



# Comprehensive Annual Financial Report

FOR FISCAL YEARS DECEMBER 31, 2018 AND 2017

# 2018



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# Central Ohio Transit Authority

## Comprehensive Annual Financial Report

### For the Fiscal Years Ended December 31, 2018 and 2017

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# INTRODUCTION

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June 17, 2019

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, 2018, 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, 2017. This was the 29th 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 2018 report to the GFOA to determine its eligibility for another certificate.

## LETTER OF TRANSMITTAL

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### 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

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### **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 2018, service included 43 Frequent, Standard and Rush Hour fixed-bus routes, including special services such as the CBUS downtown circulator, CMAX Bus Rapid Transit, 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 2018, COTA operated 1,231,077 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 2018, 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, 2018, 149 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 18.9 million (fixed-route and paratransit) passenger trips in 2018. System-wide ridership increased by 3% in 2018.

### **Other Key Activities in 2018** *(Source: 2018 COTA Annual Report)*

#### **CMAX: A New Way to Ride**

CMAX launched on January 1, 2018 as the city's first bus rapid transit line. Features include trips up to 16 percent faster than standard bus lines, dedicated lanes on High Street during rush hours and USB device charging ports on every coach. On a larger scale, CMAX is designed to serve the population living along the Cleveland Avenue corridor, an area of town that while full of culture, lacked resources such as health care and job opportunities. The Linden area is in the middle of

## LETTER OF TRANSMITTAL

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revitalization due to the City of Columbus initiative, One Linden, which is a resident-driven planning effort to explore opportunities for additional community growth.

COTA reported 1,554,060 rides taken on CMAX during 2018. That is a 17 percent increase over fixed-route ridership covering the same area in 2017. This was the largest increase in ridership among all COTA lines, and a benchmark far surpassing expectations.

COTA received a \$37.5 million grant from the Federal Transit Administration to fund a bus rapid transit system, which included the implementation of traffic signal priority, a technical feature that allows for CMAX buses to change the speed of traffic lights if running behind schedule. Knowing the expectation would be to reduce congestion and increase ridership, COTA used population and economic development data to develop a bus route that would serve people who need reliable transit the most.

COTA also looked for ways to make CMAX more than just a way to get around. The work of local artists is displayed on the walls of the state-of-the-art CMAX shelters, complete with security cameras. Custom pylons display real-time bus tracking information. Community resources such as OhioHealth Westerville and Columbus State Community College were advertised to residents along Cleveland Avenue as easily accessible seven days a week by taking CMAX. Overall, CMAX proved to be more than a faster bus line. It is a new resource to a historic community searching for opportunity.

### **Fort Hayes and COTA Vehicle Maintenance Program**

The need for workforce development in skilled trade career settings is an increasing necessity. Research has shown that 40 percent of tradespeople currently in the workforce will retire over the next five to 10 years, and more than 30 million positions will be vacant by 2020 due to baby boomer retirement. Students looking for technical careers need to learn and grow in the right environment, and the skills gap has left many job openings unfilled. COTA anticipates the need for skilled workers, and is leveraging community resources to create a solution.

COTA is partnering with Fort Hayes Metropolitan Education Center and Columbus City Schools to create a vehicle maintenance apprenticeship program for students to get hands-on experience in the growing automotive care career field.

The program allows for select students enrolled in the Automotive Technology/Collision program at Fort Hayes to apply for a school year-long apprenticeship. Valuing the idea of guidance and inclusivity in the workplace, students are paired with a mentor from first and second shifts in COTA's Vehicle Maintenance Department to learn various responsibilities within the automotive industry. These responsibilities include real-time bus repairs, as students rotate between running and hard repair.

A day as a student apprentice is as follows. They are required to clock in around noon to meet with their first shift mentor. Students have the opportunity to log what they learned in a classroom setting before meeting up to work with their second shift mentor. Students are not permitted to work over 25 hours per week, but they do earn hourly wages.

Students can apply for open positions at COTA after completing the program. Two students from the 2017-2018 program now work full-time in the vehicle maintenance department.

### **C-pass Utilizes Innovative Partnership to Increase Downtown Ridership**

The Columbus region continued to see impressive population growth in 2018, adding 43,000 residents to reach 2.4 million. As the only large northern city to expand by more than 10 percent between 2010 and 2017, that expansion comes with big economic benefits. According to the Federal Reserve Bank of Cleveland, employment also grew 11.2 percent in the Columbus metro area over the past 11 years, and 120,000 more people work here now than in 2007.

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That economic and population explosion also comes with pain points, and four years ago, downtown property owners in particular feared a parking shortage would stall development. Those owners came together with COTA, the Capital Crossroads Special Improvement District (CCSID) and the Mid-Ohio Regional Planning Commission (MORPC) in a unique partnership to solve this problem.

This collaboration began with a pilot study to determine if downtown workers would change commuting habits with a transit incentive. We found that COTA ridership nearly doubled when employees were offered a free bus pass.

In June 2018, downtown property owners, MORPC, CCSID and generous corporate partners helped COTA provide unlimited, no-cost transit access through the C-pass program to 45,000 eligible downtown workers. Participating businesses register their employees, who can utilize their C-pass to travel anywhere in the system at any time.

In the first seven months after the C-pass launch, 524,720 trips were taken by downtown employees. The launch saw 44,642 rides, which jumped quickly to 76,254 by September. C-pass ridership peaked in October with more than 100,000 trips. Across the seven months, that is about 2,500 trips per day.

### 2018 Recognition

#### **COTA Named Top Transit System in North America**

In August 2018, the American Public Transportation Association (APTA) named COTA the top public transit system in North America for medium-sized systems for its outstanding excellence, leadership and innovation in advancing public transportation. The award was announced at COTA's Annual Luncheon in front of nearly 700 attendees.

COTA's recognition was based on overall operations, innovation, sustainability initiatives and safety.

### 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 design work begin in 2019.

**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 was 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

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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 11<sup>th</sup> 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.

**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:

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<b>Year</b>	<b>Columbus</b>	<b>Franklin County</b>
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 (2019)	892,533	1,291,981

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 in 2018. 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.

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### **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 29.

### **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 54 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, 2018. 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.

## LETTER OF TRANSMITTAL

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### **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.



Emille Williams  
Deputy CEO



Jeffrey S. Vosler  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Central Ohio Transit Authority**

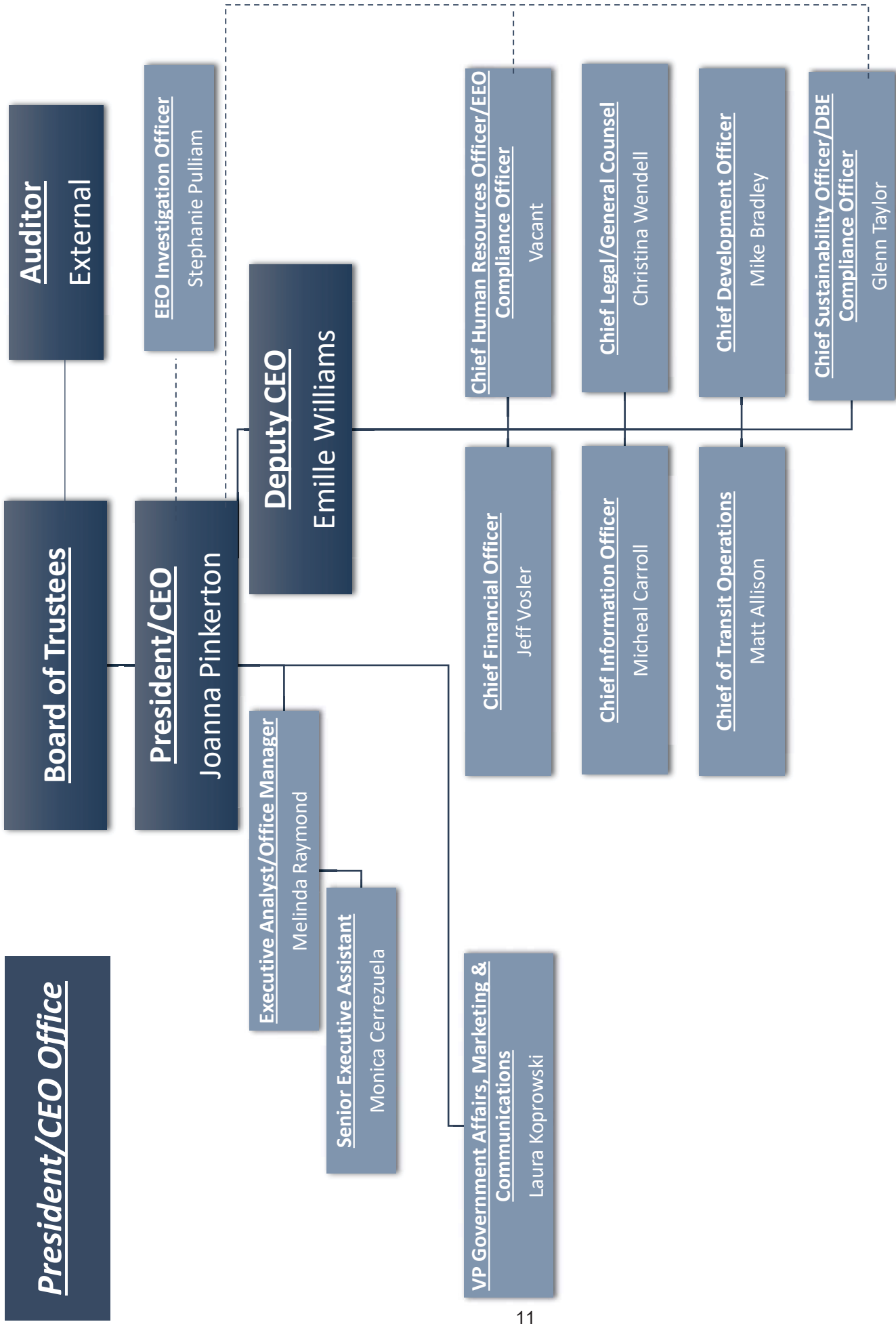
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morrill*

Executive Director/CEO





**BOARD OF TRUSTEES**  
As of December 31, 2018

Chair	Trudy A. Bartley Appointed by the City of Columbus
Vice-Chair	Craig P. Treneff Appointed by Franklin County
Trustee	Jean Carter Ryan Appointed by the City of Columbus
Trustee	Michael Stevens Appointed by the City of Columbus
Trustee	Cathy DeRosa Appointed by the City of Dublin
Trustee	Thomas Grote Appointed by the City of Gahanna
Trustee	Amy M. Landino Appointed by the City of Columbus
Trustee	Marlon Moore Appointed by the City of Columbus
Trustee	Timothy Skinner Appointed by the City of Columbus
Trustee	Letty Schamp, P.E. Appointed by City of Hilliard
Trustee	David M. Norstrom Appointed by City of Worthington
Trustee	Regina R. Ormond Appointed by City of Columbus

**ADMINISTRATION**

President/CEO	Joanna Pinkerton
Deputy CEO	Emille Williams
Chief Financial Officer	Jeff Vosler
Chief of Transit Operations	Matthew Allison
Chief Development Officer	Micheal L. Bradley
Chief Legal/General Counsel	Christina Wendell
Vice President of Government Affairs, Marketing and Communications	Laura Koprowski

## 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, 2018 and 2017, 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, 2018 and 2017, 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.

### Change in Accounting Principle

As discussed in Note 3 to the financial statements, effective January 1, 2018, the Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of net pension liabilities and pension contributions and the schedules of net OPEB liabilities and OPEB contributions, as listed in the table of contents, 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 17, 2019 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 17, 2019

# **CENTRAL OHIO TRANSIT AUTHORITY**

## **Management's Discussion and Analysis**

### **Years Ended December 31, 2018 and 2017**

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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 years ended December 31, 2018 and 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 \$335.7 million. Of this amount, \$223.0 million is invested in capital assets, net of accumulated depreciation.
- The Authority's Net Position decreased by \$25.2 million in 2018 mainly due to decreases in federal and local capital grants.
- Current assets of \$228.2 million primarily consist of cash and cash equivalents of \$177.3 million, receivables of \$39.5 million (sales tax receivables of \$35.6 million, federal capital grant receivable of \$1.8 million, other receivables of \$2.1 million), inventory of \$3.7 million, Board designated assets of \$6.6 million and other assets of \$1.1 million.
- Current liabilities of \$17.0 million primarily consist of accrued payroll and fringe benefits of \$8.5 million, and accounts payable of \$3.6 million.
- The Authority's long-term liabilities of \$123.8 million primarily consists of the net pension liability and net OPEB liability of \$71.3 million and \$50.1 million, respectively.

