1) U. S. Census Bureau

(2) Source: Franklin County Auditor's Office

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

CENTRAL OHIO TRANSIT AUTHORITY
Computation of Direct and Overlapping General Obligation Debt
December 31, 2017

Franklin County Total Value	\$30,155,158,810
Licking County (City of Reynoldsburg)	\$205,616,280
Delaware County (Westerville & Columbus)	\$653,226,670
Fairfield County (Columbus and Reynoldsburg)	\$163,064,410

***Assessed Value for COTA = \$ 31,177,066,170**

*The above amounts are all less Tangible Personal

Political Subdivision	General Obligation Debt	Percentage Applicable to COTA	Amount Applicable to COTA
COTA	-	100.0%	-
Franklin County	221,125,000	100.0%	221,125,000
Cities wholly within COTA	1,652,150,500	100.0%	1,652,150,500
Cities with Overlapping:			
City of Dublin	56,020,000	83.3%	46,659,058
City of Pickerington	13,275,000	0.3%	45,135
Villages wholly within COTA	6,679,100	100.0%	6,679,100
Villages with Overlapping:			
Village of Canal Winchester	5,960,235	86.43%	5,151,431
Townships wholly within COTA	22,820,100	100.0%	22,820,100
Townships with Overlapping:			
Washington Township	0	83.62%	0
School Districts wholly within COTA	602,872,787	100.0%	602,872,787
School Districts with Overlapping:			
Canal Winchester Local S.D.	48,310,680	72.17%	34,865,818
Dublin City S.D.	124,326,104	76.64%	95,283,526
Hilliard City S.D.	147,555,006	99.99%	147,540,250
Licking Heights Local S.D.	94,405,558	50.22%	47,410,471
Olentangy Local S.D.	363,469,914	0.06%	218,082
Pickerington Local S.D.	93,945,283	1.41%	1,324,628
Plain Local S.D.	85,230,045	99.99%	85,221,522
South-Western City S.D.	162,040,000	99.82%	161,748,328
Teays Valley Local S.D.	28,620,000	0.41%	117,342
Westerville City S.D.	53,070,000	62.50%	33,168,750
Delaware County Joint Vocational S.D.	-	0.00%	0
Eastland Joint Vocational S.D.	1,400,000	57.78%	808,920
Licking County Joint Vocational S.D.	16,865,000	6.54%	1,102,971
Special District with Overlapping:			
Delaware County District Library	-	0.0%	-
New Albany/Plain Jnt Park District	4,254,476	99.99%	4,254,051
Total			<u>3,170,567,772</u>

Source: Ohio Municipal Advisory Council database

- Notes: 1. Percentage applicable to COTA equals the Franklin County value of the political subdivision divided by the total valuation. TY2016/CY2017 values are used.
2. General Obligation debt includes Limited and Unlimited issues except for City of Columbus (Limited only)

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)
2008	1,160,308	\$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	1,173,158	\$39,646	34.9	197,082	8.1%
2012	1,168,018	\$42,624	33.6	192,902	6.7%
2013	1,195,537	\$43,506	33.6	196,580	7.2%
2014	1,231,393	\$45,158	33.8	218,349	4.8%
2015	1,251,722	\$46,949	34.0	220,090	4.1%
2016	1,264,518	\$48,150	34.0	233,148	4.0%
2017	1,291,981 _(est)	*	33.9	226,996	3.6%

