

***METRO REGIONAL  
TRANSIT AUTHORITY***

***AUDIT REPORT***

***For the year ended December 31, 2012***





# Dave Yost • Auditor of State

Board of Trustees  
Metro Regional Transit Authority  
416 Kenmore Boulevard  
Akron, Ohio 44301

We have reviewed the *Report of Independent Accountants* of the Metro Regional Transit Authority, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

June 24, 2013

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**Metro Regional Transit Authority**  
**SUMMIT COUNTY, OHIO**  
**AUDIT REPORT**  
For the Year Ended December 31, 2012

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**Metro Regional Transit Authority**  
Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2012

Federal Grantor/Pass Through Grantor Program Title	Grant Number	CFDA Number	Program Expenditures
<b>U.S. Department of Transportation:</b>			
<b>Federal Transit Administration:</b>			
<i>Direct Programs:</i>			
Federal Transit Cluster:			
Urbanized Area Formula Grants	OH-90-X643	20.507	\$ 52,143
	OH-90-X761	20.507	3,536,000
	OH-95-X078	20.507	1,962,755
	OH-90-X686	20.507	<u>480,000</u>
			6,030,898
Capital Investment Grants	OH-04-0024	20.500	8,406
	OH-04-0070	20.500	<u>3,801,000</u>
			3,809,406
Alternatives Analysis Project Grant	OH-39-0006	20.522	<u>36,695</u>
Total Federal Transit Administration			9,876,999
<b>Federal Highway Administration:</b>			
<i>Passed through Ohio Department of Transportation (ODOT):</i>			
Highway Planning and Construction: Transit Capital	OH-95-X077	20.205	3,042,136
Highway Planning and Construction	none	20.205	<u>4,294</u>
Total Federal Highway Administration			<u>3,046,430</u>
Total Federal Financial Assistance			<u>\$ 12,923,429</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

***Metro Regional Transit Authority***  
**Notes to the Schedule of Federal Awards Expenditures**  
**For the Year Ended December 31, 2012**

**1. General**

The accompanying schedule of federal awards expenditures is a summary of the activity of Metro Regional Transit Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting.

**2. Matching Requirements**

Certain federal programs require that the Board contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal funds are not included on this schedule.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS

Metro Regional Transit Authority  
Summit County  
416 Kenmore Blvd.  
Akron, Ohio 44301

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Metro Regional Transit Authority, Summit County, (the Authority) as of and for the year ended December 31, 2012, and have issued our report thereon dated May 6, 2013. We noted the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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

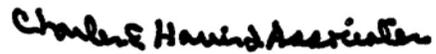
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

***Compliance and Other Matters***

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***

May 6, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Metro Regional Transit Authority  
Summit County  
416 Kenmore Blvd.  
Akron, Ohio 44301

To the Board of Trustees:

***Report on Compliance for Each Major Federal Program***

We have audited Metro Regional Transit Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Metro Regional Transit Authority's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Authority's major federal programs.

***Management's Responsibility***

The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the Metro Regional Transit Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2012.

***Report on Internal Control Over Compliance***

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Federal Awards Expenditures***

We have also audited the financial statements of the Metro Regional Transit Authority, Summit County (the Authority) as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated May 6, 2013. We conducted our audit to opine on the Authority's basic financial statements. The accompanying schedule of federal awards expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Charles E. Harris & Associates, Inc.*

***Charles E. Harris & Associates, Inc.***  
May 6, 2013

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505**

**METRO REGIONAL TRANSIT AUTHORITY  
SUMMIT COUNTY  
DECEMBER 31, 2012**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Federal Transit Administration: Federal Transit Cluster - Capital Investment Grants CFDA #20.500 Urbanized Area Formula CFDA #20.507 Alternatives Analysis Project CFDA #20.522 Federal Highway Administration: Highway Planning & Construction CFDA #20.205
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$387,703 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

**METRO REGIONAL TRANSIT AUTHORITY  
SUMMIT COUNTY, OHIO  
December 31, 2012**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior audit report, for the year ending December 31, 2011, reported no material citations or recommendations.

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# Comprehensive Annual Financial Report

*for the year ending December 31, 2012*



# METRO



**SUMMIT COUNTY**  
416 Kenmore Blvd. • Akron, Ohio • 44301

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# METRO Regional Transit Authority

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2012



Sandra Foster  
President,  
Board of Trustees

Richard M. Enty  
Executive Director/  
Secretary-Treasurer

Prepared by:  
The General Administration Department  
Dean J. Harris, CPA  
Director of Finance/Assistant Secretary-Treasurer

Summit County, Ohio

# METRO Regional Transit Authority

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2012

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# Introductory Section



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## Introductory Section – 2012

The Introductory Section includes the Authority's transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, and a Reporting Entity Profile.

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May 6, 2013

Sandra Foster, President,  
and Members, Board of Trustees  
METRO Regional Transit Authority  
and Residents of Summit County, Ohio:

It is a pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) of the METRO Regional Transit Authority (“METRO” or “Authority”) for the fiscal year ended December 31, 2012.

This report was prepared by the Finance Department of the METRO Regional Transit Authority and represents METRO’s commitment to provide accurate, concise and high-quality financial information to the Board of Trustees, interested parties and residents in METRO’s service area.

This report contains financial statements and statistical data which provide full disclosure of all of METRO’s material financial operations. The financial statements, supplemental schedules, statistical information, and all data contained herein are the representations of METRO’s management. METRO’s management bears the responsibility for the accuracy, completeness and fairness of this report. For a summary of financial activities, please review the management’s discussion and analysis located in the financial section should be reviewed. This report is indicative of METRO’s commitment to provide accurate, concise and high quality financial information to the residents of this area and to all other interested parties.



The Government of Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to METRO Regional Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the twelfth consecutive year that METRO has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

This report would not have been possible without the determination and high standards of the entire staff of the Accounting Department. METRO wishes to thank all who contributed to this project.



Richard M. Enty,  
Executive Director/  
Secretary-Treasurer



Dean J. Harris,  
Director of Finance  
Assistant Secretary-Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Metro Regional Transit Authority  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Moynell*

President

*Jeffrey R. Emer*

Executive Director

# METRO Regional Transit Authority

Board of Trustees and Administration as of December 31, 2012

## Members of the Board of Trustees

### **Representing the City of Akron**

Bernard Bear  
Saundra M. Foster  
Jack Hefner  
Elizabeth Britton  
James D. Switzer  
Open

### **Representing the County of Summit**

Paul V. Shiplett  
Heather Heslop Licata  
Scott C. Meyer

### **Representing the City of Barberton**

Craig Megyes

### **Representing the City of Cuyahoga Falls**

Stephan Kremer

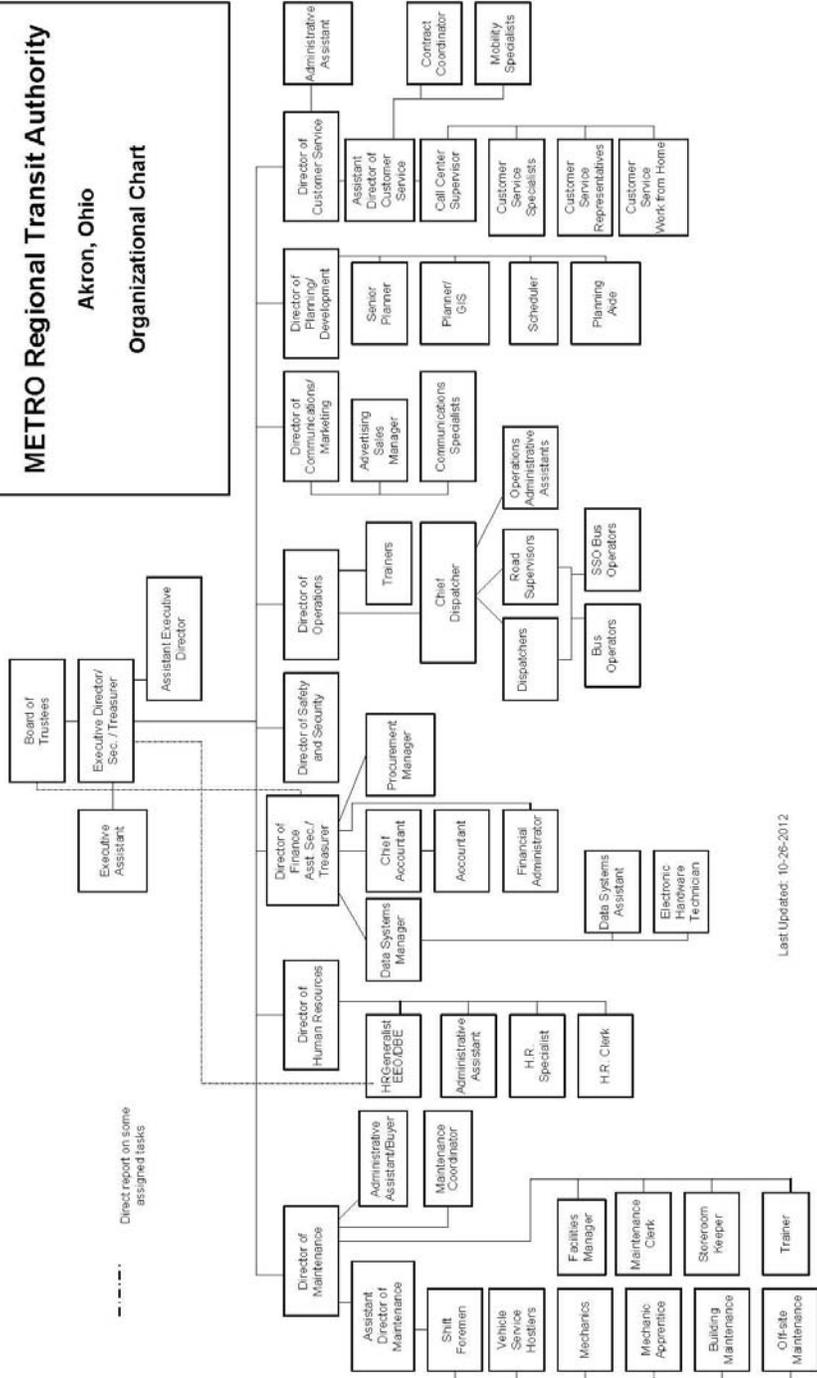
### **Representing the City of Stow**

William Lutz

## Administration

Richard M. Enty, Executive Director/Secretary-Treasurer  
Charles R. Rector, Assistant Executive Director  
Dean J. Harris, Director of Finance/Assistant Secretary-Treasurer  
Dehavilland McCall, Director of Operations  
Jim Miller, Director of Maintenance  
Sue Rice, Director of Human Resources  
Molly Becker, Director of Communication & Marketing  
Bambi Miller, Director of Customer Service  
Open , Director of Planning  
Mark Pry, Director of Safety & Security