#### **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, present information showing how the Authority's net position changed during the year. These statements summarize operating revenues and expenses along with non-operating revenues and expenses. In addition, these statements list capital grant revenues received from federal and state/local governments.

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

# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Years Ended December 31, 2018 and 2017

#### 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 29-48.

#### Financial Analysis of the Authority

##### Condensed Summary of Net Position

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

Description	2018	2017	2016
<b>Assets</b>			
Current Assets	\$ 221,624,227	\$ 215,787,832	\$ 192,174,265
Board Designated Assets (current)	6,570,941	5,581,092	13,147,757
Total Current Assets	228,195,168	221,368,924	205,322,022
Board Designated Assets (non-current)	15,612,684	15,311,310	15,270,310
Capital Assets (net of accumulated depreciation)	223,016,793	240,968,475	217,487,368
Total Non-Current Assets	238,629,477	256,279,785	232,757,678
 Total Assets	 466,824,645	 477,648,709	 438,079,700
 Deferred Outflows of Resources	 30,083,645	 38,718,584	 28,281,424
<b>Liabilities</b>			
Current Liabilities	17,011,413	18,636,616	15,535,387
Non-Current Other Liabilities	2,403,837	2,978,062	1,677,272
Net Pension Liability	71,271,333	92,665,735	67,648,215
Net OPEB Liability	50,100,594	-	-
Total Liabilities	140,787,177	114,280,413	84,860,874
 Deferred Inflows of Resources	 20,437,708	 551,501	 1,276,760
<b>Net Position</b>			
Net Position Investment in Capital Assets	223,016,793	240,968,475	217,487,368
Net Position Unrestricted	112,666,612	160,566,904	162,736,122
Total Net Position	\$ 335,683,405	\$ 401,535,379	\$ 380,223,490

Note: December 31, 2017 and 2016 balances have not been restated to reflect the impact of GASB Statement No. 75 because the information is not available to calculate the change in the Authority's net position for those years.

The net pension liability (NPL) is the largest single liability reported by the Authority at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the Authority adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Years Ended December 31, 2018 and 2017

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each *plan's net pension liability or net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability to equal the Authority's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan 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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability (asset) and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Years Ended December 31, 2018 and 2017

As a result of implementing GASB 75, the Authority is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on Statement of Net Position. This implementation had the effect of restating net position at December 31, 2017, from \$401,535,379 to \$360,918,912. See Note 3 to the financial statements for more detailed information on the adoption of GASB Statement No. 75 and Note 11 to the financial statements for more detailed information on OPEB plans.

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, 2018 amounts to \$223.0 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 decrease in COTA's investment in capital assets in 2018 was \$18.0 million.

Major capital asset events during 2018 included the following:

- Purchase of one Heavy Duty CNG Transit Bus and 20 Paratransit Vehicles
- Bus Rapid Transit Construction
- Renovation of Easton Transit Center

Contributions to construction in progress including the following projects:

- Fields Avenue Renovation
- Downtown Building Improvements
- Development of Enterprise Resource Planning System

Additional information on the Authority's capital assets can be found in Note 6, page 36 in the Notes to the Financial Statements.

The Authority's current assets at the end of 2018 are composed of cash and cash equivalents (80.6%), receivables (17.3%), inventory (1.6%), and other assets (0.5%) consisting predominately of prepaid expenses.

In 2018, the Authority's total liabilities, other than net pension and net OPEB liabilities, decreased \$2.2 million due to timing of accruals and large decrease in payables related to capital assets at year end. The decrease in net pension liability of \$21.4 and the increase in the net OPEB liability of \$8.9 million were due to the Authority reporting its proportionate share of the State-wide pension system for the year.

#### **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 operating 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	2018	2017	2016
Vehicle Operations	\$ 85,742,386	\$ 82,556,517	\$ 72,071,083
Vehicle Maintenance	27,635,618	25,471,563	21,049,012
Facilities Maintenance	8,085,662	9,322,109	7,294,177
General and Administrative	33,218,305	26,695,646	24,224,387
	<u>\$ 154,681,971</u>	<u>\$ 144,045,835</u>	<u>\$ 124,638,659</u>



**CENTRAL OHIO TRANSIT AUTHORITY**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2018 and 2017**

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

Description	2018	2017	2016
Operating Revenues			
Passenger Fare Revenues	\$ 18,576,996	\$ 18,816,434	\$ 18,663,499
Special Services Revenue	845,027	871,821	861,896
Total Operating Revenues	<u>19,422,023</u>	<u>19,688,255</u>	<u>19,525,395</u>
Non-Operating Revenues			
Sales Tax Revenues	131,382,944	129,143,144	131,793,840
Federal Operating Assistance	395,402	112,616	562,086
State Operating Assistance	1,867,863	8,007,414	595,309
Investment Income	3,311,564	1,593,939	906,987
Non-transportation and Other Revenues	1,221,237	979,088	970,525
Total Non-Operating Revenues	<u>138,179,010</u>	<u>139,836,201</u>	<u>134,828,747</u>
Total Revenue before Capital Grants	<u>157,601,033</u>	<u>159,524,456</u>	<u>154,354,142</u>
Operating Expenses			
Labor	59,789,565	57,545,900	51,926,191
Fringe Benefits	52,982,981	47,905,632	35,780,980
Materials and Supplies and Fuel	16,846,649	14,169,982	13,986,325
Purchased Transportation	7,869,240	7,668,883	7,822,141
Services	10,903,982	11,254,073	10,286,395
Other Expenses	6,445,123	5,674,390	5,022,957
Depreciation Expense	29,450,716	27,672,894	25,376,426
Total Operating Expenses	<u>184,288,256</u>	<u>171,891,754</u>	<u>150,201,415</u>
Non-Operating Expenses			
Loss on Disposal of Capital Assets	374,350	692,088	288,560
Regional Transit Subsidy	953,233	1,038,096	1,507,713
Non-Operating Project Expense	667,688	4,409,245	1,216,008
Total Non-Operating Expense	<u>1,995,271</u>	<u>6,139,429</u>	<u>3,012,281</u>
Change before Capital Grants	(28,682,494)	(18,506,727)	1,140,446
Capital Grant Revenues			
Federal	3,319,148	36,246,455	13,830,395
Local	127,839	3,572,161	-
Total Capital Grant Revenues	<u>3,446,987</u>	<u>39,818,616</u>	<u>13,830,395</u>
Change in Net Position during the Year	<u>\$ (25,235,507)</u>	<u>\$ 21,311,889</u>	<u>\$ 14,970,841</u>

Note: December 31, 2017 and 2016 balances have not been restated to reflect the impact of GASB Statement No. 75 because the information is not available to calculate the change in the Authority's net position for those years.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2018 and 2017**

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The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$5,988,821. Consequently, in order to compare 2018 total operating expenses to 2017, the following adjustments are needed:

Total 2018 operating expenses under GASB 75	\$184,288,256
OPEB expense under GASB 75	<u>(5,988,821)</u>
Adjusted operating expenses	178,299,435
Total 2017 operating expenses under GASB 45	<u>171,891,754</u>
Increase in operating expenses not related to OPEB	<u>\$6,407,681</u>

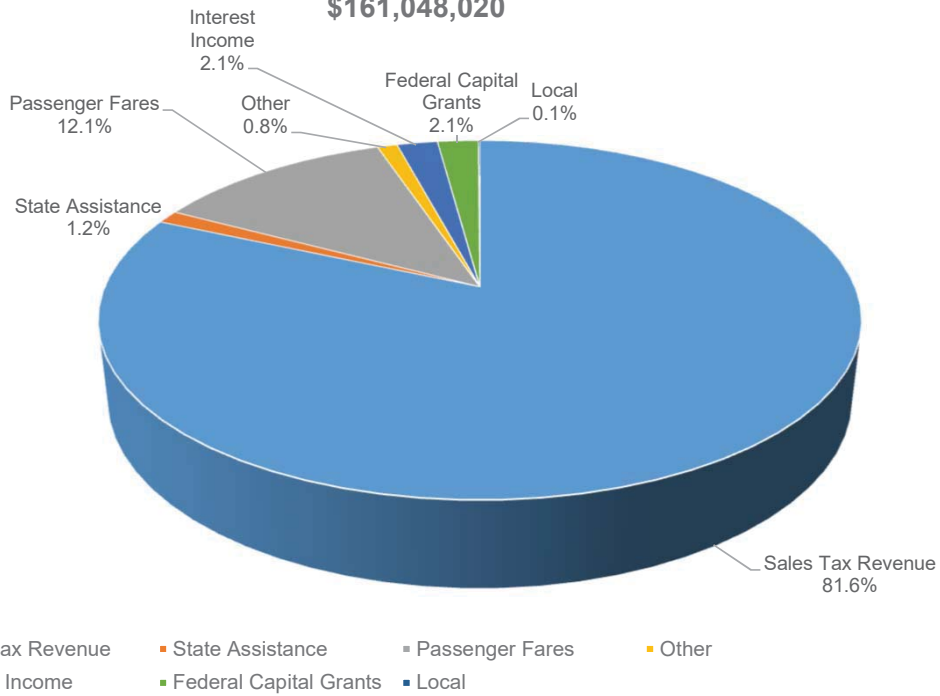
**Requests for Information**

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:

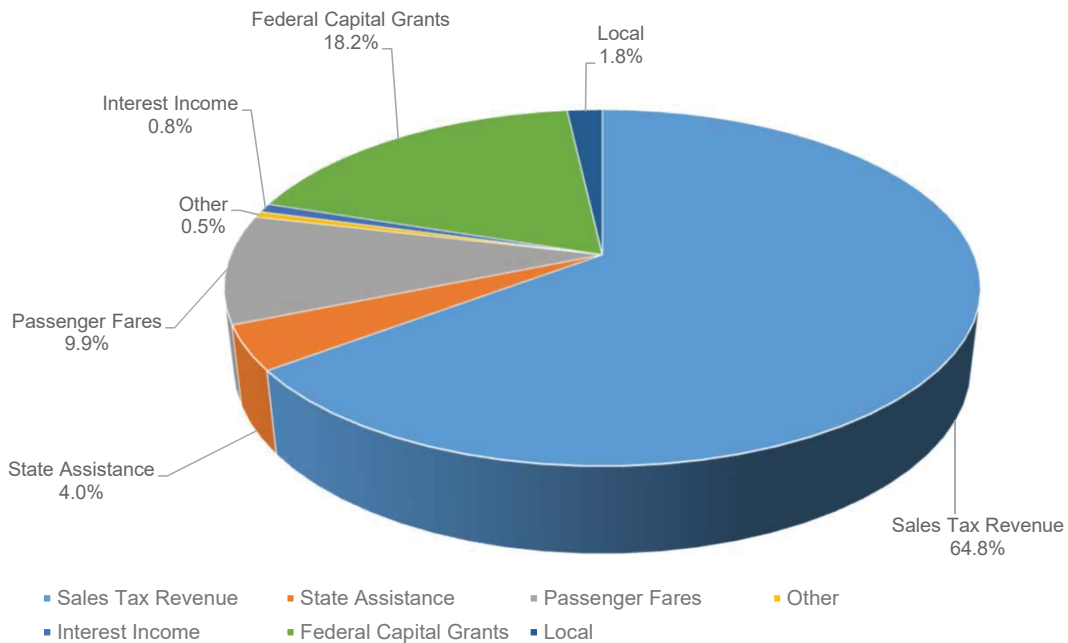
Office of Chief Financial Officer  
Central Ohio Transit Authority  
William J. Lhota Building  
33 N. High Street  
Columbus, OH 43215  
[www.cota.com](http://www.cota.com)