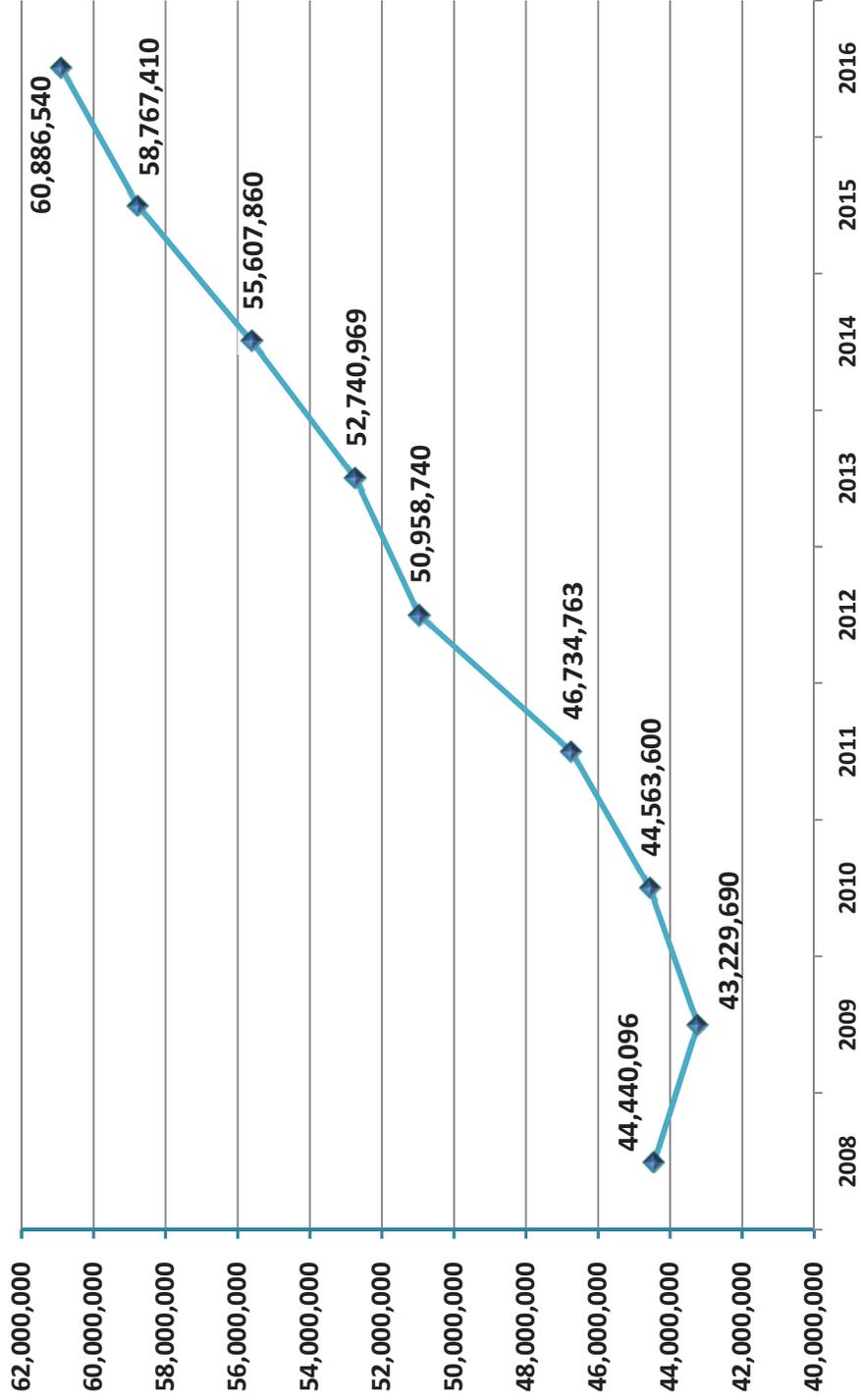
Note: All information presented is for Franklin County

* Information not yet available

Sources:

- (1) U. S. Department of Commerce - Bureau of Economic Analysis
- (2) U. S. Department of Commerce - Bureau of Economic Analysis
- (3) U.S. Census Bureau
- (4) Ohio Department of Education - Division of Information Management Services
- (5) Ohio Department of Job and Family Services