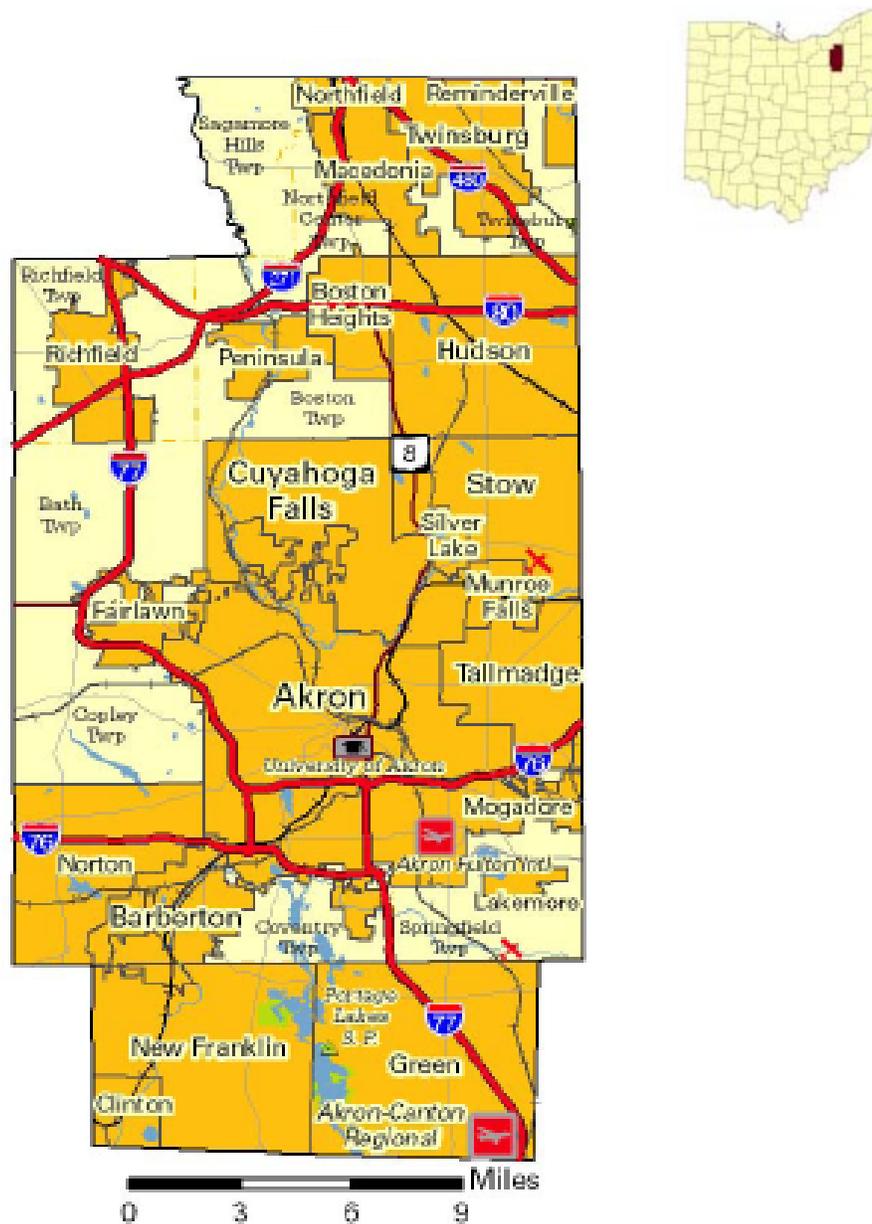
# METRO Regional Transit Authority Akron, Ohio Organizational Chart



- - - - - Direct report on some assigned tasks

Last Updated: 10-26-2012

## SUMMIT COUNTY, OHIO



Summit County is located in the northeastern portion of the State of Ohio and was named because it was the highest point along the Erie-Ohio canal.

The County consists of twenty-two municipalities (cities and villages) and nine townships. The seat of the county government is the City of Akron.

## REPORTING ENTITY

### General

METRO's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14. Accordingly, the financial statements contained within this comprehensive annual financial report include only the accounts and transactions of METRO. A discussion of METRO's reporting entity is included in Note 1 to the financial statements.

METRO was created under Chapter 306 of the Ohio Revised Code by resolution of the City of Akron, Ohio adopted originally in 1972 and amended on January 28, 1991 to transform the three-city transit system to a countywide transit system. METRO's service area covers 419.92 square miles in Summit County. Express service to downtown Cleveland, Ohio is also provided.

### Operations and Funding

Voters approved a ¼ of 1 percent continuous sales and use tax in November 1990 that permitted METRO to expand to a countywide service. In March 2008 the voters approved an additional ¼ of 1 percent continuous sales and use tax to maintain service levels.

### Facilities

METRO has five facilities that are located at:

- \* 416 Kenmore Boulevard - METRO's main administration and maintenance facility.
- \* 631 South Broadway – an intermodal facility located in downtown Akron that provides ticket sales and customer information, passenger amenities, and the facility includes a Greyhound terminal. The facility also provides connection to Portage Area Regional Transportation Authority, Stark Area Regional Transit Authority and to the University of Akron's Roo Express
- \* 2340 Romig Road –Transfer Center (Southwest Akron)
- \* 465 Ghent Road – James Fisher Park and Ride lot (West Akron)
- \* 2600 Creekside Drive – Park and Ride lot (Twinsburg)

### Services

METRO provides fixed route and demand response (SCAT) service in the County of Summit, Ohio and Express Service into downtown Cleveland, Ohio.

### Management, Board of Trustees

METRO is managed by a Board of Trustees, which is vested by Ohio law with the powers necessary to manage METRO. The legislation and agreements establishing METRO provide for a twelve-member board serving three-year terms. The Board members are appointed by five different governmental agencies. The City of Akron has six seats, the County of Summit has three, and the cities of Barberton, Cuyahoga Falls and Stow have one each.

## Administration

The administration of METRO, subject to the policies and supervision of its Board of Trustees, is directed by an Executive Director. The Executive Director is under contract to the Board of Trustees. The Executive Director selects the remaining senior administrative staff. An organizational chart, which depicts the key functional responsibilities, is shown on page 5 of this Introductory Section.

## ECONOMIC CONDITION AND OUTLOOK

### General

Summit County (METRO's primary service area) is located in northeast Ohio, and the City of Akron is located near the center of the county and is the county seat. The Primary Akron Metropolitan Statistical Area (PMSA) consists of Summit and Portage Counties. The, 2010 PMSA population was 703,200. Summit County represents 78% of the two counties' total population.

Summit County is served by diversified transportation facilities. Interstate I-77 runs north and south through the county while I-76 crosses east and west through the county. The Ohio Turnpike crosses the northern portion of the county. A total of five interstate highways, one U.S. highway and seventeen state highways are located in the county.

The Summit County unemployment rate for 2012 was 6.9%, compared with a national average of 8.1%.

Once known as the "Rubber Capital of the World", Akron has moved forward into the world of liquid crystal and polymer research, development, and technology. More than 400 companies in the area are at work on one aspect or another of polymers, creating what is now referred to as the "Polymer Valley." The University of Akron supports the industry with both a College of Polymer Engineering and a specialized laboratory and research facility accessible by Akron area business partners.

### Population

Population in METRO's principal service area since 1960 has been as follows:

<u>YEAR</u>	<u>AKRON</u>	<u>SUMMIT COUNTY</u>
1960	290,351	513,569
1970	275,425	553,371
1980	238,177	524,472
1990	223,019	514,990
2000	217,074	542,899
2010	199,110	541,781

## Employment

The following table shows comparative unemployment statistics for Summit County, the State of Ohio and the United States for the last five years:

Average Unemployment Rates (last five years)			
<u>Year</u>	<u>Summit County</u>	<u>Ohio</u>	<u>U.S.</u>
2008	9.2%	6.5%	5.8%
2009	9.8%	10.2%	9.3%
2010	9.9%	10.1%	9.6%
2011	8.4%	8.6%	8.9%
2012	6.9%	7.2%	8.1%

## MAJOR INITIATIVES

### Recent Developments

Highlights of the 2012 year of operations include the following:

- \* Took delivery of twenty-three 40-foot Gillig CNG buses and ten CNG Paratransit buses.
- \* Replaced a bridge on the Sandyville rail line.
- \* Upgraded the fareboxes on of line service buses to include the ability to use smart cards.
- \* Provided 5,230,118 line service passenger trips on METRO.
- \* Provided 270,280 demand response passenger trips on SCAT.

### Future Projects

METRO continues to implement its current long-range plan. This plan was developed to provide METRO with a strategy for implementing capital and operational projects. The five-year portion of the long-range plan includes:

Continue the rehabilitation of the maintenance facilities, including replacing the bus servicing and bus washing building.

Replace 10 40-foot CNG low floor buses.

Replace 31 CNG Paratransit buses.

Upgrade the service lanes and bus wash system.

# FINANCIAL INFORMATION

## Internal Control Structure

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

In developing and evaluating METRO'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 protection of assets against loss from unauthorized use or disposition, and the reliability of financial records used to prepare financial statements. The concept of "reasonable assurance" recognizes that the cost of the control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits require estimates and judgments by management.

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

## Basis of Accounting

METRO accounting records are maintained on the accrual basis. The activities are accounted for in a single enterprise (Proprietary-type) fund.

## Budgetary Controls

The annual accrual-basis operating budget and capital budget are proposed by METRO management and adopted by the Board of Trustees in a public meeting. The annual budget is prepared using overall guidelines established after consideration of METRO's long-range financial plan.

All capital and operating items exceeding \$100,000 receive Board approval prior to purchase. The long-range plan, updated annually, projects sources over the next five years and establishes service levels and growth commensurate with such revenue limits.

METRO maintains budgetary control by not permitting total operating expenses and expenditures for individual capital projects to exceed their appropriations without approval by the Board of Trustees. Management ensures that expenses and capital expenditures stay within the total appropriation. On a monthly basis, the Board reviews budget variations. It is the responsibility of each department to administer its operations in such a manner as to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Trustees.

## Financial Operating Results

### Revenues

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

	Revenue by Source		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Sales Tax	\$ 39,686,825	\$ 36,279,210	\$ 34,521,101
Passenger Fares	5,333,938	4,606,232	5,104,349
Federal Assistance	5,962,190	5,998,391	4,123,465
State Assistance	260,230	629,962	829,767
Interest Income	73,074	92,127	55,230
Auxiliary Transportation Revenue	405,113	398,486	363,317
Non-transportation Revenue	562,911	420,977	448,785
	<u>\$ 52,284,281</u>	<u>\$ 48,425,385</u>	<u>\$ 45,446,014</u>

**Sales Tax** revenues increased 9.4% over last year. This is a sales and use tax of ½ of 1% on all goods and services sold in Summit County. There is no limit on its duration. With the recession ending and unemployment decreasing this has helped the sales tax revenue continues to grow.

**Passenger fares** are comprised of farebox revenues, tickets sales, special transit fares and a contract with the Akron Board of Education. METRO also has additional contracts with local governmental agencies to provide Paratransit service. The increase in passenger fares of 15.8% percent in 2012 can be attributed to an increase in the use of discounted tickets and passes. There was also an increase in ridership from 2011 to 2012.

**Federal assistance** funds are received from the Federal Transit Administration for certain items that are classified as capital assistance. Capital assistance, as defined by the FTA, includes preventive maintenance, leases, planning, and other operating items that are part of capital projects. The level of funds received in 2012 were down slightly compared to 2011.