## CENTRAL OHIO TRANSIT AUTHORITY Revenues by Source

**2018 Total Revenues  
\$161,048,020**

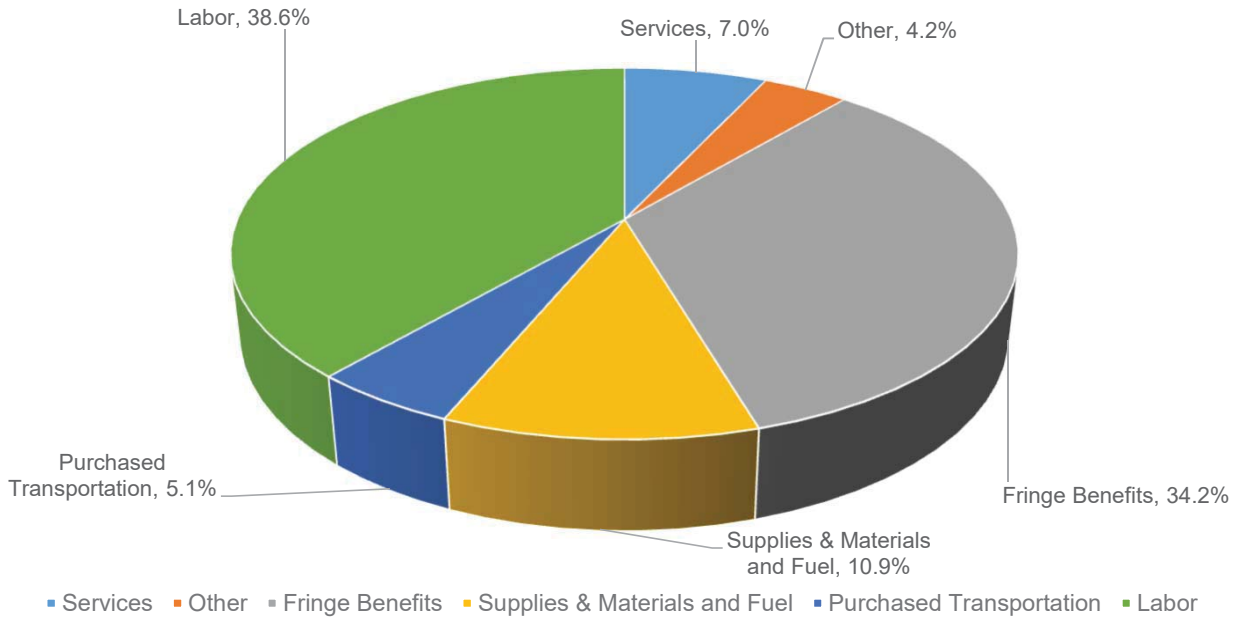


**2017 Total Revenues  
\$ 199,343,072**

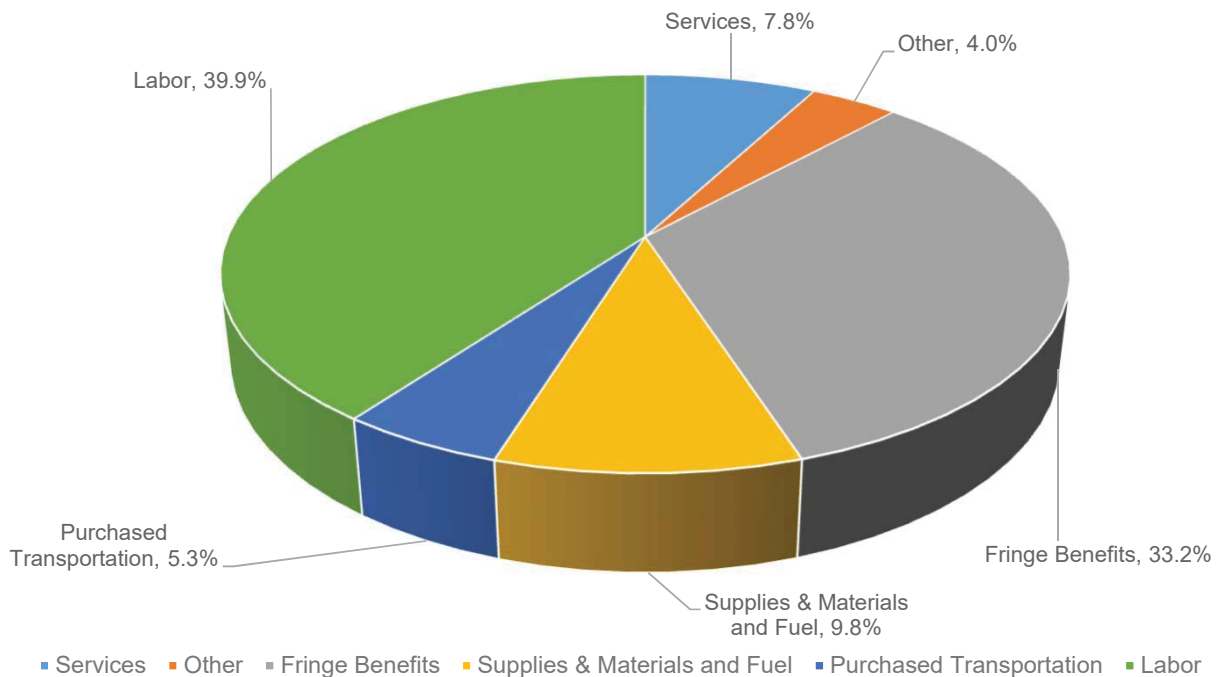


**CENTRAL OHIO TRANSIT AUTHORITY**  
**Operating Expense by Object Class**  
**(Excluding Depreciation)**

**2018 Total Expenses**  
**\$ 154,837,540**



**2017 Total Expenses**  
**\$ 144,218,860**



# CENTRAL OHIO TRANSIT AUTHORITY

## Management's Discussion and Analysis

### Years Ended December 31, 2018 and 2017

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#### 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 2017, the 2018 farebox revenue is down 1.3% driven by a decrease in ridership. Fare revenue in 2017 was flat compared to 2016 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 2018, 2017, and 2016, the Authority saw a 1.7%, -2.0% and 5.3% change in sales tax revenue, respectively.

**Federal Assistance** is received from the Federal Transit Administration (FTA). In 2018, 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 2018, 2017 and 2016, the Authority recognized a 4.0%, 3.7%, 3.2% 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 2018, 2017 and 2016, the Authority recognized 107.8%, 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 2018, 2017 and 2016 respectively, the Authority recognized a 24.7% 0.9% and 1.9% change in Non-Transportation and Other Revenue. In 2018, the increase was due to CNG sales at the Authority's satellite fueling station that was placed in service in March of 2018.

**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, 2018 and 2017

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#### **Expenses**

**Labor** 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 2018 and 2017, the Authority recognized a 3.9% and 10.8% increase respectively, in labor expense. 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. In 2018, the increase in labor was the result of scheduled increases related to the Authority's collective bargaining units.

**Fringe Benefits** consist primarily of vacation, sick and holiday pay, pension and OBEB expenses and employee medical benefits. Required employer contributions to OPERS were made at the rate of 14% of total gross taxable wages. The 2018, 2017 and 2016 fringe benefits increased by 10.6%, 33.9% and 21.2%, respectively. The increases are not proportionate to the increase in labor expense due to pension and OPEB expense adjustments required by GASB Statements No. 68 and 75.

**Materials and Supplies** include the Authority's diesel fuel expense and parts used to maintain buses and facilities. In 2018, 2017 and 2016, the Authority recognized a 39.5%, -23.5% and -27.3% change, respectively, in fuel expenses incurred. The decreases in 2017 and 2016 were due to the lower cost of natural gas, in addition to favorable commodity pricing. In 2018 the commodity pricing and the cost of natural gas both saw increases. In 2018, 2017 and 2016, materials and supplies (excluding fuel) increased 11.4%, 14.9%, and 9.5%, 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 2018, 2017 and 2016, the Authority recognized a 2.6%, -2.0% and 1.0% change respectively. 2018 had a slight expense increase that was in line with increases in service hours provided. In 2017 there was a decrease to Purchased Transportation expense due to contract reductions and stringent management controls.

**Services** are provided by outside contractors to assist the Authority in completing professional, technical, consulting and maintenance related projects. In 2018, 2017 and 2016 the Authority recognized -3.1%, 9.4%, and 25.6% change, respectively, in the cost of services. These changes 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 2018, 2017 and 2016, other expenses increased 13.6%, 13.0% and 2.7%, respectively, mostly driven by an increase in advertising expense. In both 2018 and 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, 2018 and 2017

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**Depreciation Expense** In 2018, 2017 and 2016, the Authority recognized 6.4%, 9.1% and 3.7% increases respectively, over prior year depreciation expense. The 2018 increase was due to an overall increase in capital assets associated with the first full year of depreciation associated with BRT construction assets and thirteen fixed route buses.

**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 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 2018, 2017 and 2016, \$953,233, \$1,038,096 and \$1,507,713 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 2018, 2017 and 2016 these non-operating projects expenses were \$667,688 and \$4,409,245 and \$1,216,008, respectively.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Net Position**  
**December 31, 2018 and 2017**

	2018	2017
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents.....	\$ 177,345,430	\$ 161,953,534
Receivables:		
Sales tax.....	35,620,120	33,500,954
Federal capital grants receivable.....	1,399,879	8,116,838
Federal operating assistance.....	395,402	-
State operating grant receivable.....	-	4,752,128
Other.....	2,050,624	3,127,892
Inventory of materials and supplies.....	3,722,415	3,460,635
Other.....	1,090,357	875,851
Board designated:		
Cash and cash equivalents - capital grants.....	6,570,941	5,581,092
<b>TOTAL CURRENT ASSETS.....</b>	<b>228,195,168</b>	<b>221,368,924</b>
<b>NON-CURRENT ASSETS:</b>		
Board designated:		
Investments - self insurance.....	15,612,684	15,311,310
Capital assets:		
Nondepreciable - land.....	11,456,847	11,456,847
Nondepreciable - construction in progress.....	11,470,185	38,001,929
Net depreciable capital assets.....	200,089,761	191,509,699
Capital assets, net.....	223,016,793	240,968,475
<b>TOTAL NON-CURRENT ASSETS.....</b>	<b>238,629,477</b>	<b>256,279,785</b>
<b>TOTAL ASSETS.....</b>	<b>466,824,645</b>	<b>477,648,709</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Pension/OPEB.....	30,083,645	38,718,584
<b>CURRENT LIABILITIES:</b>		
Accrued payroll and fringe benefits.....	8,511,177	7,917,469
Accounts payable.....	3,577,174	6,730,782
Accrued payroll taxes.....	1,046,710	1,029,536
Estimated workers' compensation claims.....	484,670	294,347
Estimated claims payable.....	106,500	106,961
Other current liabilities.....	3,285,182	2,557,521
<b>Total current liabilities.....</b>	<b>17,011,413</b>	<b>18,636,616</b>
<b>NON-CURRENT LIABILITIES:</b>		
Accrued fringe benefits.....	1,338,889	1,482,376
Estimated workers' compensation claims.....	918,095	1,261,186
Estimated claims payable.....	146,853	234,500
Net pension liability.....	71,271,333	92,665,735
Net OPEB liability.....	50,100,594	-
<b>TOTAL NON-CURRENT LIABILITIES.....</b>	<b>123,775,764</b>	<b>95,643,797</b>
<b>TOTAL LIABILITIES.....</b>	<b>140,787,177</b>	<b>114,280,413</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Pension/OPEB.....	20,437,708	551,501
<b>NET POSITION:</b>		
Investment in capital assets.....	223,016,793	240,968,475
Unrestricted.....	112,666,612	160,566,904
<b>TOTAL NET POSITION.....</b>	<b>\$ 335,683,405</b>	<b>\$ 401,535,379</b>

See notes to financial statements.