**CENTRAL OHIO TRANSIT AUTHORITY
PERSONAL INCOME OF FRANKLIN COUNTY, OHIO
2008-2016**
(in thousands)



Source: U.S. Bureau of Economic Analysis

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

Rank	Name of Employer	FTE		% of		Rank	Name of Employer	FTE		% of	
		2017	Total	2017	Total			2007	Total		
1	Ohio State University	30,804	18.42%	1	State of Ohio	26,239	21.85%				
2	State of Ohio	24,067	14.39%	2	Ohio State University	20,345	16.94%				
3	Kroger Co.	22,821	13.65%	3	JP Morgan Chase	14,469	12.05%				
4	Ohio Health	21,117	12.63%	4	Nationwide Mutual Insurance co.	11,768	9.80%				
5	JP Morgan Chase & Co	18,600	11.12%	5	United States Government	10,726	8.93%				
6	Nationwide	14,100	8.43%	6	Ohio Health	9,336	7.77%				
7	Nationwide Children's Hospital	10,032	6.00%	7	City of Columbus	8,227	6.85%				
8	Mount Carmel Health System	8,852	5.29%	8	Columbus Public Schools	7,181	5.98%				
9	City of Columbus	8,815	5.27%	9	Franklin County	6,055	5.04%				
10	Columbus City Schools	8,004	4.79%	10	Mount Carmel Health System	5,750	4.79%				

Honda North America Inc.

CENTRAL OHIO TRANSIT AUTHORITY

Fare Rate Structure

December 31, 2017

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
Transfer		Free

DAY PASSES ⁽²⁾:

Adult ⁽³⁾	\$	4.50
Human Service Agency ⁽⁴⁾		4.00
Children over 48" and under 12 years old, Senior Discount Card ⁽⁵⁾ , or Key Card ⁽⁶⁾		2.25
Seven-Day Pass		25.00

MONTHLY PASSES:

Express	\$	85.00
Local		62.00
Project Mainstream ⁽¹⁾		105.00
Senior Discount Card ⁽⁵⁾ , or Key Card ⁽⁶⁾		31.00

SPECIAL FARES:

Children over 48" and under 12 years old, Senior Discount Card ⁽⁵⁾ , or Key Card ⁽⁶⁾	\$	1.00
Children under 48" tall		Free
All ADA Card ⁽⁷⁾ recipients on fixed-route bus service only		Free
CBUS.....		Free
Summer Youth Pass June 1 - August 31 ⁽⁸⁾		62.00

- (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) Good for unlimited travel on all local/crosstown routes from time of validation until midnight
- (3) Additional \$0.75 required for express service
- (4) Distributed by approved nonprofit service agencies for use by their clientele
- (5) Photo identification card, for riders aged 65 and over
- (6) Photo identification card, for eligible disabled riders
- (7) Photo identification card, for physically or mentally disabled riders for Project Mainstream service
- (8) Age 17 or younger, additional \$0.75 required for express service