**State assistance** funds are fuel tax refunds. The amounts in 2012 were 58.7% lower compared to 2011 due to a change in funding from the State of Ohio. The State of Ohio eliminated funding assistance for elderly and handicapped half fare assistance.

**Auxiliary Transportation Revenue** consists of advertising and miscellaneous revenue. Auxiliary revenue in 2012 was 1.6% higher compared to 2011. This was due to an increase in rates for advertising and additional advertising sales.

**Non-Transportation Revenue** consists primarily of revenue from the sales of obsolete assets, gain disposal of assets, sales of Solar Renewable Energy Credits and all other miscellaneous revenue. In 2012 there was a 33.7% increase compared to 2011 due to sales of additional Solar Renewable Energy Credits.

## Operating Expenses

### Operating Expenses by Object Class

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Labor	\$16,649,367	\$15,729,019	\$14,808,947
Fringe Benefits	10,108,654	10,490,896	9,359,814
Materials and Supplies	6,259,905	6,083,212	5,676,943
Services	2,349,651	2,320,702	2,331,548
Utilities	539,714	582,260	573,273
Casualty and Liability	1,099,473	1,166,261	1,264,872
Taxes	273,560	276,498	250,354
Purchased Transportation	834,256	1,374,797	1,209,177
Interest Expense	15,000	19,234	24,072
Loss from the disposal of Assets	75,107	0	0
Miscellaneous	467,333	401,032	441,111
	<u>\$38,672,020</u>	<u>\$ 38,443,911</u>	<u>\$ 35,940,111</u>

Total operating expenses, excluding depreciation, increased in 2012 by less than 0.6% and by 7% in 2011. The small increase in 2012 was due to a decrease in the cost of medical expenses and the reduction in the use of purchase transportation services.

**Labor and Fringe Benefits** are METRO's major expense items. Wages were up a little less than 6% in 2012 due to wage increases and hiring of additional Operators to expand bus service. Fringe benefits were down about 3.6% in 2012 due to a decrease in medical claims.

**Material and Supplies** were up 3% in 2012 due to the rising cost of parts and fuel.

**Services** were up slightly same in 2012 compared to 2011.

**Utilities** were down 7.3% in 2012 compared to 2011. This decrease was due to a full year of production from the solar panels.

**Casualty and Liability** were 5.8% lower in 2012 due to a decrease in the premium cost.

**Purchased Transportation** was down 39.3% in 2012 due to a reduction in the use of purchase transportation for passenger trips.

**Miscellaneous Expenses** was 16.5% higher in 2012 due to higher costs for media, travel and meetings.

## Financial Operating Results

METRO's net revenue for the years ended December 31, 2012 and 2011 was \$13,612,261 and \$10,435,756 respectively. This is before Capital Contributions and Depreciation.

## Debt Administration

The Authority has outstanding bonds of \$205,000, a decrease of \$95,000 from the prior year. This debt consists of capital facilities bonds issued for the purpose of purchasing, acquiring, constructing, replacing, improving, extending and enlarging transit facilities and other equipment.

In December 2012, the Authority, made its annual payment on its bonds.

There was no other activity relating to debt for the Authority.

## OTHER INFORMATION

METRO's independent auditing firm, Charles E. Harris and Associates, Inc, has rendered an unqualified auditors' report on METRO's financial statements for the fiscal year ended December 31, 2012.

METRO also participates in the Federal single audit program, which consists of a single audit of all federally funded programs administrated by METRO. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including METRO. The single audit performed by Charles E. Harris and Associates, Inc met the requirements set forth by the State of Ohio and the Federal Single Audit Act of 1984 (as amended in 1996) and related OMB Circular A-133. The independent auditors' reports issued thereon noted no instances of direct and material noncompliance by METRO with applicable State or Federal laws or regulations for the fiscal year ended December 31, 2012.

## Certificate of Achievement Program

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

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# Financial Section



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## Financial Section – 2012

The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Notes to the Financial Statements, other Required Supplementary Information (RSI) and other financial schedules.

**REPORT OF INDEPENDENT ACCOUNTANTS**

Metro Regional Transit Authority  
Summit County  
416 Kenmore Blvd.  
Akron, Ohio 44301

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Metro Regional Transit Authority, Summit County, Ohio (the Authority), as of and for the years ended December 31, 2012 and 2011, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

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

***Emphasis of Matter***

As described in Note 1 to the financial statements, during 2012, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The implementation of these Standards had no effect on the prior year Net Position. 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 this presentation to include *Management's discussion and analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

***Supplementary and Other Information***

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole. The introductory section and the statistical section information present additional analysis and are not a required part of the basic financial statements.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2013 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.



***Charles E. Harris & Associates, Inc.***  
May 6, 2013

METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended December 31, 2012

As financial management of the METRO Regional Transit Authority (the Authority”), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2012. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

**Financial Highlights**

- The Authority has a net position of \$104.6 million. This net position results from the difference between total assets of \$108.5 million and total liabilities of \$3.9 million.
- Current assets of \$37.7 million primarily consist of non-restricted Cash and Cash Equivalents of \$24.6 million; Sales and Use Tax receivable of \$6.4 million and long-term investments of \$5.1 million.
- Current liabilities of \$3.8 million primarily consist of accrued payroll and payroll liabilities of \$2.6 million and accounts payable of \$0.9 million.
- Long-Term Debt consists of bonds of \$105,000 or 2.7% of the total liabilities balance of \$3.9 million.

METRO’s overall financial position is very good. With the economy recovering sales tax increases have allowed a growth to the overall revenue while maintaining a strong fiscal control over cost. These two factors have allowed METRO to continue to increase service while also rebuilding our fund balance.

**Basic Financial Statements and Presentation**

The financial statements presented by the Authority are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority is structured as 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, except land, are capitalized and depreciated over their estimated useful lives.

## METRO REGIONAL TRANSIT AUTHORITY

### MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Year Ended December 31, 2012

#### **Basic Financial Statements and Presentation (Cont'd)**

The Statement of Net Position presents information on all the Authority's assets and liabilities, with the difference between the two reported as net Position. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The net position increases when revenues exceed expenses. Increases in assets without a corresponding increase to liabilities results in increased net position, which indicate improved financial position.

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

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

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to the Financial Statements can be found on pages 27-42 of this report.

METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Year Ended December 31, 2012

**Financial Analysis of the Authority**

**Condensed Summary of Net Position**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 37,879,697	\$ 28,986,315	\$ 22,570,054
Capital assets, net of accumulated depreciation	<u>70,595,408</u>	<u>60,030,829</u>	<u>55,623,863</u>
Total assets	108,475,105	89,017,144	78,193,917
Current liabilities	3,761,772	3,485,528	4,395,874
Non-current liabilities	<u>105,000</u>	<u>534,367</u>	<u>696,513</u>
Total liabilities	<u>3,866,772</u>	<u>4,019,895</u>	<u>5,092,387</u>
Net position:			
Net Investment in capital assets	70,390,408	59,730,829	55,228,863
Unrestricted net position	<u>34,217,925</u>	<u>25,266,420</u>	<u>17,872,667</u>
Total net position	<u>\$ 104,608,333</u>	<u>\$ 84,997,249</u>	<u>\$ 73,101,530</u>

By far, the largest portion of the Authority's net position reflect net investment in capital assets (e.g., line service and Paratransit buses, operating facilities including our administrative/maintenance office, intermodal transit center, transfer center and our banked railroad property) less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide public transportation service for Summit County citizens. These assets are not available to liquidate liabilities or to cover other spending.

METRO REGIONAL TRANSIT AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Year Ended December 31, 2012

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

	2012	2011	2010
<b>OPERATING REVENUES:</b>			
Passenger fares	\$ 4,846,581	\$ 4,207,746	\$ 4,004,439
Advertising and concessions	405,113	398,486	363,317
<b>Total Operating Revenues</b>	<b>\$ 5,251,694</b>	<b>\$ 4,606,232</b>	<b>\$ 4,367,756</b>
<b>OPERATING EXPENSES</b>			
Labor	\$ 16,649,367	\$ 15,729,019	\$ 14,808,947
Fringe benefits	10,108,654	10,490,896	9,359,814
Materials and supplies	6,259,905	6,083,212	5,676,943
Services	2,349,651	2,320,702	2,331,548
Utilities	539,714	582,260	573,273
Casualty and liability	1,099,473	1,166,261	1,264,872
Taxes	273,560	276,498	250,354
Purchased transportation service	834,256	1,374,797	1,209,177
Miscellaneous	467,333	401,032	441,111
<b>Total Operating Expenses excluding depreciation</b>	<b>\$ 38,581,913</b>	<b>\$ 38,424,677</b>	<b>\$ 35,916,039</b>
<b>OPERATING LOSS BEFORE DEPRECIATION</b>	<b>\$ (33,330,219)</b>	<b>\$ (33,818,445)</b>	<b>\$ (31,548,283)</b>
Depreciation Expense	(6,920,312)	(6,397,734)	(6,237,556)
<b>OPERATING LOSS</b>	<b>\$ (40,250,531)</b>	<b>\$ (40,216,179)</b>	<b>\$ (37,785,839)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Sales tax revenue	\$ 39,686,825	\$ 36,279,210	\$ 34,521,101
Federal operating grants and reimbursements	5,962,190	5,998,391	4,123,465
State operating grants and special fare assistance	260,230	629,962	829,767
Student fare and other assistance	487,357	852,768	1,099,910
Interest income	73,074	92,127	55,230
Interest expense	(15,000)	(19,234)	(24,072)
Gain (Loss) from disposal of assets	(75,107)	54,422	6,990
Other	562,911	366,555	441,795
<b>Total Non-Operating Revenues - net</b>	<b>\$ 46,942,480</b>	<b>\$ 44,254,201</b>	<b>\$ 41,054,186</b>
<b>CAPITAL GRANT REVENUE</b>			
Capital Grant Revenue	\$ 12,919,135	\$ 7,583,812	\$ 6,059,733
<b>CHANGE IN NET POSITION</b>	<b>19,611,084</b>	<b>11,621,834</b>	<b>9,328,080</b>
Net Position, Beginning Balance	\$ 84,997,249	\$ 73,101,530	\$ 65,799,509
Prior Period Auditor Adjustment	-	273,885	(2,026,059)
Net Position, Ending Balance	<b>\$ 104,608,333</b>	<b>\$ 84,997,249</b>	<b>\$ 73,101,530</b>

METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Year Ended December 31, 2012

The Authority's operating revenue was \$52.2 million in 2012. This is a 7.1% increase over 2011. This increase is a result from an increase in sales tax and passenger fares. While in 2011 METRO had an operating revenue of \$48.9 million. This was an increase of 7.7% over 2010. This increase was a result of an increase in sales tax and federal revenue. Operating expenses, excluding depreciation, increased by \$0.2 million in 2012 and \$2.5 million in 2011. In 2012 wages and professional services increased but this was off-set by decreases in fringe benefits and purchase transportation. In 2011 increases included wages, benefits, material and supplies. Depreciation expense decreased by \$0.7 million in 2012 and by \$0.2 million in 2011.