**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years ended December 31, 2018 and 2017**

	2018	2017
<b>OPERATING REVENUES:</b>		
Passenger fares for transit service.....	\$ 18,576,996	\$ 18,816,434
Special transit fares.....	845,027	871,821
Total.....	<u>19,422,023</u>	<u>19,688,255</u>
<b>OPERATING EXPENSES OTHER THAN DEPRECIATION:</b>		
Labor.....	59,789,565	57,545,900
Fringe benefits.....	52,982,981	47,905,632
Materials and supplies.....	11,567,995	10,385,146
Fuel.....	5,278,654	3,784,836
Purchased transportation.....	7,869,240	7,668,883
Services.....	10,903,982	11,254,073
Utilities.....	2,887,923	2,266,875
Taxes.....	768,041	778,040
Leases and rentals .....	155,569	173,025
Claims and insurance, net of settlements.....	241,515	178,354
Advertising.....	1,224,203	1,132,773
Miscellaneous.....	1,167,872	1,145,323
Total.....	<u>154,837,540</u>	<u>144,218,860</u>
DEPRECIATION.....	<u>29,450,716</u>	<u>27,672,894</u>
Total operating expenses.....	<u>184,288,256</u>	<u>171,891,754</u>
OPERATING LOSS.....	<u>(164,866,233)</u>	<u>(152,203,499)</u>
<b>NON-OPERATING REVENUES(EXPENSES):</b>		
Sales tax revenues.....	131,382,944	129,143,144
Federal operating grants.....	395,402	112,616
State operating grants, reimbursements and special fare assistance .....	1,867,863	8,007,414
Investment income.....	3,311,564	1,593,939
Regional transit subsidy.....	(953,233)	(1,038,096)
Non-operating project expense.....	(667,688)	(4,409,245)
Non-transportation and other revenue.....	1,221,237	979,088
Loss on disposal of capital assets.....	(374,350)	(692,088)
Total.....	<u>136,183,739</u>	<u>133,696,772</u>
Change before capital grants.....	<u>(28,682,494)</u>	<u>(18,506,727)</u>
<b>CAPITAL GRANT REVENUES:</b>		
Federal .....	3,319,148	36,246,455
Local .....	127,839	3,572,161
Total.....	<u>3,446,987</u>	<u>39,818,616</u>
CHANGE IN NET POSITION	(25,235,507)	21,311,889
NET POSITION, BEGINNING OF YEAR .....	401,535,379	380,223,490
ADJUSTMENT FOR CHANGE IN ACCOUNTING PRINCIPLE .....	(40,616,467)	-
NET POSITION AT BEGINNING OF YEAR - RESTATED.....	<u>360,918,912</u>	<u>380,223,490</u>
NET POSITION, END OF YEAR.....	<u>\$ 335,683,405</u>	<u>\$ 401,535,379</u>

See notes to financial statements.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Statements of Cash Flows**  
**Years ended December 31, 2018 and 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers.....	\$ 19,422,023	\$ 19,688,255
Cash payments to suppliers for goods and services.....	(42,098,480)	(36,821,389)
Cash payments to employees for services.....	(59,632,946)	(55,887,420)
Cash payments for employee benefits.....	(36,061,335)	(34,298,436)
Cash payments for casualty and liability.....	(482,391)	(221,270)
Other receipts.....	2,084,000	(1,007,951)
Net cash used in operating activities.....	<u>(116,769,129)</u>	<u>(108,548,211)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Sales taxes received.....	129,263,778	130,475,584
Federal operating assistance received.....	-	632,850
Local assistance provided.....	(953,233)	(1,038,096)
State operating and other assistance received.....	6,619,991	3,255,286
Net cash provided by non-capital financing activities.....	<u>134,930,536</u>	<u>133,325,624</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Federal capital grants received.....	10,036,107	31,953,298
Local capital grants received.....	127,839	3,572,161
Acquisition and construction of capital assets.....	(14,484,563)	(50,319,122)
Acquisition and construction of non-capital project expenses.....	(667,688)	(4,409,245)
Proceeds from sale of capital assets.....	198,453	244,854
Net cash used in capital and related financing activities.....	<u>(4,789,852)</u>	<u>(18,958,054)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of CD's.....	(301,374)	-
Sale of CD's.....	-	44,987,903
Interest received from investments.....	3,311,564	1,593,939
Net cash provided by investing activities.....	<u>3,010,190</u>	<u>46,581,842</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>16,381,745</b>	<b>52,401,201</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....</b>	<b>167,534,626</b>	<b>115,133,425</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR.....</b>	<b><u>\$ 183,916,371</u></b>	<b><u>\$ 167,534,626</u></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating Loss.....	\$ (164,866,233)	\$ (152,203,499)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation.....	29,450,716	27,672,894
Other receipts.....	1,221,237	979,088
Change in assets and liabilities:		
Decrease (Increase) in other receivables.....	1,077,268	(1,987,039)
(Increase) Decrease in materials and supplies inventory.....	(261,780)	242,258
(Increase) Decrease in other assets.....	(214,506)	262,788
(Increase) Decrease in deferred outflows.....	9,234,918	(10,437,160)
Increase in accounts payable, accrued compensation, self-insurance liabilities and other.....	213,298	2,630,198
(Decrease) Increase in net pension liability.....	(21,394,402)	25,017,520
Increase in net OPEB liability.....	8,884,148	-
(Decrease) Increase in deferred inflows.....	19,886,207	(725,259)
Net cash used in operating activities.....	<u>\$ (116,769,129)</u>	<u>\$ (108,548,211)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY</b>		
Property purchases in accounts payable	<u>\$ 1,097,514</u>	<u>\$ 3,510,240</u>

See notes to financial statements.

# CENTRAL OHIO TRANSIT AUTHORITY

## Notes to Financial Statements

### Years Ended December 31, 2018 and 2017

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#### (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 2018.

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.

#### (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.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**

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

***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 for future capital expenditures.

***Designated for Capital Grant Expenditures***

These assets are board-designated under the Authority's capital grants. The Authority includes 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, 2018 and 2017**

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

***Recognition of Revenue and Receivables***

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 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 capital 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 fair market 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 9). Claims are accrued in the year the expenses are incurred, based upon estimates of the claim liabilities made by management and the legal counsel of the Authority. Also provided for are estimates of claims incurred during the year but not yet reported. These estimates are based on past experience and current outstanding claims.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**

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**(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.

	<u>Current</u>	<u>Non-current</u>
Compensated Absences Liability December 31, 2016	\$ 3,773,913	\$ 567,293
Vacation & Sick Liability Earned	4,865,824	915,083
Vacation & Sick Liability Paid	<u>(4,915,219)</u>	<u>-</u>
Compensated Absences Liability December 31, 2017	\$ 3,724,518	\$ 1,482,376
Vacation & Sick Liability Earned	5,142,405	-
Vacation & Sick Liability Paid	<u>(5,448,862)</u>	<u>(143,487)</u>
Compensated Absences Liability December 31, 2018	<u>\$ 3,418,061</u>	<u>\$ 1,338,889</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 2018 will be recognized as revenue in 2018. 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, 2018 and 2017**

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**(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 until that time. For the Authority, deferred inflows of resources from pension and OPEB plans are reported on the Statement of net position (see Notes 10 and 11).

***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 until then. For the Authority, deferred outflows of resources from pension and OPEB plans are reported on the Statement of net position (see Notes 10 and 11).

***Pensions/Other Postemployment Benefits (OPEB)***

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

**(3) Change in Accounting Principle and Restatement of Net Position**

For 2018, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 85, Omnibus 2017, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Authority's 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expenses. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

Net position at January 1, 2018	\$ 401,535,379
Adjustments:	
Net OPEB liability	(41,216,446)
Deferred outflow - Payments subsequent to measurement date	599,979
Restated net position at January 1, 2018	<u><u>\$ 360,918,912</u></u>

# CENTRAL OHIO TRANSIT AUTHORITY

## Notes to Financial Statements

### Years Ended December 31, 2018 and 2017

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#### (4) 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 2018. 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 2018, 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 \$100 million, requiring the excess amount to be transacted the following business days(s), but on to the \$100 million limit. All accounts of the participant will be combined for these purposes.

#### ***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, 2018, the carrying amount of the Authority's deposits with financial institutions was \$22,737,677 and the bank balance was \$25,339,173. The difference results from outstanding checks and deposits in transit. At December 31, 2018, \$250,000 was covered by Federal Deposit Insurance. \$25,089,173 was collateralized with securities deposited with a qualified trustee and pledged to the Treasurer of State. In addition, the Authority had \$7,783 of cash on hand.

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.



**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**

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**(4) Cash and Investments (continued)**

***Other Deposits***

As of December 31, 2018 and 2017, the Authority held equity of \$161,178,694 and \$140,779,042 respectively, in the STAR Ohio investment pool. STAROhio is rated AAAM by Standard and Poor's. 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, 2018 and 2017, the total fair value of the Authority's investment in negotiable CDs were \$15,612,684 and \$15,311,310, respectively, 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, 2018 and 2017, the Authority categorizes fair value measurements of its negotiable CDs totaling \$15,612,684 and \$15,311,310, respectively, as Level 2 inputs as fair value measures were obtained from trustees who use various pricing services.

**(5) Commitments**

The Authority has several active projects as of December 31, 2018. At year-end, the Authority's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Fields Avenue Renovation	\$ 1,311,470	\$ 4,191,390
Downtown Building Improvements	56,474	2,981,594
Enterprise Resource Planning (ERP)	4,981,003	830,196
	<u>\$ 6,348,947</u>	<u>\$ 8,003,180</u>

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**

**(6) Capital Assets**

Capital asset activities for the years ended December 31, 2018 and 2017 are as follows:

	January 1, 2018	Additions	Disposals	Reclassifications/ Transfers	December 31, 2018
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 11,456,847	\$ -	\$ -	\$ -	\$ 11,456,847
CIP	38,001,929	9,538,248	-	(36,069,992)	11,470,185
<b>Total</b>	<b>49,458,776</b>	<b>9,538,248</b>	<b>-</b>	<b>(36,069,992)</b>	<b>22,927,032</b>
<b>Capital Assets Being Depreciated</b>					
Land and leasehold improvements	6,463,959	-	-	11,824,523	18,288,482
Building and improvements	150,357,633	162,397	(15,518)	9,408,822	159,913,334
Revenue vehicles	161,796,682	1,861,098	(11,566,952)	129,853	152,220,681
Transit shelter	2,514,623	-	-	8,340,262	10,854,885
Other equipment	49,747,621	510,094	(215,425)	6,366,532	56,408,822
<b>Total</b>	<b>370,880,518</b>	<b>2,533,589</b>	<b>(11,797,895)</b>	<b>36,069,992</b>	<b>397,686,204</b>
<b>Less Accumulated Depreciation</b>					
Land and leasehold improvements	(3,369,338)	(1,279,915)	-	-	(4,649,253)
Building and improvements	(66,068,601)	(8,486,537)	15,518	-	(74,539,620)
Revenue vehicles	(79,070,632)	(12,619,189)	10,994,149	-	(80,695,672)
Transit shelter	(1,746,588)	(1,274,575)	-	-	(3,021,163)
Other equipment	(29,115,660)	(5,790,500)	215,425	-	(34,690,735)
<b>Total</b>	<b>(179,370,819)</b>	<b>(29,450,716)</b>	<b>11,225,092</b>	<b>-</b>	<b>(197,596,443)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>191,509,699</b>	<b>(26,917,127)</b>	<b>(572,803)</b>	<b>36,069,992</b>	<b>200,089,761</b>
<b>Total Capital Assets Net</b>	<b>\$ 240,968,475</b>	<b>\$ (17,378,879)</b>	<b>\$ (572,803)</b>	<b>\$ -</b>	<b>\$ 223,016,793</b>
	January 1, 2017	Additions	Disposals	Reclassifications/ Transfers	December 31, 2017
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 10,340,587	\$ 1,116,260	\$ -	\$ -	\$ 11,456,847
CIP	10,818,141	31,100,489	-	(3,916,701)	38,001,929
<b>Total</b>	<b>21,158,728</b>	<b>32,216,749</b>	<b>-</b>	<b>(3,916,701)</b>	<b>49,458,776</b>
<b>Capital Assets Being Depreciated</b>					
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
<b>Total</b>	<b>352,213,620</b>	<b>19,874,194</b>	<b>(5,123,997)</b>	<b>3,916,701</b>	<b>370,880,518</b>
<b>Less Accumulated Depreciation</b>					
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)
<b>Total</b>	<b>(155,884,980)</b>	<b>(27,672,894)</b>	<b>4,187,055</b>	<b>-</b>	<b>(179,370,819)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>196,328,640</b>	<b>(7,798,700)</b>	<b>(936,942)</b>	<b>3,916,701</b>	<b>191,509,699</b>
<b>Total Capital Assets Net</b>	<b>\$ 217,487,368</b>	<b>\$ 24,418,049</b>	<b>\$ (936,942)</b>	<b>\$ -</b>	<b>\$ 240,968,475</b>