CENTRAL OHIO TRANSIT AUTHORITY
Operating Statistics
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
SYSTEM RIDERSHIP										
Motor bus.....	16,502,040	17,208,787	17,034,878	18,764,047	18,423,352	18,472,039	19,041,382	18,920,014	18,549,436	18,401,546
Demand responsive.....	216,489	237,949	238,290	259,883	268,960	277,467	285,817	282,515	278,410	287,242
AVERAGE WEEKDAY										
SYSTEM RIDERSHIP										
Motor bus.....	56,181	58,779	57,340	63,065	62,266	61,538	63,050	62,356	60,884	59,344
Demand responsive.....	709	779	782	858	873	887	935	908	898	925
VEHICLE MILES OPERATED										
Motor bus.....	9,460,805	10,519,662	11,049,687	11,518,844	11,859,067	12,569,131	13,258,367	14,259,176	15,349,203	16,244,761
Demand responsive.....	2,877,197	3,318,535	3,478,991	3,429,996	3,484,254	3,673,073	3,771,044	4,015,143	3,995,913	4,009,363
AVERAGE WEEKDAY										
VEHICLE MILES OPERATED										
Motor bus.....	32,134	35,331	36,911	38,551	39,047	41,152	42,354	44,991	49,431	49,897
Demand responsive.....	9,523	10,973	11,550	11,388	11,430	11,821	12,385	12,772	12,757	12,976
REVENUE MILES										
Motor bus.....	7,628,914	8,523,927	9,075,389	9,388,064	9,689,684	10,241,965	10,590,852	11,443,670	12,298,599	13,036,419
Demand responsive.....	2,567,604	2,803,983	2,875,824	3,003,424	3,082,210	3,276,594	3,382,851	3,495,999	3,479,659	3,561,049
PASSENGER MILES										
Motor bus.....	60,965,006	65,605,753	63,278,446	70,704,654	70,809,418	71,591,337	72,744,981	71,677,603	71,088,866	68,304,612
Demand responsive.....	2,113,438	2,352,821	2,387,942	2,571,127	2,696,146	2,846,852	2,922,005	2,975,485	3,000,810	3,197,946

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
VEHICLE HOURS OPERATED (1)										
Motor bus.....	678,302	753,377	801,137	835,880	861,213	918,742	974,096	1,045,171	1,118,776	1,181,768
Demand responsive.....	149,480	156,103	165,099	169,102	176,468	182,477	189,120	197,621	200,845	206,660
VEHICLE REVENUE HOURS (1)										
Motor bus.....	615,332	685,030	732,886	766,606	789,004	841,428	879,037	948,248	1,013,167	1,072,219
Demand responsive.....	133,899	138,847	142,958	151,416	159,306	165,320	172,145	178,038	179,841	180,302
DIESEL, BIODIESEL, CNG GASOLINE FUEL USAGE (IN GALLONS) (1)	2,592,382	2,738,935	2,877,839	2,979,458	2,969,188	3,133,556	3,339,858	3,649,358	3,851,735	4,019,151
FLEET REQUIREMENTS (DURING PEAK HOURS) (1)										
Motor bus.....	219	235	241	247	257	261	275	284	295	297
Demand responsive.....	58	56	56	56	68	60	68	77	64	60
TOTAL REVENUE VEHICLES DURING PERIOD (1)										
Motor bus.....	268	292	306	296	308	334	336	341	354	322
Demand responsive.....	62	66	65	64	74	66	74	78	72	60
NUMBER OF EMPLOYEES (1)	699	782	793	853	852	865	924	951	1,004	1,122

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
VEHICLE OPERATIONS	486	531	532	577	593	594	647	680	721	775
VEHICLE MAINTENANCE	99	116	114	123	117	121	123	125	130	171
NON-VEHICLE MAINTENANCE	27	33	37	36	35	30	28	27	29	31
GENERAL ADMINISTRATION	87	102	110	117	107	120	126	119	124	145
TOTAL LABOR	699	782	793	853	852	865	924	951	1004	1122

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

CENTRAL OHIO TRANSIT AUTHORITY
Miscellaneous Statistics
For the Year ended December 31, 2017

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	10 (three vacancies)
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	562
Miles of route	927.6
Number of routes	43
Number of bus stop locations	3,010
Number of bus stop passenger shelters	317
Number of Park-and-Ride facilities	26
Parking capacity, all Park-and-Ride facilities	2,333
Number of active fleet buses	357
Average bus vehicle age	6
Average fixed-route system speed	13.75
Average fixed-route system fuel economy	4.42
Number of customer information calls received	638,675

Source: The Authority's annual *National Transit Database Report*, filed with the Federal Transit Administration
Source: The Authority's non-financial operational statistics.

2017

Comprehensive Annual Financial Report

FOR FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016

PREPARED BY:

FINANCE DIVISION • JEFFREY S. VOSLER • CFO/VICE PRESIDENT FINANCE