**Condensed Summary of Cash Flows**

Net cash used for operating activities increased by \$1.2 million in 2012 as a result of a decrease in expenses for benefits. In 2011 cash flow from operating activities decreased by \$4.2 million due to increased cost for wages and benefits. In 2012 net cash from non-capital activity increased by \$3.3 million due to increased sales tax revenue and grant revenue. Net cash from non-capital activity increased by \$2.2 million in 2011 due to increased sales tax revenue and grant revenue. Cash and cash equivalents increased in 2012 by \$4.9 million and increased in 2011 by \$5.5 million.

	2012	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 4,882,721	\$ 4,045,546	\$ 4,028,244
Cash received from others for miscellaneous services	405,113	398,486	805,112
Cash payments to suppliers for goods and services	(11,882,173)	(11,505,112)	(10,991,962)
Cash payments to employees for services	(26,737,174)	(27,452,166)	(24,088,330)
Net cash used in operating activities	(33,331,513)	(34,513,246)	(30,246,936)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Sales taxes received	38,092,648	36,203,544	34,521,101
Operating grants and other assistance received	7,672,688	6,228,353	5,681,513
Net cash provided by non-capital financing activities	45,765,336	42,431,897	40,202,614
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital grants received	12,919,135	6,527,673	6,059,733
Acquisition and construction of capital assets	(17,614,265)	(10,628,610)	(13,782,301)
Principal paid on bonds	(95,000)	(95,000)	(90,000)
Interest paid on bonds	(15,000)	(19,193)	(11,662)
Net cash provided by capital and related financing activities	(4,805,130)	(4,215,130)	(7,824,230)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Cash proceeds from sale of investments - net	(2,845,227)	1,739,052	0
Interest received from investments	73,074	92,127	55,230
Net cash provided by investing activities	(2,772,153)	1,831,179	55,230
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,856,540	5,534,700	2,186,678
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	19,777,343	14,242,643	12,055,965
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 24,633,883	\$ 19,777,343	\$ 14,242,643

## METRO REGIONAL TRANSIT AUTHORITY

### MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Year Ended December 31, 2012

#### **Capital Asset and Debt Administration**

##### **Capital Assets**

The Authority's net investment in capital assets amounts to \$70.5 million, net of accumulated depreciation as of December 31, 2012, an increase of \$10.5 million compared to 2011. Capital assets include land and land improvements, revenue producing and service equipment, buildings and structures, shop equipment, office furnishings and computer equipment.

Additional information on capital asset activity can be found in note 5 to the financial statements.

##### **Long-term Debt**

The Authority has outstanding bonds of \$205,000 a decrease of \$95,000 from the prior year. This debt consists solely of capital facilities bonds issued for the purpose of purchasing, acquiring, constructing, replacing, improving, extending and enlarging transit facilities and other equipment. The bonds were authorized to be issued and sold under resolutions passed by the Board of Trustees. The bonds are general obligations of the Authority. During 2012 the Authority had no new debt activity except for payments made for interest and principal. Additional information on long-term debt activity can be found in note 4 to the financial statements.

##### **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, METRO Regional Transit Authority, 416 Kenmore Boulevard, Akron, OH 44301.

METRO REGIONAL TRANSIT AUTHORITY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012

ASSETS	2012	2011
CURRENT ASSETS:		
Cash and cash equivalents	\$ 24,633,883	\$ 19,777,343
Investments	5,058,688	2,203,441
Receivables:		
Sales taxes	6,359,689	4,765,512
Intergovernmental -Federal Grants	-	400,000
Trade and other	258,196	270,422
Materials and supplies inventory	881,181	848,111
Prepaid expenses	521,106	546,993
Total current assets	37,712,743	28,811,822
PROPERTY, FACILITIES AND EQUIPMENT		
Land	4,168,020	3,765,689
Buildings and building improvements	34,087,919	40,768,338
Infrastructure	5,076,567	4,784,735
Right-of-ways	10,653,206	10,653,206
Transportation equipment	55,435,686	46,129,487
Other equipment	10,590,591	10,024,046
Total	120,011,989	116,125,501
Less: Accumulated depreciation	(49,416,581)	(56,094,672)
Property, facilities and equipment - net	70,595,408	60,030,829
OTHER ASSETS	166,954	174,493
TOTAL ASSETS	\$ 108,475,105	\$ 89,017,144

(Continued)

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY  
STATEMENT OF NET POSITION (Continued)  
DECEMBER 31, 2012

	2012	2011
<b>CURRENT LIABILITIES:</b>		
Bonds payable - current maturities	\$ 100,000	\$ 95,000
Accrued interest payable	5,125	1,900
Accounts payable	570,522	420,830
Accrued payroll	1,725,732	1,640,607
Accrued payroll taxes	900,577	964,855
Other estimated liability	301,000	301,000
Other liabilities	154,363	362,336
 Total current liabilities	 \$ 3,757,319	 \$ 3,786,528
 <b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred Revenue - Rents & Leases	4,453	28,367
 <b>NONCURRENT LIABILITIES:</b>		
Bonds payable	\$ 105,000	\$ 205,000
 Total noncurrent liabilities	 \$ 105,000	 \$ 205,000
 Total liabilities	 \$ 3,866,772	 \$ 4,019,895
 <b>NET POSITION:</b>		
Net Investment in capital assets	\$ 70,390,408	\$ 59,730,829
Unrestricted	34,217,925	25,266,420
 Total net position	 \$ 104,608,333	 \$ 84,997,249

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
<b>OPERATING REVENUES:</b>		
Passenger fares	\$ 4,846,581	\$ 4,207,746
Advertising and concessions	405,113	398,486
Total operating revenues	\$ 5,251,694	\$ 4,606,232
<b>OPERATING EXPENSES</b>		
Labor	\$ 16,649,367	\$ 15,729,019
Fringe benefits	10,108,654	10,490,896
Materials and supplies	6,259,905	6,083,212
Services	2,349,651	2,320,702
Utilities	539,714	582,260
Casualty and liability	1,099,473	1,166,261
Taxes	273,560	276,498
Purchased transportation service	834,256	1,374,797
Miscellaneous	467,333	401,032
Total operating expenses excluding depreciation	\$ 38,581,913	\$ 38,424,677
OPERATING LOSS BEFORE DEPRECIATION EXPENSE	(33,330,219)	(33,818,445)
<b>DEPRECIATION EXPENSE:</b>		
On assets acquired with capital grants	\$ 6,877,445	\$ 6,361,486
On other assets	42,867	36,248
Total depreciation expense	6,920,312	6,397,734
OPERATING LOSS	\$ (40,250,531)	\$ (40,216,179)
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Sales tax revenue	\$ 39,686,825	\$ 36,279,210
Federal operating grants and reimbursements	5,962,190	5,998,391
State operating grants, reimbursements, and special fare assistance	260,230	629,962
Student fare and other assistance	487,357	852,768
Interest income	73,074	92,127
Interest expense	(15,000)	(19,234)
Gain (Loss) from disposal of assets	(75,107)	54,422
Other	562,911	366,555
Total Non-Operating Revenues - net	\$ 46,942,480	\$ 44,254,201
NET INCOME BEFORE CAPITAL CONTRIBUTION	6,691,949	4,038,022
CAPITAL CONTRIBUTIONS	12,919,135	7,583,812
Increase (decrease) in Net Position	\$ 19,611,084	\$ 11,621,834
Net Position, Beginning Balance	\$ 84,997,249	\$ 73,101,530
Prior Period Auditor Adjustment	-	273,885
Net Position, Ending Balance	\$ 104,608,333	\$ 84,997,249

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 4,882,721	\$ 4,045,546
Cash received from others for miscellaneous services	405,113	398,486
Cash payments to suppliers for goods and services	(11,882,173)	(11,505,112)
Cash payments to employees for services	(26,737,174)	(27,452,166)
Net cash used in operating activities	\$ (33,331,513)	\$ (34,513,246)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Sales taxes received	\$ 38,092,648	\$ 36,203,544
Operating grants and other assistance received	7,672,688	6,228,353
Net cash provided by non-capital financing activities	\$ 45,765,336	\$ 42,431,897
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants received	\$ 12,919,135	\$ 6,527,673
Acquisition and construction of capital assets	(17,614,265)	(10,628,610)
Principal paid on bonds	(95,000)	(95,000)
Interest paid on bonds	(15,000)	(19,193)
Net cash provided (used) by capital and related financing activities	\$ (4,805,130)	\$ (4,215,130)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash proceeds from sale of investments - net	\$ (2,845,227)	\$ 1,739,052
Interest received from investments	73,074	92,127
Net cash provided by investing activities	\$ (2,772,153)	\$ 1,831,179
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	\$ 4,856,540	\$ 5,534,700
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	19,777,343	14,242,643
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 24,633,883	\$ 19,777,343
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (40,250,531)	\$ (40,216,179)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation	6,920,312	6,397,734
Change in assets and liabilities:		
Accounts receivable-trade	43,323	204,946
Materials and supplies inventory	(33,070)	(25,784)
Prepaid expenses	25,887	36,342
Accounts payable	149,692	(541,805)
Accrued payroll	85,125	(53,041)
Accrued payroll taxes	(64,278)	(157,614)
Other current liabilities	(207,973)	(157,845)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	\$ (33,331,513)	\$ (34,513,246)

See accompanying notes to the financial statements.

# METRO REGIONAL TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – METRO Regional Transit Authority (“METRO” or the “Authority”) was created pursuant to Sections 306.30 through 306.71 of the Ohio Revised Code for the purpose of providing public transportation in Summit County, Ohio. As a political subdivision it is distinct from, and is not an agency of, the State of Ohio or any other local governmental unit. The Authority is not subject to federal or state income taxes.

Under Ohio law, the Authority is authorized to levy a sales and use tax for transit purposes, including both capital improvement and operating expenses, at the rate of .25 percent, .5 percent, 1 percent, or 1.5 percent 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 Summit County. During 1990, the voters of Summit County approved a 0.25 percent sales and use tax with no limit on its duration. In 2008 the voters of Summit County approved an additional 0.25 percent sales and use tax with no limit on its duration for a total of 0.5 percent.

The Authority is managed by a 12-member Board of Trustees and provides virtually all mass transportation within Summit County.

Reporting Entity – The Authority has adopted the provisions of Statement No. 14 of the Governmental Accounting Standards Board (“GASB”) regarding the definition of the financial reporting entity. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Statement No. 14, the Authority has no component units nor is it considered a component unit of any other entity.

These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization nor is any other organization accountable for the Authority. This is evidenced by the fact that the Authority is a legally and fiscally separate and distinct organization under the provisions of the Ohio Revised Code.

Basis of Accounting – The Authority follows the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net income, financial position and cash flows. All transactions are accounted for in a single enterprise fund.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pursuant to GASB Statement No. 62, codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, the Authority follows GASB guidance as applicable to enterprise funds.