**CENTRAL OHIO TRANSIT AUTHORITY**  
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**(7) Leases**

COTA leases certain property and equipment under operating leases. Rental expense for all operating leases was \$155,569 and \$173,025 in 2018 and 2017, respectively. 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, 2018:

	Commitments under Operating Leases
2019	6,158
2020	6,404
2021	6,660
2022	6,927
2023	7,204
2024 and forward	7,492
Total Minimum Lease Payments	\$ 40,845

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

Grants, reimbursements and special fare assistance included in the Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2018 and 2017 consist of the following:

	2018	2017
Federal:		
FTA Capital Assistance	\$ 3,319,148	\$ 36,246,455
FTA Operating Assistance	395,402	112,616
Total	\$ 3,714,550	\$ 36,359,071
State:		
ODOT Fuel Tax Reimbursement	\$ 598,747	\$ 618,353
Medicare Transitional Aid	1,269,116	7,389,061
Total	\$ 1,867,863	\$ 8,007,414
Local:		
City of Columbus Reimbursement	\$ 127,839	\$ 3,572,161

**(9) Risk Management**

COTA is exposed to various risks of loss related to torts, theft or destruction of assets, injuries to employees and natural disasters. 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 \$253,353 at December 31, 2018, and \$341,461 at December 31, 2017, are included in estimated claims payable in the accompanying statements of net position. At December 31, 2018 and 2017 \$15,612,684 and \$15,311,310, 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**  
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**(9) 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 \$1,402,765 at December 31, 2018 and \$1,555,533 at December 31, 2017 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, 2018 and 2017 follows:

	General Liability	Workers' Compensation
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	\$ 341,461	\$ 1,555,533
Incurred claims, net of favorable settlements	394,283	448,369
Claims paid	(482,391)	(601,137)
Claims liability at December 31, 2018	\$ 253,353	\$ 1,402,765

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 \$591,170 and \$401,308, for 2018 and 2017 respectively.

**(10) 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 the 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 is financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

**CENTRAL OHIO TRANSIT AUTHORITY**  
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**(10) 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 plan to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the 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 the plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for contractually-required contributions 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, other than full-time police and firefighters, 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):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of Service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by year of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 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, 2018 and 2017**

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**(10) 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 2018, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$8,536,953 for 2018. Of this amount, \$839,546 is reported as accrued payroll and fringe benefits.

***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, 2017 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	\$ 71,271,333
Proportion of the Net Pension Liability	0.4543030%
Change in Proportion	0.0462331%
Pension Expense	\$ 19,152,002

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Deferred Outflows of Resources**

Differences between expected and actual experience	\$ 72,785
Change in assumptions	8,517,401
Change in proportionate share and difference in employer contributions	5,729,040
Authority contributions subsequent to measurement date	8,536,953
Total Deferred Outflows of Resources	<u>\$ 22,856,179</u>

**Deferred Inflows of Resources**

Differences between expected and actual experience	\$ (1,404,533)
Net difference between projected and actual earnings on plan investments	(15,301,015)
	<u>\$ (16,705,548)</u>

**CENTRAL OHIO TRANSIT AUTHORITY**  
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**(10) Pension Plan (continued)**

\$8,536,953 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:		
2019	\$	9,689,017
2020		949,829
2021		(6,737,756)
2022		(6,287,412)
	\$	<u>(2,386,322)</u>

**Actuarial Assumptions – OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Wage inflation	3.25%
Future salary increases, Including inflation	3.25% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3% simple; Post 1/7/2013 retirees: 3% simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age
Mortality tables	RP-2014

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**  
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**(10) Pension Plan (continued)**

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 16.82% for 2017.

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 2017 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%	2.20%
Domestic Equities	19.00%	6.37%
Real Estate	10.00%	5.26%
Private Equity	10.00%	8.97%
International Equities	20.00%	7.88%
Other Investments	18.00%	5.26%
Total	100.00%	5.66%

**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:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability	\$ 126,560,224	\$ 71,271,333	\$ 25,177,571

**Change between Measurement Date and Report Date.** In October 2018, the OPERS Board adopted a change in the investment rate of return assumption, reducing it from 7.5% to 7.2%. This change will be effective for the 2018 valuation. The exact amount of the impact to the Authority's net pension liability is not known.



**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**

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**(11) Other Postemployment Benefit (OPEB) Plans**

***Net OPEB Liability***

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement system to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of the plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

**Plan Description – Ohio Public Employees Retirement System (OPERS)**

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan.

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 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 postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty 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 No. 75. See OPERS' CAFR referenced below for additional information.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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**(11) Other Postemployment Benefit (OPEB) Plans (continued)**

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 Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy—The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0% of earnable. This is (These are) the maximum employer contribution rate(s) 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 and Combined plans 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% 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 into the RMA for participants in the Member-Directed Plan for 2017 was 4.0%.

For the year ended December 31, 2018, OPERS did not allocate any employer contributions to postemployment health care.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources for Pensions***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement system relative to the contributions of all participating entities. The following is information related to the proportionate share and OPEB expense:

Proportionate Share of the Net OPEB Liability	\$ 50,100,594
Proportion of the Net OPEB Liability	0.4613627%
Change in Proportion	0.0532928%
OPEB Expense	\$ 5,988,821

**CENTRAL OHIO TRANSIT AUTHORITY**  
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**(11) Other Postemployment Benefit (OPEB) Plans (continued)**

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Deferred Outflows of Resources</b>	
Differences between expected and actual experience	\$ 39,027
Change in assumptions	3,647,855
Change in proportionate share and difference in employer contributions	3,540,584
Total Deferred Outflows of Resources	<u>\$ 7,227,466</u>
<b>Deferred Inflows of Resources</b>	
Net difference between projected and actual earnings on plan investments	\$ (3,732,160)
	<u>\$ (3,732,160)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	
2019	\$ 2,522,432
2020	2,522,432
2021	(616,518)
2022	(933,040)
	<u>\$ 3,495,306</u>

**Actuarial Assumptions – OPERS**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	3.25%
Future salary increases, Including inflation	3.25% to 10.75%
Single discount rate:	
Current measurement date	3.85%
Prior measurement date	4.25%
Investment rate of return	6.50%
Municipal bond rate	3.31%
Health care cost trend rate	7.50% initial, 3.25% ultimate in 2028
Actuarial cost method	Individual entry age

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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**(11) Other Postemployment Benefit (OPEB) Plans (continued)**

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above tables.

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

The long-term expected rate of return on health care 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.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. 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 Health Care portfolio is 15.2% for 2017.

The allocation of investment assets within the Health Care portfolio is approved by the OPERS Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the OPERS Board-approved asset allocation policy for 2017 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	34.00%	1.88%
Domestic Equities	21.00%	6.37%
REITs	6.00%	5.91%
International Equities	22.00%	7.88%
Other Investments	<u>17.00%</u>	5.39%
Total	<u>100.00%</u>	4.98%

**CENTRAL OHIO TRANSIT AUTHORITY**  
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**Years Ended December 31, 2018 and 2017**

**(11) Other Postemployment Benefit (OPEB) Plans (continued)**

**Discount Rate** A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate.** The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85%, as well as what the Authority's proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0% point lower (2.85%) or 1.0% point higher (4.85%) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	\$ 66,562,415	\$ 50,100,594	\$ 36,785,343

**Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate.** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	\$ 47,936,750	\$ 50,100,594	\$ 52,338,258

**Change between Measurement Date and Report Date.** In October 2018, the OPERS Board adopted a change in the investment rate of return assumption, reducing it from 6.5% to 6.0%. This change will be effective for the 2018 valuation. The exact amount of the impact to the Authority's net OPEB liability is not known.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**

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**(12) 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, 2018, 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, 2018, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of COTA's management, no material grant expenditures will be disallowed. FTA grant stipulations also require the grantor to retain assets acquired by FTA funds for the full estimated asset life (as determined by the FTA). If this provision is not met, the grantor must refund FTA's un-depreciated basis in assets disposed with a net book value greater than \$5,000.

**(13) 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 2018 and 2018, 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 \$0.0215 and \$0.0298 per gallon at December 31, 2018 and 2017, 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, 2019. For the year ending December 31, 2018 a gain of \$770,843 was recognized as a decrease in diesel fuel expense. For the year ending December 31, 2017 a gain of \$283,802 was recognized as a decrease in diesel fuel expense. On December 31, 2018 the open diesel fuel contracts had \$596,055 of unrealized loss. On December 31, 2018, the open natural gas contracts had \$32,673 of unrealized loss. 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.

## **Required Supplementary Information**

**CENTRAL OHIO TRANSIT AUTHORITY**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST FIVE YEARS (1) (2)

	Authority's Proportion of the Net Pension Liability	Authority's Proportionate Share of the Net Pension Liability	Authority's Covered Payroll	Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.363971%	\$ 42,862,731	\$ 38,340,346	111.80%	86.36%
2015	0.363971%	43,734,920	44,622,933	98.01%	86.45%
2016	0.390550%	67,648,215	48,887,633	138.37%	81.08%
2017	0.408070%	92,665,735	52,764,617	175.62%	77.25%
2018	0.454303%	71,271,333	59,997,877	118.79%	84.66%

- (1) Information prior to 2014 is not available. The Authority will continue to be presented for years available until a full ten-year trend is compiled.
- (2) Amounts presented for each year were determined as of the Authority's measurement date, which is the prior year-end.

**NOTES TO SCHEDULE:**

**Changes 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**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST SIX YEARS (1)

	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Authority's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2013	\$ 4,984,245	\$ (4,984,245)	\$ -	\$ 38,340,346	13.00%
2014	5,354,752	(5,354,752)	-	44,622,933	12.00%
2015	5,866,516	(5,866,516)	-	48,887,633	12.00%
2016	6,331,754	(6,331,754)	-	52,764,617	12.00%
2017	7,799,724	(7,799,724)	-	59,997,877	13.00%
2018	8,536,953	(8,536,953)	-	60,978,236	14.00%

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

**CENTRAL OHIO TRANSIT AUTHORITY**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE  
 SHARE OF THE NET OPEB LIABILITY  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST TWO YEARS (1) (2)

	Authority's Proportion of the Net OPEB Liability	Authority's Proportionate Share of the Net OPEB Liability	Authority's Covered Payroll	Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.4080699%	\$ 41,216,446	\$ 52,764,617	78.11%	54.05%
2018	0.4613627%	50,100,594	59,997,877	83.50%	54.14%

- (1) Information prior to 2017 is not available. The Authority will continue to be presented for years available until a full ten-year trend is compiled.
- (2) Amounts presented for each year were determined as of the Authority's measurement date, which is the prior year-end.

**NOTES TO SCHEDULE:**

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST FOUR YEARS (1)**

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	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Authority's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2015	\$ 977,753	\$ (977,753)	\$ -	\$ 48,887,633	2.00%
2016	1,055,292	(1,055,292)	-	52,764,617	2.00%
2017	599,979	(599,979)	-	59,997,877	1.00%
2018	-	-	-	60,978,236	0.00%

(1) Information prior to 2015 is not available. The Authority will continue to be presented for years available until a full ten-year trend is compiled.

**CENTRAL OHIO TRANSIT AUTHORITY**  
**Supplemental Schedule of Revenues, Expenses and**  
**Changes in Net Position - Budget vs. Actual (Accrual Basis)**  
**Year ended December 31, 2018**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
OPERATING REVENUES.....	\$ 19,838,433	\$ 19,422,023	\$ (416,410)
OPERATING EXPENSES OTHER THAN DEPRECIATION:			
Labor.....	67,794,189	59,789,565	8,004,624
Fringe benefits.....	28,287,102	36,372,110	(8,085,008)
Materials and supplies.....	11,968,360	11,567,995	400,365
Fuel.....	5,412,470	5,278,654	133,816
Purchased transportation.....	7,918,574	7,869,240	49,334
Services.....	12,191,257	10,903,982	1,287,275
Utilities.....	2,940,831	2,887,923	52,908
Claims and insurance, net of settlements.....	708,150	241,515	466,635
Miscellaneous.....	2,190,119	3,315,685	(1,125,566)
Total.....	<u>139,411,052</u>	<u>138,226,669</u>	<u>1,184,383</u>
DEPRECIATION.....	<u>30,500,000</u>	<u>29,450,716</u>	<u>1,049,284</u>
Total operating expenses.....	<u>169,911,052</u>	<u>167,677,385</u>	<u>2,233,667</u>
OPERATING LOSS.....	<u>(150,072,619)</u>	<u>(148,255,362)</u>	<u>1,817,257</u>
NON-OPERATING REVENUES (EXPENSES):			
Sales tax revenues.....	126,795,993	131,382,944	4,586,951
Federal operating grant.....	975,000	395,402	(579,598)
State operating grants, reimbursements and special fare assistance.....	446,147	1,867,863	1,421,716
Investment income.....	1,800,000	3,311,564	1,511,564
Non-transportation and other revenues.....	1,171,607	1,221,237	49,630
Regional transit subsidy.....	(2,100,000)	(953,233)	1,146,767
Non-operating project expense.....	(2,595,837)	(667,688)	1,928,149
Loss on disposal of capital assets.....	-	(374,350)	(374,350)
Total.....	<u>126,492,910</u>	<u>136,183,739</u>	<u>9,690,829</u>
Change before capital grants.....	(23,579,709)	(12,071,623)	11,508,086
CAPITAL GRANT REVENUE:			
Federal.....	<u>20,404,363</u>	<u>3,446,987</u>	<u>(16,957,376)</u>
Total.....	<u>20,404,363</u>	<u>3,446,987</u>	<u>(16,957,376)</u>
CHANGE IN NET POSITION.....	<u>(3,175,346)</u>	<u>(8,624,636)</u>	<u>(5,449,290)</u>
NET POSITION, BEGINNING OF YEAR - RESTATED.....	<u>456,034,031</u>	<u>456,034,031</u>	<u>-</u>
NET POSITION, END OF YEAR.....	<u>\$ 452,858,685</u>	<u>\$ 447,409,395</u>	<u>\$ (5,449,290)</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/OPEB expense which is not anticipated in the operating budget adopted or accounted for within the general ledger accounts throughout the year, and therefore the NPL/OPEB related items are not included within the budgetary net position amounts. The beginning budgetary net position was restated to account for the elimination of the effects of these items.

The table that follows demonstrates the difference between the Budgeted Revenues, Expenses and Change in Net Position:

Change in Net Position, GAAP Basis	\$ (25,235,507)
<i>Budgeting Difference:</i>	
Recognition of proportionate share of state-wide pension system's pension/OPEB expense for current year.	<u>16,610,871</u>
Change in Net Position, Budgeted Accrual Basis	<u>\$ (8,624,636)</u>



# STATISTICAL DATA

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# STATISTICAL SECTION

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

## **Financial Trends and Revenue Capacity**

P56-64

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**

P65-67

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

## **Economic and Demographic Information**

P68-70

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**

P71-75

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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>NET POSITION</b>										
Investment in Capital Assets	\$ 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	\$ 223,016,793
Unrestricted	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	162,767,201
<b>TOTAL NET POSITION</b>	<b>\$ 173,375,238</b>	<b>\$ 213,690,575</b>	<b>\$ 251,225,385</b>	<b>\$ 290,616,450</b>	<b>\$ 331,324,812</b>	<b>\$ 328,197,995</b>	<b>\$ 365,252,649</b>	<b>\$ 380,223,490</b>	<b>\$ 401,535,379</b>	<b>\$ 385,783,994</b>

\* GASB 68 implemented in 2015.

\* GASB 75 implemented in 2018.

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>OPERATING REVENUES:</b>										
Passenger fares for transit service	\$ 13,272	\$ 15,402	\$ 17,225	\$ 19,256	\$ 19,519	\$ 20,130	\$ 19,137	\$ 18,663	\$ 18,816	\$ 18,577
Special transit fares	555	656	671	772	775	781	879	862	872	845
Auxiliary transportation revenue	-	21	12	-	-	-	-	-	-	-
<b>Total operating revenues</b>	<b>13,807</b>	<b>16,079</b>	<b>17,908</b>	<b>20,028</b>	<b>20,294</b>	<b>20,911</b>	<b>20,016</b>	<b>19,525</b>	<b>19,688</b>	<b>19,422</b>
<b>OPERATING EXPENSES OTHER THAN DEPRECIATION</b>										
Labor	33,463	35,676	37,623	38,037	39,805	43,216	46,537	51,926	57,546	59,790
Fringe Benefits	21,490	23,384	24,302	24,676	26,120	28,402	29,517	35,781	47,906	52,983
Services	5,723	6,118	6,522	5,993	7,744	7,269	8,190	10,286	11,254	10,904
Materials and Supplies	5,515	5,857	6,297	6,307	6,958	7,372	6,256	9,041	10,385	11,568
Fuel	4,979	6,354	7,588	8,387	9,025	8,536	6,806	4,946	3,785	5,279
Utilities	1,727	1,894	1,937	1,552	1,811	2,179	2,099	2,038	2,267	2,888
Claims and Insurance	348	(84)	338	80	(454)	246	150	57	178	241
Taxes	900	960	937	934	860	814	814	750	778	768
Purchased transportation	6,053	6,061	6,533	6,733	7,136	7,652	7,742	7,822	7,669	7,869
Leases and rentals	351	341	284	185	183	184	175	186	173	156
Miscellaneous	833	769	743	854	938	1,278	1,653	1,992	2,278	2,391
<b>Total</b>	<b>81,382</b>	<b>87,330</b>	<b>93,104</b>	<b>93,738</b>	<b>100,303</b>	<b>107,194</b>	<b>111,939</b>	<b>124,825</b>	<b>144,219</b>	<b>154,837</b>
Depreciation	13,877	12,672	13,333	16,335	20,048	22,094	24,469	25,376	27,673	29,451
<b>Total operating expenses</b>	<b>95,259</b>	<b>100,002</b>	<b>106,437</b>	<b>110,073</b>	<b>120,351</b>	<b>129,288</b>	<b>136,408</b>	<b>150,201</b>	<b>171,892</b>	<b>184,288</b>
<b>OPERATING LOSS</b>	<b>(81,452)</b>	<b>(83,923)</b>	<b>(88,529)</b>	<b>(90,045)</b>	<b>(100,057)</b>	<b>(108,377)</b>	<b>(116,392)</b>	<b>(130,676)</b>	<b>(152,204)</b>	<b>(164,866)</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>										
Sales Tax Revenues	88,095	93,437	98,993	105,854	111,214	118,663	125,163	131,794	129,143	131,383
Federal operating grants and reimbursements	-	90	2,985	406	1,224	22	267	562	113	395
State operating grants, reimbursements and special fare assistance	1,409	962	996	917	830	745	619	596	8,007	1,868
Investment income	87	38	29	423	143	384	274	907	1,594	3,311
Non-transportation and other revenue	1,041	987	1,088	947	1,048	933	952	971	979	1,221
Regional transit subsidy	-	-	-	-	-	(1,072)	(240)	(1,508)	(1,038)	(953)
Non-operating project expense	-	-	-	-	-	-	-	(1,216)	(4,409)	(668)
Gain(Loss) on sale of capital assets	(1,157)	(650)	(56)	(933)	(30)	(30)	22	(289)	(692)	(374)
<b>Total non-operating revenues(expenses)</b>	<b>89,475</b>	<b>94,864</b>	<b>104,045</b>	<b>107,614</b>	<b>114,459</b>	<b>119,645</b>	<b>127,057</b>	<b>131,817</b>	<b>133,697</b>	<b>136,183</b>
<b>Gain(Loss) before capital grants and special item</b>	<b>8,023</b>	<b>10,941</b>	<b>15,516</b>	<b>17,569</b>	<b>14,402</b>	<b>11,268</b>	<b>10,665</b>	<b>1,141</b>	<b>(18,507)</b>	<b>(28,683)</b>
<b>CAPITAL GRANT REVENUES</b>										
Federal	27,492	24,914	19,359	20,835	26,307	22,926	26,389	13,830	36,247	3,319
State / Local	1,313	4,461	2,660	986	-	-	-	-	3,572	128
<b>Total</b>	<b>28,805</b>	<b>29,375</b>	<b>22,019</b>	<b>21,821</b>	<b>26,307</b>	<b>22,926</b>	<b>26,389</b>	<b>13,830</b>	<b>39,819</b>	<b>3,447</b>
<b>CHANGES IN NET POSITION</b>										
NET POSITION, BEGINNING OF YEAR	36,828	40,316	37,535	39,390	40,709	34,194	37,054	14,971	21,312	(25,236)
Restatement, GASB 68	136,547	173,375	213,691	251,226	290,616	331,325	328,198	365,252	380,223	401,535
Restatement, GASB 75	-	-	-	-	-	(37,321)	-	-	-	-
<b>NET POSITION, END OF YEAR</b>	<b>\$ 173,375</b>	<b>\$ 213,691</b>	<b>\$ 251,226</b>	<b>\$ 290,616</b>	<b>\$ 331,325</b>	<b>\$ 328,198</b>	<b>\$ 365,252</b>	<b>\$ 380,223</b>	<b>\$ 401,535</b>	<b>\$ 335,683</b>

\* GASB 68 implemented in 2015.

\* GASB 75 implemented in 2018.