Nonexchange Transactions - The Authority has also complied with the provisions of Statement No. 33 of the Governmental Accounting Standards Board ("GASB") regarding the Accounting and Financial Reporting for Nonexchange Transactions. This statement requires that capital contributions be recognized as revenue. Accordingly, during the years ended December 31, 2012 and 2011, \$12,919,135 and \$7,583,812 in capital contribution were recognized as revenue in the Statement of Revenues, Expenses and Changes in Net Position for the Authority.

In 2005, the Authority implemented a financial reporting model, as required by the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as amended and interpreted.

For fiscal year 2012, the Authority has implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and Statement No. 65, "Items Previously Reported as Assets and Liabilities."

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the Authority's fiscal year 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the Authority's fiscal year 2012 financial statements; however, there was no effect on beginning net position/fund balance.

The Authority will continue applying all applicable pronouncements issued by the GASB.

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity, at date of purchase, of three months or less to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

Investments – The Authority’s investments are stated at fair value.

Materials and Supplies Inventory – Materials and supplies inventory is stated at cost (average cost method). Inventory generally consists of maintenance parts and supplies for rolling stock and other transportation equipment.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, at and during the reported period. Actual results could differ from those estimates.

Property, Facilities and Equipment – Property, facilities and equipment are stated at historical cost. The cost of maintenance and repairs is charged to operations as incurred. Property over \$5,000 is capitalized.

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>
Building and Building Improvements	20-40
Infrastructure	20-30
Transportation equipment	5-12
Other equipment	3-10

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position is displayed in three components as follows:

Net 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.

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Classifications of Revenues

The Authority has classified its revenues as either operating or non-operating. Operating revenue includes activities that have the characteristics of exchange transactions including passenger fares, advertising, and concession revenue. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as sales tax proceeds and most federal, state, and local grants and contracts.

Recognition of Revenue and Receivables

The Federal Transit Administration ("FTA") and the Ohio Department of Transportation ("ODOT") provide financial assistance and make grants directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenue over the entitlement period.

Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as revenue when the expenditure has been made and the revenue is available. Capital grant funds received in advance of project costs being incurred are deferred.

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The Authority accrues vacation as earned by its employees. Because rights to sick pay do not vest, the Authority recognizes such costs when they are incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

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 and will not be recognized as an inflow of resources (revenue) until that time. For the Authority, deferred inflows of resources include prepaid rental income from retail space at the Robert K. Pfaff Transit Center and oil leases.

2. DEPOSITS 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 banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The statutes also permit the Authority to invest in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool ("STAROhio"), and obligations of the United States government and certain agencies thereof. The Authority may also enter into repurchase agreements with eligible depository or any eligible security dealer who is a member of the National Association of Securities Dealer for a period not exceeding 30 days.

## METRO REGIONAL TRANSIT AUTHORITY

### NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

#### 2. DEPOSITS AND INVESTMENTS (Continued)

##### Deposits

*Custodial credit risk* is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Authority's policy is to deposit money with financial institutions that are able to abide by laws governing insurance and collateral of public funds.

The Authority is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instruments, contract, or obligation itself (Commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements.

At December 31, 2012, the carrying amount of the Authority's deposits was \$2,663,675 and the bank balance was \$2,843,355, \$250,000 of which was covered by the FDIC and \$2,593,355 of which was uninsured and uncollateralized as defined by the GASB. At December 31, 2011, the carrying amount of the Authority's deposits was \$2,382,559 and the bank balance was \$2,549,685, \$250,000 of which was covered by the FDIC and \$2,299,685 of which was uninsured and uncollateralized as defined by the GASB. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the Authority's name, as permitted under Ohio law. At December 31, 2012, the Authority had \$2,075 in petty cash.

The Board of Trustees has designated \$2,963,520 in 2012 and \$2,203,441 in 2011 as contingencies for future use that are included in cash and cash equivalents.

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

2. DEPOSITS AND INVESTMENTS (Continued)

Investments at December 31, 2012 are summarized as follows:

Rating Moody	Description	Fair value	Investment Maturities			Percentage of total investment
			One year of less	More than one year and less than three years	More than three years	
Aaa	Repurchase Agreements	\$15,460,000	15,460,000			57%
Aaa	Money Market	895,447	895,447			3%
Aaa	U.S. Treasury Bonds	201,867	201,867			1%
Aaa	U.S. Treasury Notes	488,583	178,759	309,824		2%
Aaa	U. S. Government Agencies	3,282,437		1,321,585	1,960,852	12%
Various	Negotiable Certificate of Deposits	4,934,962	1,500,593	\$2,631,800	\$802,569	18%
Various	Ohio Municipal Obligations	1,763,525		568,049	1,195,476	7%
		\$27,026,821	\$18,236,666	\$4,831,258	\$3,958,897	100%

Investments at December 31, 2011 are summarized as follows:

Rating Moody	Description	Fair value	Investment Maturities			Percentage of total investment
			One year of less	More than one year and less than three years	More than three years	
Aaa	Repurchase Agreements	\$13,340,000	13,340,000			68%
Aaa	Money Market	1,592,644	1,592,644			8%
Aaa	U.S. Treasury Bonds	206,211		206,211		1%
Aaa	U.S. Treasury Notes	726,804	228,934	497,870		4%
Aaa	U. S. Government Agencies	3,626,558		2,624,584	1,001,974	19%
		\$19,598,225	\$15,161,578	\$3,434,673	\$1,001,974	100%

METRO REGIONAL TRANSIT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2011

2. DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk: an investment is the risk that in the event of failure of the counter-party, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's \$15,460,000 investments in repurchase agreements are held in the Authority's name by its custodian (agent).

Interest rate risk: the Authority has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Authority, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit risk: the possibility that an issuer or other counter-party to an investment will not fulfill its obligation. The Authority's investment policy limits investments to, among others, obligations of the U.S. government or agencies thereof.

3. LONG TERM OBLIGATIONS

During fiscal year 2012, the following changes occurred in long term obligations:

A. Bonds

Issue	Average Interest Rate	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Due Within One Year
General obligation bonds 2004	4.03%	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$ 205,000</u>	<u>\$ 100,000</u>

In June 2004, the Authority issued general obligation bonds, which are tax-exempt and have annual maturity dates through 2014. These bonds were used to refinance bonds issued in June 1992 and to provide additional funds to cover the local share for capital projects. The proceeds were deposited into a trust fund for the purpose paying the 1992 bonds and, therefore are excluded from the financial statements. The refinance resulted in an accounting gain of \$39,948 and an economic gain of \$30,090.

METRO REGIONAL TRANSIT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

3. LONG TERM OBLIGATIONS (Continued)

The annual requirements to pay principal and interest on the general obligation bonds and loan outstanding at December 31, 2012 are as follows:

	Principal	Interest
2013	\$ 100,000	\$ 10,250
2014	105,000	5,250
Total	\$ 205,000	\$ 15,500

B. Compensated Absences

	2012	2011
Beginning Balance	\$ 1,011,890	\$ 962,448
Incurred	1,135,854	1,116,770
Payments	1,137,659	1,067,328
Ending Balance	\$ 1,010,085	\$ 1,011,890
Due Within One Year	\$ 1,010,085	\$ 1,011,890

The Authority accrues compensated absences based on the estimated amounts employees are entitled to according to Authorities policies. Vacation time is earned in the current year and eligible to be used by the employee in the following year. Any unused vacation benefits that are eligible to be used in a given year are paid to the employee at the end of the year. An employee that separates from employment with the Authority is paid any vacation time unused during the current period and any vacation time earned during the year.

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 is as follows:

Description	Balance 1/1/2012	Additions	Disposals	Balance 12/31/2012
Capital Assets Not Being Depreciated				
Land	\$ 3,765,689	\$ 402,332	\$ -	\$ 4,168,021
Right-of-ways	10,653,206	-	-	10,653,206
Total Capital Assets Not Being Depreciated	<u>14,418,895</u>	<u>402,332</u>	<u>-</u>	<u>14,821,227</u>
Capital Assets Being Depreciated:				
Building & Building Improvements	40,768,339	10,508	(6,690,927)	34,087,920
Infrastructure	4,784,735	291,832	-	5,076,567
Transportation Equipment	46,129,486	15,409,617	(6,103,418)	55,435,685
Other Equipment	10,024,045	1,499,976	(933,431)	10,590,590
Total Capital Assets Being Depreciated	101,706,605	17,211,933	(13,727,776)	105,190,762
Less Accumulated Depreciation:				120,011,989
Building & Building Improvements	20,982,806	1,375,454	(6,690,926)	15,667,334
Infrastructure	3,432,439	281,577	-	3,714,016
Transportation Equipment	24,888,593	4,123,522	(5,974,046)	23,038,069
Other Equipment	6,790,834	1,139,759	(933,430)	6,997,163
Total Accumulated Depreciation	<u>56,094,672</u>	<u>6,920,312</u>	<u>(13,598,403)</u>	<u>49,416,581</u>
Total Capital Assets Being Depreciated, Net	<u>45,611,933</u>			<u>55,774,181</u>
Total Capital Assets, Net	<u>\$ 60,030,828</u>			<u>\$ 70,595,408</u>

5. PURCHASED TRANSPORTATION SERVICES

During 2012 and 2011, the Authority had a contract with a local transportation company to provide transit services within Summit County for elderly and handicapped persons. Expenses under this contract amounted to \$834,256 and \$1,374,797, in 2012 and 2011. All passenger fares related to these transit services are collected by the Authority and recorded as revenue.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

6. EMPLOYEE RETIREMENT PLANS

The Authority participates in the Ohio Public Employees Retirement System.

- A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
  - 1. The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.
  - 2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
  - 3. The Combined Plan - a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

6. EMPLOYEE RETIREMENT PLANS (Continued)

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

The 2012 member contribution rates were 10.00% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.50% and 12.10%, respectively. Effective January 1, 2013, the member contribution rates for public safety and law enforcement members increased to 12.00% and 12.60% respectively.

The 2012 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll.

- F. The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2012, 2011 and 2010 were \$2,180,303, \$2,105,400 and \$2,201,561, respectively. The full amount has been contributed for 2012, 2011 and 2010. There were no contributions to the member-directed plan for 2012 or 2011.

7. POST EMPLOYMENT BENEFITS

A. Plan Description

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

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

7. POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

B. Funding Policy

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

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

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

7. POST EMPLOYMENT BENEFITS (Continued)

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

C. Information from employer's records

The rates stated in Section B, above, are the contractually required contribution rates for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund post-employment benefits.

The Authority's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2012, 2011 and 2010 were \$872,060, \$842,101 and \$908,619 respectively. The full amount has been contributed for those years.

D. OPERS Board of Trustees Adopt Changes to the Health Care Plan

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

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

8. FEDERAL AND STATE GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

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

	<u>2012</u>	<u>2011</u>
FEDERAL:		
FTA Maintenance and Other Assistance	\$ 5,962,190	\$ 5,998,391
FTA Capital Contribution	12,919,135	6,527,673
Total	<u>\$ 18,881,325</u>	<u>\$ 12,526,064</u>
STATE:		
ODOT Maintenance and Other Assistance	\$ -	\$ 369,218
ODOT Fuel Tax Reimbursement	260,230	260,744
Total	<u>\$ 260,230</u>	<u>\$ 629,962</u>
Other Capital Contributions	<u>\$ -</u>	<u>\$ 1,056,139</u>

9. RISK MANAGEMENT

Since December 31, 1994, the Authority has been a member of the Ohio Transit Risk Pool (OTRP), a joint self-insurance pool, created pursuant to Section 2744.081 of the Ohio Revised Code. OTRP has been in existence since 1994 and operates pursuant to By-Laws and a Board of Trustees. OTRP provides self-insurance through risk retention and the group purchase of property and liability coverage from A-rated, or greater, commercial carriers.