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**

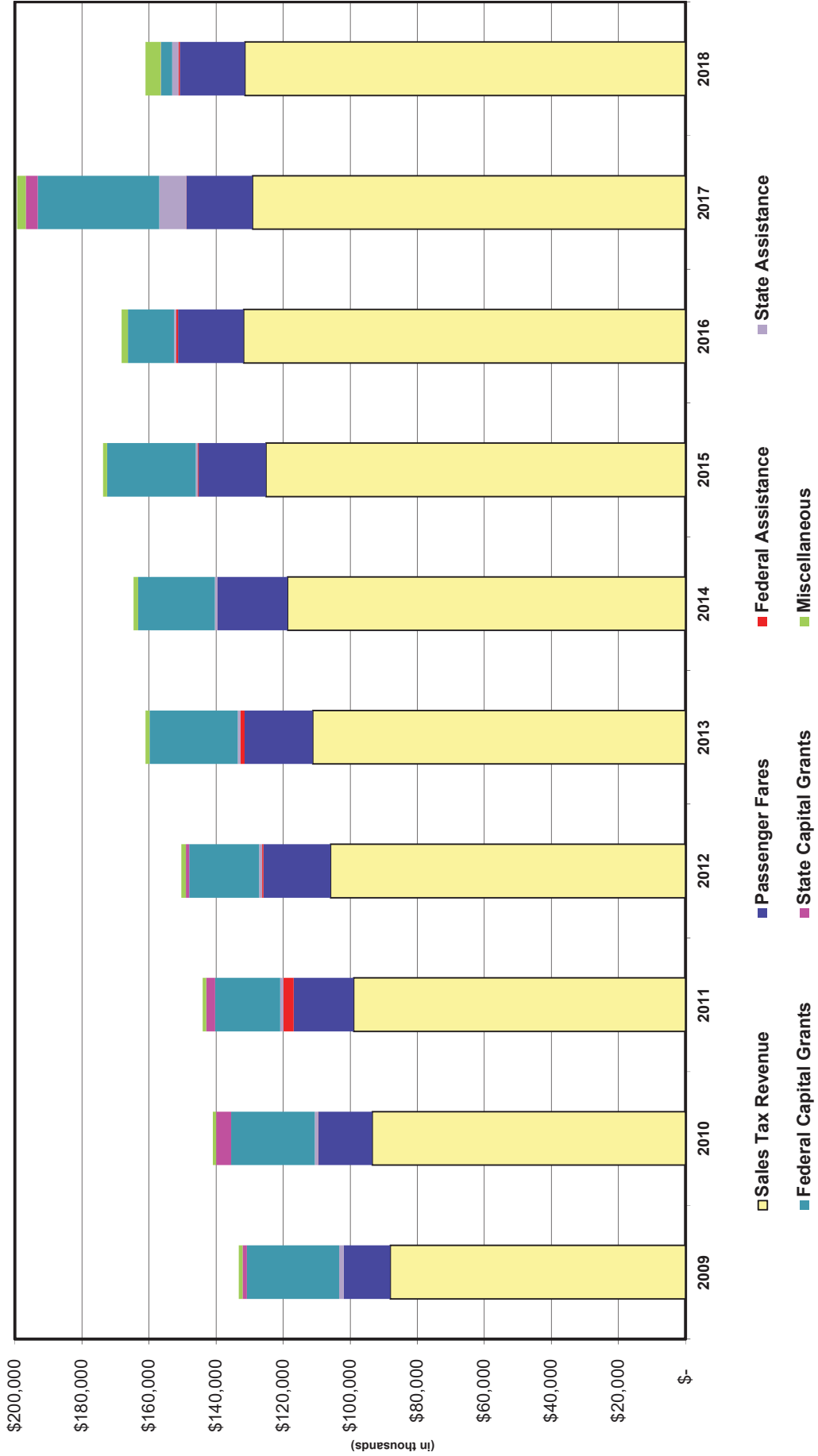
(in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>OPERATING REVENUES:</b>										
Passenger fares for transit service .....	\$ 13,272	\$ 15,402	\$ 17,225	\$ 19,256	\$ 19,519	\$ 20,130	\$ 19,137	\$ 18,663	\$ 18,816	\$ 18,577
Special transit fares .....	535	656	671	772	775	781	879	862	872	845
Auxiliary transportation revenue .....	-	21	12	-	-	-	-	-	-	-
Total operating revenues .....	13,807	16,079	17,908	20,028	20,294	20,911	20,016	19,525	19,688	19,422
<b>NON-OPERATING REVENUES:</b>										
Sales tax revenues .....	88,095	93,437	98,993	105,854	111,214	118,663	125,163	131,794	129,143	131,383
Federal operating grants .....	-	90	2,995	406	1,224	22	267	562	113	395
State operating grants, reimbursements and special fare assistance .....	1,409	962	996	917	830	745	620	596	8,007	1,868
Investment income .....	87	38	29	423	143	384	274	907	1,594	3,311
Non-transportation and other revenues .....	1,041	987	1,088	947	1,048	933	974	971	979	1,221
Total nonoperating revenues before capital gifts and grants .....	90,632	95,514	104,101	108,547	114,459	120,747	127,298	134,830	139,836	138,178
Capital gifts and grants:										
Federal capital grants .....	27,492	24,914	19,359	20,835	26,307	22,926	26,389	13,830	36,247	3,319
State and other capital grants .....	1,314	4,461	2,660	986	-	-	-	-	3,572	128
Total non-operating revenues .....	119,438	124,889	126,120	130,368	140,766	143,673	153,687	148,660	179,655	141,625
<b>TOTAL REVENUES .....</b>	<b>\$ 133,245</b>	<b>\$ 140,968</b>	<b>\$ 144,028</b>	<b>\$ 150,396</b>	<b>\$ 161,060</b>	<b>\$ 164,584</b>	<b>\$ 173,703</b>	<b>\$ 168,185</b>	<b>\$ 199,343</b>	<b>\$ 161,047</b>

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

# CENTRAL OHIO TRANSIT AUTHORITY

Revenues by Source  
Last Ten Fiscal Years



# CENTRAL OHIO TRANSIT AUTHORITY

## Revenues and Operating Assistance - Comparison to Industry Trend Data Last Ten Fiscal Years

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### TRANSPORTATION INDUSTRY <sup>(1)</sup>

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 &amp; LOCAL</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
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	*	*	*	*	*	*	*
2018	*	*	*	*	*	*	*

### CENTRAL OHIO TRANSIT AUTHORITY <sup>(2)</sup>

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 &amp; LOCAL</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
		(3)		(4)			
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	69.2	0.1	69.3	100.0
2018	11.6	5.0	16.6	83.4	0.0	83.4	100.0

\* Information not available

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

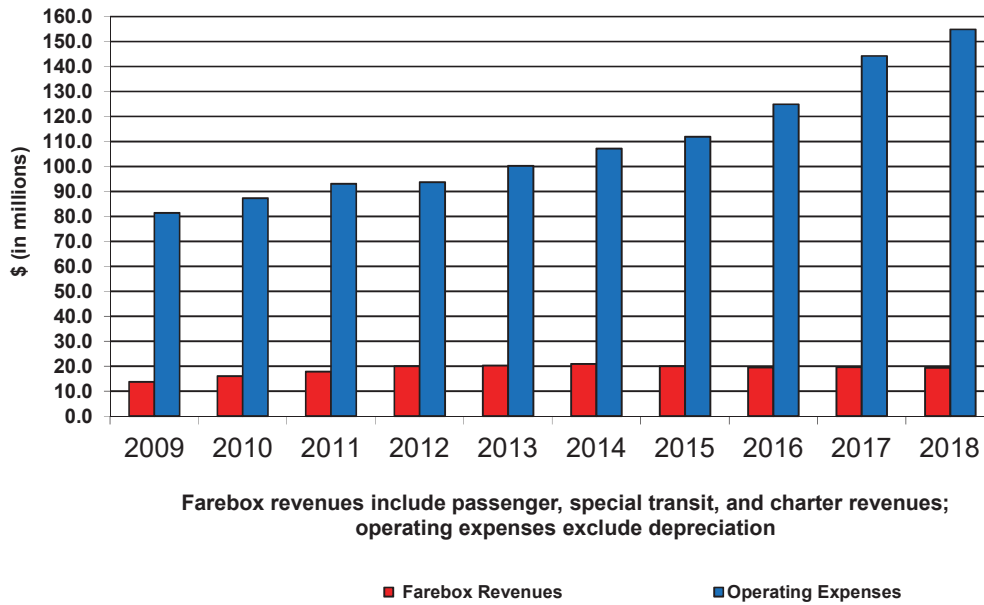
(2) Percentages are derived from the Authority's independently audited annual financial statements

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

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

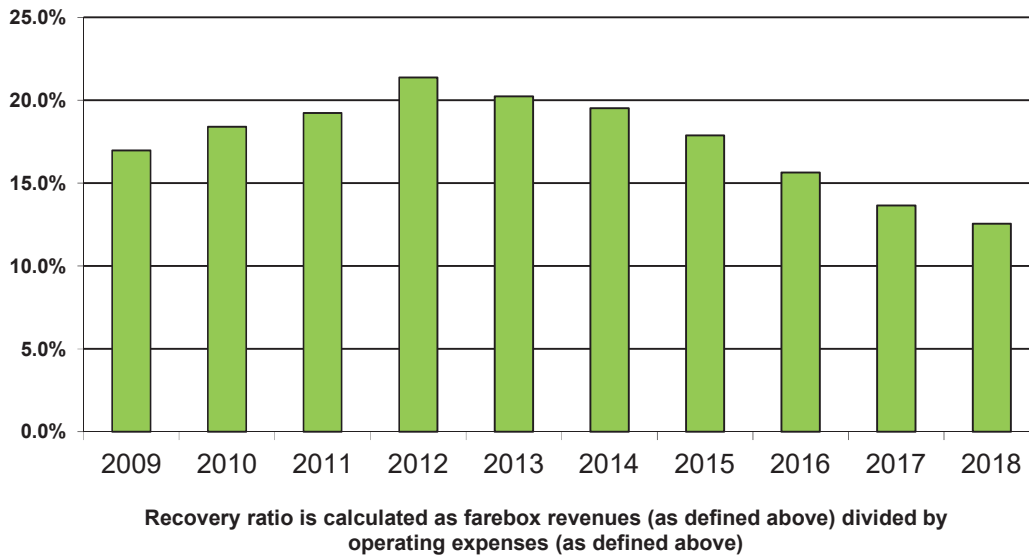
## CENTRAL OHIO TRANSIT AUTHORITY

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



## CENTRAL OHIO TRANSIT AUTHORITY

**Farebox Recovery Ratio  
Last Ten Fiscal Years**



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>OPERATING EXPENSES</b>										
OTHER THAN DEPRECIATION:										
Labor .....	\$ 33,463	\$ 35,676	\$ 37,623	\$ 38,037	\$ 39,805	\$ 43,216	\$ 46,537	\$ 51,926	\$ 57,546	\$ 59,790
Fringe benefits .....	21,490	23,384	24,302	24,676	26,120	28,402	29,517	35,781	47,906	52,983
Services .....	5,723	6,118	6,522	5,993	7,744	7,269	8,190	10,286	11,254	10,904
Materials and supplies .....	5,515	5,857	6,297	6,307	6,958	7,372	8,256	9,041	10,385	11,568
Fuel .....	4,979	6,354	7,588	8,387	9,025	8,536	6,806	4,946	3,785	5,279
Utilities .....	1,727	1,894	1,937	1,552	1,811	2,179	2,099	2,038	2,267	2,888
Claims and insurance .....	348	(84)	338	80	(454)	246	150	57	178	241
Taxes .....	900	960	937	934	1,037	860	814	750	778	768
Purchased transportation .....	6,053	6,061	6,533	6,733	7,136	7,652	7,742	7,822	7,669	7,869
Leases and rentals .....	351	341	284	185	183	184	175	186	173	156
Miscellaneous .....	833	769	743	854	938	1,278	1,653	1,992	2,278	2,391
<b>Total .....</b>	<b>81,382</b>	<b>87,330</b>	<b>93,104</b>	<b>93,738</b>	<b>100,303</b>	<b>107,194</b>	<b>111,939</b>	<b>124,825</b>	<b>144,219</b>	<b>154,837</b>
<b>DEPRECIATION .....</b>	<b>13,877</b>	<b>12,672</b>	<b>13,333</b>	<b>16,335</b>	<b>20,048</b>	<b>22,094</b>	<b>24,469</b>	<b>25,376</b>	<b>27,673</b>	<b>29,451</b>
<b>Total operating expenses .....</b>	<b>95,259</b>	<b>100,002</b>	<b>106,437</b>	<b>110,073</b>	<b>120,351</b>	<b>129,288</b>	<b>136,408</b>	<b>150,201</b>	<b>171,892</b>	<b>184,288</b>
<b>NONOPERATING EXPENSES:</b>										
Loss on sale of capital assets .....	1,157	650	56	933	-	30	-	289	692	374
Non-operating project expense .....	-	-	-	-	-	-	-	1,216	4,409	668
Regional transit subsidy .....	-	-	-	-	-	1,072	240	1,508	1,038	953
<b>TOTAL EXPENSES .....</b>	<b>\$ 96,416</b>	<b>\$ 100,652</b>	<b>\$ 106,493</b>	<b>\$ 111,006</b>	<b>\$ 120,351</b>	<b>\$ 130,390</b>	<b>\$ 136,648</b>	<b>\$ 153,214</b>	<b>\$ 178,031</b>	<b>\$ 186,283</b>