During the loss year of 2012, OTRP provided to the Authority commercial property coverage with limits of \$200,000,000. The pool retained the first \$100,000 of these losses. For auto-physical damage the pool provided \$50,000,000 in coverage and retained \$250,000. For crime the pool provided \$4,000,000 in coverage. METRO's deductible for property coverage is \$1,000 except for physical damage which was \$25,000. For Auto Liability, General Liability, E&O and EBL the pool provided \$10,000,000. For each of these lines the pool retained \$1,000,000 per occurrence. METRO's deductible for all liability claims was \$5,000 for 2012 and 2011.

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2012

9. RISK MANAGEMENT (Continued)

OTRP provides to the Treasurer of the Authority a bond as is required by Ohio law.

As of January 1, 2012, the Authority has met all obligations to OTRP. There are no special assessments being billed at this time and no known loss developments which would lead to a special assessment.

The Authority pays OTRP through an initial contribution for purchased insurance and quarterly payments for their self insured loss and administrative costs. The Authority's contribution percentage for 2012 was 28.88%. In 2011 it was 28.421%.

10. CONTINGENCIES

The Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these grants requires compliance with terms and conditions specified in the grant agreements. These grants are subject to audit by the grantor agencies and disallowed claims resulting from these audits could become a liability of the Authority.

At December 31, 2012, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority's management, no material grant expenditures will be disallowed.

11. SUBSEQUENT EVENTS/PENDING LITIGATION

The Authority has evaluated subsequent events for potential recognition and/or disclosure through the date of the financial statements. Management believes that any ongoing litigation in the normal course of business will not materially affect the Authority's financial results or financial position.

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# Statistical Section



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# Statistical Section – 2012

The Statistical Section includes Financial Trend Information, Revenue Capacity Information, Operating Information, Debt Capacity Information, and Demographic and Economic Information.

Financial Trends and Revenue Capacity pages 44 - 53

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

Debt Capacity page 54

These schedules indicate the Authority's debt service.

Economic and Demographic Information pages 55 - 57

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 pages 58 - 61

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.

# Financial Trend Information

2012  
(Unaudited)

Table 1 – Net Position

Table 2 – Changes in Net Position

Table 3 – Revenues and Operating Assistance –  
Comparison to Industry Trend Data

Table 4 – Operating Expenses –  
Comparison to Industry Trend Data

Table 5 – Passenger Fares vs. Operating Expenses (Graph)

Table 6 – Sales Tax: Comparison to other Regional Transit  
Authorities in Ohio

# METRO Regional Transit Authority

## NET POSITION BY COMPONENT FOR THE LAST TEN FISCAL YEARS

(Unaudited)

TABLE 1

	2012	2011	2010	2009	2008
<b>NET POSITION</b>					
Net Investment in capital assets	\$ 70,390,408	\$ 59,730,829	\$ 55,228,863	\$ 49,737,003	\$ 47,352,867
Restricted					
Unrestricted (Deficits)	34,217,925	25,266,420	17,872,667	16,062,506	7,952,567
<b>TOTAL NET POSITION</b>	<u>\$ 104,608,333</u>	<u>\$ 84,997,249</u>	<u>\$ 73,101,530</u>	<u>\$ 65,799,509</u>	<u>\$ 55,305,434</u>
<b>NET POSITION</b>					
Net Investment in capital assets	\$ 37,831,113	\$ 38,662,489	\$ 39,524,117	\$ 42,117,832	\$ 46,448,258
Restricted					36,116
Unrestricted (Deficits)	3,723,849	4,891,107	5,422,392	5,689,448	3,491,500
<b>TOTAL NET POSITION</b>	<u>\$ 41,554,962</u>	<u>\$ 43,553,596</u>	<u>\$ 44,946,509</u>	<u>\$ 47,807,280</u>	<u>\$ 49,975,874</u>

Source: METRO's audited annual financial statements

# METRO Regional Transit Authority

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE LAST TEN FISCAL YEARS (Unaudited)

TABLE 2

	2012	2011	2010	2009	2008
<b>OPERATING REVENUES:</b>					
Passenger fares	\$ 4,846,581	4,207,746	4,004,439	3,758,642	3,867,029
Charter revenue	-	-	-	-	-
Advertising and concessions	405,113	398,486	363,317	275,014	266,370
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 5,251,694</b>	<b>4,606,232</b>	<b>4,367,756</b>	<b>4,033,656</b>	<b>4,133,399</b>
<b>OPERATING EXPENSES</b>					
Labor	\$ 16,649,367	15,729,019	14,808,947	14,424,006	12,809,410
Fringe benefits	10,108,654	10,490,896	9,359,814	8,463,897	8,086,016
Materials and supplies	6,259,905	6,083,212	5,676,943	5,405,463	5,519,828
Services	2,349,651	2,320,702	2,331,548	2,342,761	1,307,801
Utilities	539,714	582,260	573,273	582,685	536,138
Casualty and liability	1,099,473	1,166,261	1,264,872	975,060	850,567
Taxes	273,560	276,498	250,354	229,918	218,819
Purchased transportation service	834,256	1,374,797	1,209,177	1,057,824	1,147,559
Miscellaneous	467,333	401,032	441,111	355,603	305,665
<b>TOTAL OPERATING EXPENSES</b>					
<b>BEFORE DEPRECIATION EXPENSE</b>	<b>\$ 38,581,913</b>	<b>38,424,677</b>	<b>35,916,039</b>	<b>33,837,217</b>	<b>30,781,803</b>
<b>OPERATING LOSS</b>					
<b>BEFORE DEPRECIATION EXPENSE</b>	<b>\$ (33,330,219)</b>	<b>(33,818,445)</b>	<b>(31,548,283)</b>	<b>(29,803,561)</b>	<b>(26,648,404)</b>
Depreciation expense	6,920,312	6,397,734	6,237,556	6,446,278	5,937,844
<b>OPERATING LOSS</b>	<b>\$ (40,250,531)</b>	<b>(40,216,179)</b>	<b>(37,785,839)</b>	<b>(36,249,839)</b>	<b>(32,586,248)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Sales tax revenue	\$ 39,686,825	36,279,210	34,521,101	33,616,287	25,052,152
Federal operating grants and reimbursements	5,962,190	5,998,391	4,123,465	3,655,202	4,548,257
State operating grants and special fare assistance	260,230	629,962	829,767	1,003,295	1,017,883
Student fare and other assistance	487,357	852,768	1,099,910	1,033,958	878,272
Investment loss	0	0	0	0	0
Interest income	73,074	92,127	55,230	14,130	110,763
Interest expense	(15,000)	(19,234)	(24,072)	(19,050)	(44,784)
Gain (Loss) from disposal of assets	(75,107)	54,422	6,990	22,533	8,809
Other	562,911	366,555	441,795	310,553	252,897
<b>NON-OPERATING REVENUES/EXPENSES - NET</b>	<b>\$ 46,942,480</b>	<b>44,254,201</b>	<b>41,054,186</b>	<b>39,636,908</b>	<b>31,824,249</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital Grant Contributions	\$ 12,919,135	7,583,812	6,059,733	7,107,006	10,742,855
<b>CHANGE IN NET POSITION</b>					
Net Position, Beginning Balance	\$ 84,997,249	73,101,530	65,799,509	55,305,434	41,554,962
Prior Period Adjustment	0	273,885	(2,026,059)	0	0
Net Position, Ending Balance	<b>\$ 104,608,333</b>	<b>84,997,249</b>	<b>73,101,530</b>	<b>65,799,509</b>	<b>51,535,818</b>

Source: METRO's audited annual financial statements

# METRO Regional Transit Authority

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE LAST TEN FISCAL YEARS (Unaudited)

TABLE 2 (continued)

	2007	2006	2005	2004	2003
<b>OPERATING REVENUES:</b>					
Passenger fares	\$ 3,696,452	3,470,873	3,514,296	2,955,934	3,282,581
Charter revenue	9,731	11,452	94,133	195,569	203,248
Advertising and concessions	359,479	353,961	306,435	299,535	354,381
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 4,065,662</b>	<b>3,836,286</b>	<b>3,914,864</b>	<b>3,451,038</b>	<b>3,840,210</b>
<b>OPERATING EXPENSES</b>					
Labor	\$ 12,814,016	12,695,931	12,599,824	12,779,273	12,915,126
Fringe benefits	7,451,164	7,048,865	7,479,976	7,206,629	7,141,771
Materials and supplies	4,567,606	4,529,963	3,561,216	3,000,077	3,163,939
Services	1,342,851	1,069,850	1,131,184	1,111,932	1,207,788
Utilities	468,205	652,651	536,629	426,072	404,700
Casualty and liability	1,309,673	1,066,711	1,225,109	1,188,010	890,037
Taxes	221,687	196,644	181,661	180,145	167,216
Purchased transportation service	1,143,753	1,061,558	1,076,844	1,051,375	1,887,041
Miscellaneous	174,336	178,361	169,364	237,345	264,521
<b>TOTAL OPERATING EXPENSES</b>					
<b>BEFORE DEPRECIATION EXPENSE</b>	<b>\$ 29,493,291</b>	<b>28,500,534</b>	<b>27,961,807</b>	<b>27,180,858</b>	<b>28,042,139</b>
<b>OPERATING LOSS</b>					
<b>BEFORE DEPRECIATION EXPENSE</b>	<b>\$ (25,427,629)</b>	<b>(24,664,248)</b>	<b>(24,046,943)</b>	<b>(23,729,820)</b>	<b>(24,201,929)</b>
Depreciation expense	4,842,469	5,704,175	6,504,003	6,203,140	6,173,717
<b>OPERATING LOSS</b>	<b>\$ (30,270,098)</b>	<b>\$ (30,368,423)</b>	<b>\$ (30,550,946)</b>	<b>\$ (29,932,960)</b>	<b>\$ (30,375,646)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Sales tax revenue	\$ 18,503,004	18,144,910	17,929,848	17,784,103	17,167,953
Federal operating grants and reimbursements	4,570,868	4,507,059	4,556,093	4,808,598	5,062,561
State operating grants and special fare assistance	1,076,387	1,079,041	1,327,249	1,382,307	1,305,676
Student fare and other assistance	825,967	1,082,313	1,031,175	928,393	1,666,411
Investment loss	0	0	(37,568)	(17,611)	(16,996)
Interest income	176,229	235,685	130,247	64,670	46,650
Interest expense	(44,556)	(55,596)	(65,652)	(95,211)	(107,085)
Gain (Loss) from disposal of assets	2,849	24,580	8,977	(640,912)	(229,860)
Other	170,428	204,136	95,132	191,851	218,215
<b>NON-OPERATING REVENUES/EXPENSES - NET</b>	<b>\$ 25,281,176</b>	<b>\$ 25,222,128</b>	<b>\$ 24,975,501</b>	<b>\$ 24,406,188</b>	<b>\$ 25,113,525</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital Grant Contributions	\$ 2,808,870	3,753,382	2,714,674	3,358,178	7,479,162
<b>CHANGE IN NET POSITION</b>	<b>\$ (2,180,052)</b>	<b>(1,392,913)</b>	<b>(2,860,771)</b>	<b>(2,168,594)</b>	<b>2,217,041</b>
Net Position, Beginning Balance	43,553,596	47,807,280	50,668,051	52,836,645	50,619,604
Prior Period Adjustment	0	0	0	0	0
Net Position, Ending Balance	<b>\$ 41,373,544</b>	<b>43,553,596</b>	<b>47,807,280</b>	<b>50,668,051</b>	<b>52,836,645</b>

Source: METRO's audited annual financial statements

# METRO Regional Transit Authority

## Revenue and Operating Assistance - Comparison to Industry Trend Data

Last Ten Years

(Unaudited)

TABLE 3

### TRANSPORTATION INDUSTRY (1):

<u>YEAR</u>	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL</u>	<u>TOTAL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER (2)</u>	<u>TOTAL</u>	<u>LOCAL</u>	<u>STATE</u>	<u>FEDERAL</u>		
2003	32.5%	17.3%	49.8%	21.6%	23.7%	4.9%	50.2%	100.0%
2004	32.9%	16.7%	49.6%	20.8%	22.6%	7.0%	50.4%	100.0%
2005	32.4%	15.7%	48.1%	21.0%	23.6%	7.3%	51.9%	100.0%
2006	33.2%	15.2%	48.4%	21.1%	22.8%	7.7%	51.6%	100.0%
2007	31.4%	6.5%	37.9%	31.0%	23.6%	7.5%	62.1%	100.0%
2008	31.3%	6.4%	37.7%	29.5%	25.8%	7.0%	62.3%	100.0%
2009	31.5%	5.8%	37.4%	29.0%	25.3%	8.2%	62.6%	100.0%
2010	32.1%	5.4%	37.5%	28.1%	25.0%	9.4%	62.5%	100.0%
2011	32.8%	4.9%	37.7%	28.2%	24.3%	9.8%	62.3%	100.0%

2012 \*

### METRO Regional Transit Authority

<u>YEAR</u>	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL</u>	<u>TOTAL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER (2)</u>	<u>TOTAL</u>	<u>LOCAL</u>	<u>STATE</u>	<u>FEDERAL</u>		
2003	11.2%	2.7%	13.9%	62.8%	6.3%	17.0%	86.1%	100.0%
2004	10.3%	2.6%	12.9%	65.4%	4.8%	16.8%	87.1%	100.0%
2005	12.1%	2.0%	14.2%	65.5%	4.6%	15.7%	85.8%	100.0%
2006	11.9%	2.8%	14.7%	66.1%	3.7%	15.5%	85.3%	100.0%
2007	12.6%	2.4%	15.0%	65.8%	3.7%	15.6%	85.0%	100.0%
2008	10.7%	1.8%	12.5%	72.0%	2.8%	12.6%	87.5%	100.0%
2009	8.6%	1.4%	10.0%	79.4%	2.3%	8.4%	90.0%	100.0%
2010	8.8%	1.9%	10.7%	78.4%	1.8%	9.1%	89.3%	100.0%
2011	8.6%	1.8%	10.4%	76.1%	1.3%	12.3%	89.6%	100.0%
2012	9.3%	2.0%	11.3%	76.8%	0.5%	11.4%	88.7%	100.0%

(1) Source: The American Public Transit Association, "APTA 2013 Transit Fact Book - Table 84"

(2) Includes auxiliary transportation revenues, interest, and other non-transportation revenues

\* Information not available

# METRO Regional Transit Authority

## Operating Expenses - Comparison to Industry Trend Data

Last Ten Years  
(Unaudited)

TABLE 4

### TRANSPORTATION INDUSTRY (1):

<u>Year</u>	<u>Labor &amp; Fringes</u>	<u>Material &amp; Supplies</u>	<u>Services</u>	<u>Utilities</u>	<u>Casualty &amp; Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Total Expenses</u>
2003	69.1%	9.1%	6.0%	3.0%	2.6%	13.4%	-3.2%	100.0%
2004	68.7%	9.1%	5.8%	3.0%	2.6%	13.4%	-2.6%	100.0%
2005	66.9%	10.1%	5.8%	3.2%	2.5%	13.8%	-2.3%	100.0%
2006	66.1%	11.3%	5.9%	3.2%	2.5%	13.4%	-2.4%	100.0%
2007	65.8%	11.6%	6.1%	3.4%	2.4%	13.0%	-2.3%	100.0%
2008	63.9%	12.8%	6.3%	3.4%	2.2%	13.7%	-2.3%	100.0%
2009	64.8%	11.3%	6.6%	3.5%	2.3%	14.0%	-2.5%	100.0%
2010	65.2%	10.7%	6.6%	3.4%	2.6%	13.8%	-2.3%	100.0%
2011	65.0%	11.4%	6.6%	3.3%	2.6%	13.3%	-2.2%	100.0%
2012 *								

### METRO Regional Transit Authority (2)

<u>Year</u>	<u>Labor &amp; Fringes</u>	<u>Material &amp; Supplies</u>	<u>Services</u>	<u>Utilities</u>	<u>Casualty &amp; Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Total Expenses</u>
2003	71.3%	11.2%	4.3%	1.4%	3.2%	6.7%	1.9%	100.0%
2004	73.3%	11.0%	4.1%	1.6%	4.4%	3.9%	1.7%	100.0%
2005	71.6%	12.7%	4.0%	1.9%	4.4%	3.8%	1.6%	100.0%
2006	69.3%	15.7%	3.8%	2.3%	3.7%	3.7%	1.5%	100.0%
2007	68.6%	15.5%	4.5%	1.6%	4.4%	3.9%	1.5%	100.0%
2008	67.8%	17.9%	4.2%	1.7%	2.8%	3.7%	1.9%	100.0%
2009	67.6%	16.0%	6.9%	1.7%	2.9%	3.1%	1.8%	100.0%
2010	67.2%	15.8%	6.5%	1.6%	3.5%	3.4%	2.0%	100.0%
2011	68.2%	15.8%	6.0%	1.5%	3.0%	3.6%	1.8%	100.0%
2012	69.3%	16.2%	6.1%	1.4%	2.8%	2.2%	2.0%	100.0%

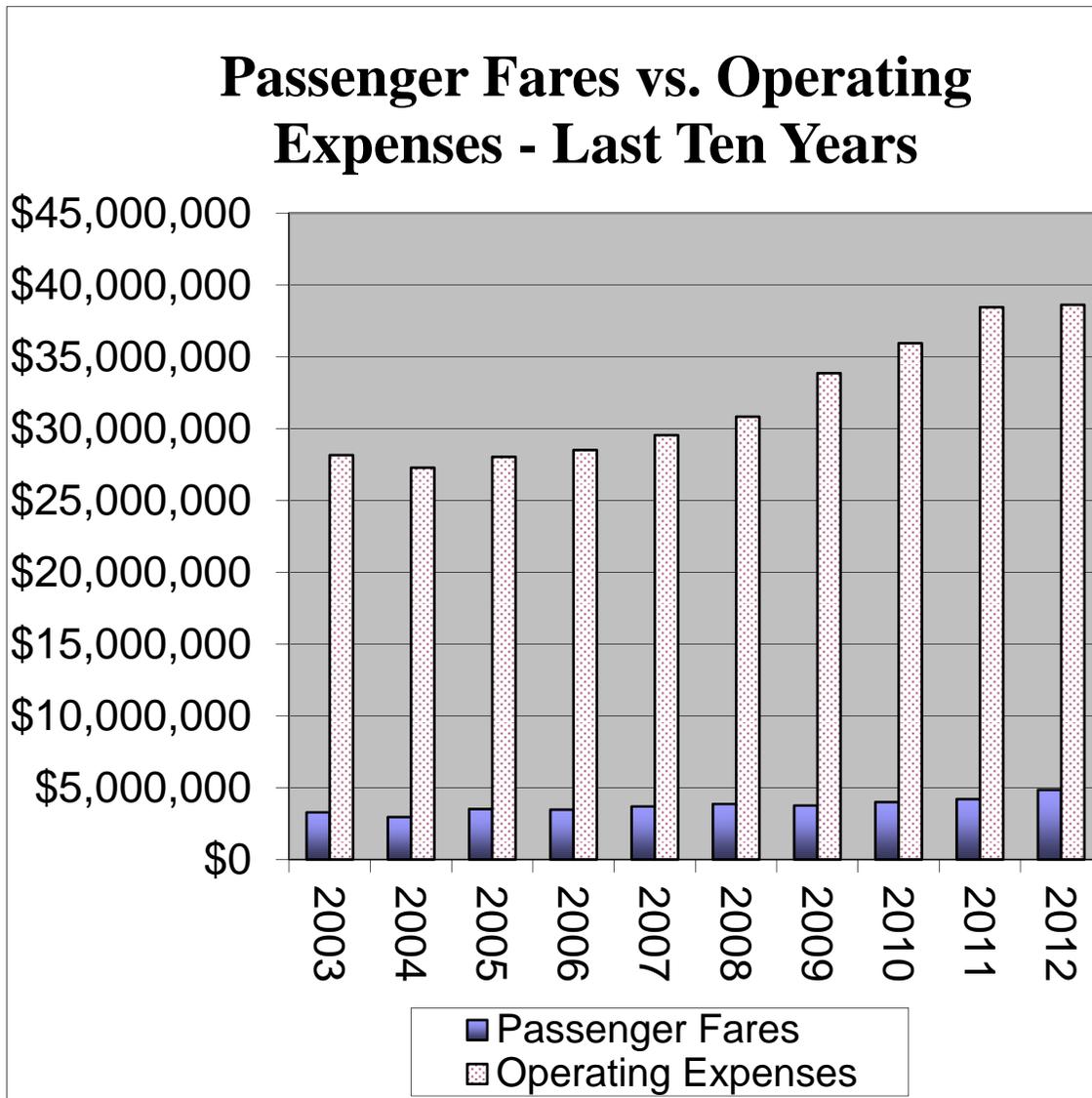
(1) Source: The American Public Transit Association, "APTA 2013 Transit Fact Book - Table 72"

(2) Source: METRO's annual financial audited statements

\* Information not available

# METRO Regional Transit Authority

TABLE 5



# METRO Regional Transit Authority

## Sales Tax - Comparison to other Regional Transit Authorities in Ohio

Last Ten Years  
(Unaudited)

TABLE 6

System	Rate	Date Imposed	2003	2004	2005	2006	2007	2008*	2009	2010	2011	2012
GCRTA	1.00%	Oct 1, 1975	158,653,957	167,894,949	167,165,307	169,262,438	173,161,230	170,707,698	155,282,828	163,220,649	173,242,328	181,219,251
COTA	0.50%	Jan 1, 2008	43,205,469	44,940,803	44,741,979	46,371,674	47,598,995	88,246,021	87,819,553	91,961,890	97,952,515	104,479,130
Laketran	0.25%	Aug 1, 1988	7,440,529	7,637,135	7,552,509	7,728,333	7,913,161	7,744,815	7,157,306	7,240,999	7,665,538	7,843,548
WRTA	0.25%	Apr 1, 2009							4,167,214	6,732,485	7,343,527	7,590,580
GDRTA	0.50%	Jul 1, 1980	32,290,326	32,783,222	32,923,985	32,363,030	32,185,370	32,149,806	29,341,697	30,150,943	32,759,617	34,312,875
PARTA	0.25%	Feb 1, 2002	3,281,207	3,390,061	3,412,879	3,583,445	3,705,852	3,775,726	3,608,868	3,914,537	4,080,738	4,319,281
SARTA	0.25%	Jul 1, 1997	10,689,964	11,371,235	11,287,333	11,525,065	11,785,691	11,696,465	10,410,581	11,016,628	11,720,027	12,401,259
METRO	0.50%	Jul 1, 2008	16,995,514	17,605,364	17,749,845	17,989,459	18,306,155	24,848,457	32,829,001	34,194,603	35,842,081	37,713,252

Source: Figures shown are from records of the Revenue Accounting Division of the Ohio Department of Taxation

Note: These figures are net of the 1% administration fee.