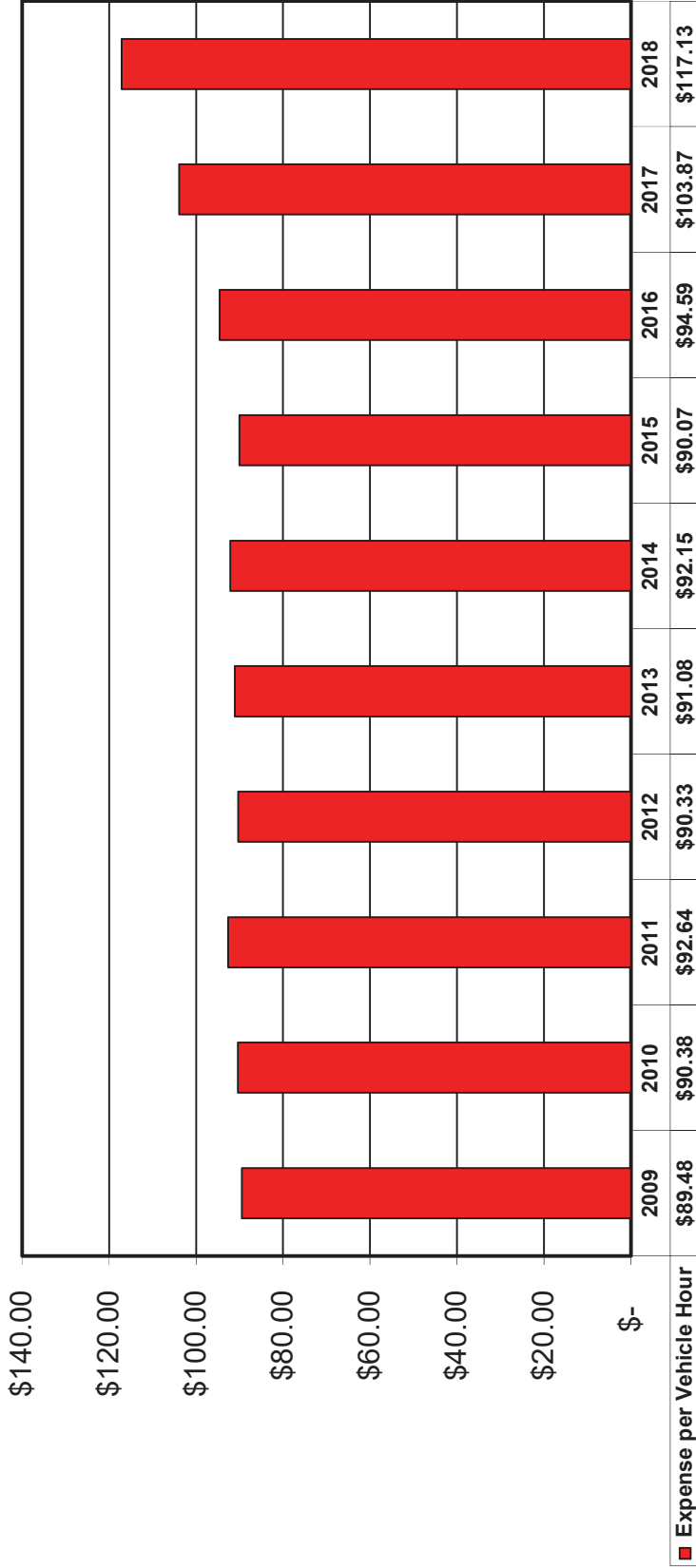
\* GASB 68 implemented in 2015.

\* GASB 75 implemented in 2018.

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 <sup>(1)</sup>**

<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>
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	*	*	*	*	*	*	*	*
2018	*	*	*	*	*	*	*	*

**CENTRAL OHIO TRANSIT AUTHORITY <sup>(2)</sup>**

<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 <sup>(3)</sup></u>
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%	-0.1%	6.9%	2.5%	100.1%
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%	-0.4%	7.1%	2.0%	99.8%
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%	2.5%	100.1%
2016	70.3%	8.2%	11.2%	1.6%	0.0%	6.3%	2.3%	99.9%
2017	73.1%	7.8%	9.8%	1.6%	0.1%	5.3%	2.2%	100.0%
2018	72.8%	7.0%	10.9%	1.9%	0.2%	5.1%	2.1%	100.0%

\* Information not available

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

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

(3) Total operating expenses exclude depreciation



**CENTRAL OHIO TRANSIT AUTHORITY  
LEGAL DEBT MARGIN  
DECEMBER 31, 2018  
(IN THOUSANDS)**

**CALCULATION OF LEGAL OVERALL DEBT MARGIN:**

Total assessed property valuation of Authority (2018 tax year valuation) (1) .....	\$ 31,535,400,220
Multiplied by: Legal overall debt limitation (%) .....	<u>5.00%</u>
Equals: Total legal voted and unvoted debt limitation .....	\$ 1,576,770,011
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>\$ 1,576,770,011</u>

**CALCULATION OF LEGAL UNVOTED DEBT MARGIN:**

Total assessed property valuation of Authority (2018 tax year valuation) (1) .....	\$ 31,535,400,220
Multiplied by: Legal unvoted debt limitation (%) .....	<u>0.10%</u>
Equals: Legal unvoted debt limitation .....	\$ 31,535,400
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>\$ 31,535,400</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>
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	1,269,998	\$ 31,177,066,170	\$ -	0.00%	\$0.00
2018	1,291,981	\$ 31,535,400,220	\$ -	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, 2018**

Franklin County Total Value	
Licking County (City of Reynoldsburg)	\$30,506,016,850
Delaware County (Westerville & Columbus)	\$206,993,960
Fairfield County (Columbus and Reynoldsburg)	\$659,942,350
	\$162,447,060

**\*Assessed Value for COTA = \$ 31,535,400,220**

\*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	195,735,000	100.0%	195,735,000
Cities wholly within COTA	1,743,265,000	100.0%	1,743,265,000
Cities with Overlapping:			
City of Dublin	56,865,000	83.1%	47,260,502
City of Pickerington	13,520,000	0.4%	48,672
Canal Winchester City	5,186,941	85.09%	4,413,568
Villages wholly within COTA	4,275,000	100.0%	4,275,000
Villages with Overlapping:			
Townships wholly within COTA	11,756,500	100.0%	11,756,500
Townships with Overlapping:			
Washington Township	0	83.46%	0
School Districts wholly within COTA	936,911,325	100.0%	936,911,325
School Districts with Overlapping:			
Canal Winchester Local S.D.	45,640,680	73.25%	33,431,798
Dublin City S.D.	89,393,377	76.36%	68,260,783
Hilliard City S.D.	135,117,433	99.99%	135,103,921
Licking Heights Local S.D.	91,589,978	50.44%	46,197,985
Olentangy Local S.D.	358,119,914	5.00%	17,905,996
Pickerington Local S.D.	88,752,965	1.52%	1,349,045
New Albany-Plain Local S.D.	80,905,045	99.99%	80,896,954
South-Western City S.D.	161,630,000	99.83%	161,355,229
Teays Valley Local S.D.	26,765,000	0.40%	107,060
Westerville City S.D.	50,845,000	63.05%	32,057,773
Delaware County Joint Vocational S.D.	-	0.03%	0
Eastland Joint Vocational S.D.	1,050,000	59.39%	623,595
Licking County Joint Vocational S.D.	14,795,000	6.82%	1,009,019
Special District with Overlapping:			
Delaware County District Library	-	0.0%	-
New Albany/Plain Jnt Park District	3,604,476	99.99%	3,604,116
<b>Total</b>			<u><u>3,525,568,841</u></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. TY2017/CY2018 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)
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	1,269,998	\$48,199	33.9	226,996	3.6%
2018	1,291,981	\$49,448	33.4	172,106	3.8%

Note: All information presented is for Franklin County

\* Information not 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  
2009-2017**  
(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	% of		Rank	Name of Employer	% of	
		FTE 2018	Total			FTE 2009	Total
1	Ohio State University	32,111	17.58%	1	State of Ohio	24,492	19.64%
2	Ohio Health	26,599	14.56%	2	Ohio State University	21,107	16.93%
3	Wal-Mart Stores Inc	26,000	14.24%	3	JP Morgan Chase	14,689	11.78%
4	State of Ohio	24,955	13.66%	4	Nationwide Mutual Insurance co.	11,441	9.18%
5	JP Morgan Chase & Co	18,701	10.24%	5	United States Government	10,762	8.63%
6	Nationwide	13,455	7.37%	6	Ohio Health	10,592	8.49%
7	Nationwide Children's Hospital	12,023	6.58%	7	Honda of America Manufacturing Inc	8,800	7.06%
8	Kroger Co	11,206	6.14%	8	Columbus Public Schools	8,276	6.64%
9	City of Columbus	8,873	4.86%	9	City of Columbus	8,227	6.60%
10	Mount Carmel Health System	8,708	4.77%	10	Franklin County	6,310	5.06%

Honda North America Inc.

Source Business First, Book of Lists, 2018 and 2009.

# CENTRAL OHIO TRANSIT AUTHORITY

## Fare Rate Structure

### December 31, 2018

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**CASH OR TICKET FARES:**

Express .....	\$	2.75
Local and Crosstown .....		2.00
Project Mainstream ADA Trip <sup>(1)</sup> .....		3.50
Project Mainstream Non-ADA Trip <sup>(1)</sup> .....		5.00
Transfer .....		Free

**DAY PASSES <sup>(2)</sup>:**

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

**MONTHLY PASSES:**

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

**SPECIAL FARES:**

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>SYSTEM RIDERSHIP</b>										
Motor bus.....	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	18,913,789
Demand responsive.....	237,949	238,290	259,883	268,960	277,467	285,817	282,515	278,410	287,242	291,455
<b>AVERAGE WEEKDAY</b>										
<b>SYSTEM RIDERSHIP</b>										
Motor bus.....	58,779	57,340	63,065	62,266	61,538	63,050	62,356	60,884	59,344	60,419
Demand responsive.....	779	782	858	873	887	935	908	898	925	955
<b>VEHICLE MILES OPERATED</b>										
Motor bus.....	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	16,812,732
Demand responsive.....	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	4,064,420
<b>AVERAGE WEEKDAY</b>										
<b>VEHICLE MILES OPERATED</b>										
Motor bus.....	35,331	36,911	38,551	39,047	41,152	42,354	44,991	49,431	49,897	47,981
Demand responsive.....	10,973	11,550	11,388	11,430	11,821	12,385	12,772	12,757	12,976	13,037
<b>REVENUE MILES</b>										
Motor bus.....	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	13,619,995
Demand responsive.....	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	3,551,774
<b>PASSENGER MILES</b>										
Motor bus.....	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	73,617,347
Demand responsive.....	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	3,031,477

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)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>VEHICLE HOURS OPERATED</b>										
Motor bus..... (1)	753,377	801,137	835,880	861,213	918,742	974,096	1,045,171	1,118,776	1,181,768	1,231,077
Demand responsive.....	156,103	165,099	169,102	176,468	182,477	189,120	197,621	200,845	206,660	204,958
<b>VEHICLE REVENUE HOURS</b>										
Motor bus..... (1)	685,030	732,886	766,606	789,004	841,428	879,037	948,248	1,013,167	1,072,219	1,116,957
Demand responsive.....	138,847	142,958	151,416	159,306	165,320	172,145	178,038	179,841	180,302	182,865
<b>DIESEL, BIODIESEL, CNG GASOLINE FUEL USAGE (IN GALLONS)..... (1)</b>	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	4,238,228
<b>FLEET REQUIREMENTS (DURING PEAK HOURS) (1)</b>										
Motor bus.....	235	241	247	257	261	275	284	295	297	268
Demand responsive.....	56	56	56	68	60	68	77	64	60	60
<b>TOTAL REVENUE VEHICLES DURING PERIOD</b>										
Motor bus..... (1)	292	306	296	308	334	336	341	354	357	322
Demand responsive.....	66	65	64	74	66	74	78	72	60	72
<b>NUMBER OF EMPLOYEES</b> ..... (1)	782	793	853	852	865	924	951	1,004	1,122	1,188

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**

<b>CLASSIFICATION</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
VEHICLE OPERATIONS	531	532	577	593	594	647	680	721	775	843
VEHICLE MAINTENANCE	116	114	123	117	121	123	125	130	171	173
NON-VEHICLE MAINTENANCE	33	37	36	35	30	28	27	29	31	30
GENERAL ADMINISTRATION	102	110	117	107	120	126	119	124	145	142
<b>TOTAL LABOR</b>	<b>782</b>	<b>793</b>	<b>853</b>	<b>852</b>	<b>865</b>	<b>924</b>	<b>951</b>	<b>1004</b>	<b>1122</b>	<b>1188</b>

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, 2018**

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Date of creation of Authority by local county and municipal governments .....	February 17, 1971
Date of acquisition of assets of Columbus Transit Company (C.T.C.) .....	June 29, 1973
Date of commencement of Authority operations .....	January 1, 1974
Form of government .....	Board of Trustees, with fulltime President/CEO
Number of Trustees .....	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 .....	962.6
Number of routes .....	43
Number of bus stop locations .....	3,030
Number of bus stop passenger shelters .....	394
Number of Park-and-Ride facilities .....	26
Parking capacity, all Park-and-Ride facilities .....	2,418
Number of active fleet buses .....	322
Average bus vehicle age .....	7
Average fixed-route system speed .....	13.66
Average fixed-route system fuel economy .....	4.31
Number of customer information calls received .....	529,320

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

# 2018

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## **Comprehensive Annual Financial Report**

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FOR FISCAL YEARS ENDED DECEMBER 31, 2018 AND 2017

PREPARED BY:

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