These amounts are based on month sales tax collected, the distribution occurs two months following the collection month.

Numbers are on a cash basis.

\* COTA increased the sales tax percent from .25% to .50% on January 1, 2008

\* METRO increased the sales tax percent from .25% to .50% on July 1, 2008

# Revenue Capacity Information

2012  
(Unaudited)

Table 7 – Revenues by Source

Table 8 – Revenues by Source (Graph)

Table 9 – Expenses by Object Class

# METRO Regional Transit Authority

## Revenues by Source - Last Ten Years

(Unaudited)

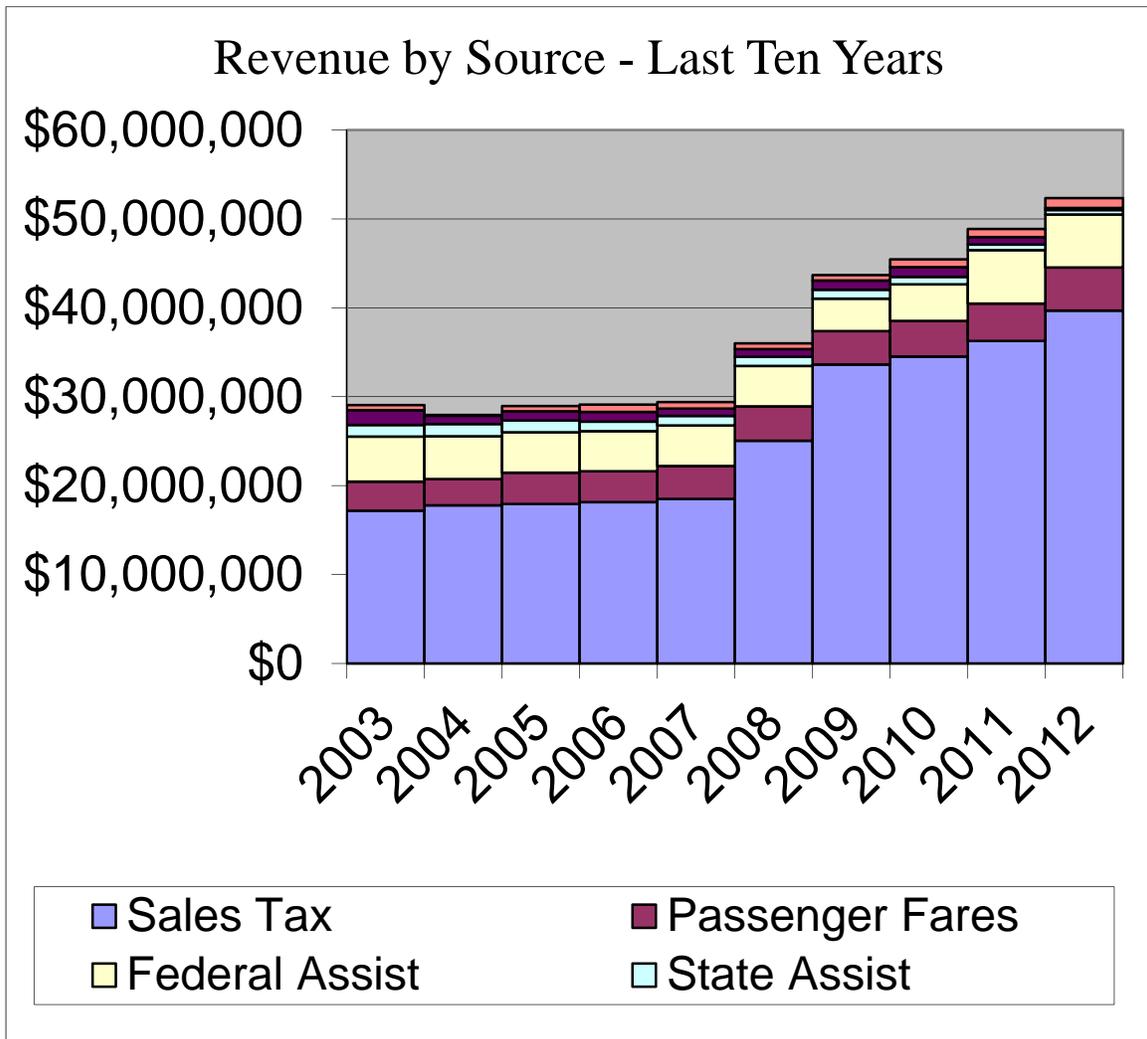
TABLE 7

Operating Revenues	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Passengers Fares	\$3,282,581	\$2,955,934	\$3,514,296	\$3,470,873	\$3,696,452	\$3,867,029	\$3,758,642	\$4,004,439	\$4,207,746	\$4,846,581
Charter Fares	203,248	195,569	94,133	11,452	9,731	0	0	0	0	0
Advertising	354,381	299,535	306,435	353,961	359,479	266,370	275,014	363,317	398,486	405,113
<b>Total operating revenues</b>	<b>3,840,210</b>	<b>3,451,038</b>	<b>3,914,864</b>	<b>3,836,286</b>	<b>4,065,662</b>	<b>4,133,399</b>	<b>4,033,656</b>	<b>4,367,756</b>	<b>4,606,232</b>	<b>5,251,694</b>
<b>Non-operating Revenues</b>										
Sales Tax revenue	17,167,953	17,784,103	17,929,848	18,144,910	18,503,004	25,052,152	33,616,287	34,521,101	36,279,210	39,686,825
Federal grants	5,062,561	4,808,598	4,556,093	4,507,059	4,570,868	4,548,257	3,655,202	4,123,465	5,998,391	5,962,190
State grants	1,305,676	1,382,307	1,327,249	1,079,041	1,076,387	1,017,883	1,003,295	829,767	629,962	260,230
Student fares assistance	1,666,411	928,393	1,031,175	1,082,313	825,967	878,272	1,033,958	1,099,910	852,768	487,357
Interest income	29,654	30,063	92,679	235,685	176,229	110,763	14,130	55,230	92,127	73,074
Gain (loss) from disposal of assets	(229,860)	(640,912)	8,977	24,580	2,849	8,809	22,533	6,990	54,422	(75,107)
Other non-transportation revenue	218,215	208,847	95,132	204,136	170,428	252,897	310,553	441,795	366,555	562,911
<b>Total non-operating revenues</b>	<b>25,220,610</b>	<b>24,501,399</b>	<b>25,041,153</b>	<b>25,277,724</b>	<b>25,325,732</b>	<b>31,869,033</b>	<b>39,655,958</b>	<b>41,078,258</b>	<b>44,273,435</b>	<b>46,957,480</b>
<b>Total Revenues</b>	<b>\$29,060,820</b>	<b>\$27,952,437</b>	<b>\$28,956,017</b>	<b>\$29,114,010</b>	<b>\$29,391,394</b>	<b>\$36,002,432</b>	<b>\$43,689,614</b>	<b>\$45,446,014</b>	<b>\$48,879,667</b>	<b>\$52,209,174</b>

Source: METRO's independently audited annual financial statements

# METRO Regional Transit Authority

TABLE 8



# METRO Regional Transit Authority

## Expenses by Object Class - Last Ten years

(Unaudited)

TABLE 9

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Operating Expenses										
Labor	\$12,915,126	\$12,779,273	\$12,599,824	\$12,695,931	\$12,814,016	\$12,809,410	\$14,424,006	\$14,808,947	\$15,729,019	\$16,649,367
Fringe Benefits	7,141,771	7,206,629	7,479,976	7,048,865	7,451,164	8,086,016	8,463,897	9,359,814	10,490,896	10,108,654
Materials and Supplies	3,163,939	3,000,077	3,561,216	4,529,963	4,567,606	5,519,828	5,405,463	5,676,943	6,083,212	6,259,905
Services	1,207,788	1,111,932	1,131,184	1,069,850	1,342,851	1,307,801	2,342,761	2,331,548	2,320,702	2,349,651
Utilities	404,700	426,072	536,629	652,651	468,205	536,138	582,685	573,273	582,260	539,714
Casualty and Liability	890,037	1,188,010	1,225,109	1,066,711	1,309,673	850,567	975,060	1,264,872	1,166,261	1,099,473
Taxes	167,216	180,145	181,661	196,644	221,687	218,819	229,918	250,354	276,498	273,560
Purchased Transportation	1,887,041	1,051,375	1,076,844	1,061,558	1,143,753	1,147,559	1,057,824	1,209,177	1,374,797	834,256
Interest Expense	107,085	95,211	65,652	55,596	44,556	44,784	19,050	24,072	19,234	15,000
Miscellaneous	264,521	237,345	169,364	178,361	174,336	305,665	355,603	441,111	401,032	467,333
<b>Total</b>	<b>28,149,224</b>	<b>27,276,069</b>	<b>28,027,459</b>	<b>28,556,130</b>	<b>29,537,847</b>	<b>30,826,587</b>	<b>33,856,267</b>	<b>35,940,111</b>	<b>38,443,911</b>	<b>38,596,913</b>
Depreciation	5,554,611	6,173,717	6,203,140	5,704,175	4,842,469	5,937,844	6,446,278	6,237,556	6,397,734	6,920,312
<b>Total Expenses</b>	<b>\$33,703,835</b>	<b>\$33,449,786</b>	<b>\$34,230,599</b>	<b>\$34,260,305</b>	<b>\$34,380,316</b>	<b>\$36,764,431</b>	<b>\$40,302,545</b>	<b>\$42,177,667</b>	<b>\$44,841,645</b>	<b>\$45,517,225</b>

Source: METRO's audited annual financial statements

# Debt Capacity Information

2012  
(Unaudited)

Table 10 – Debt Service

# METRO Regional Transit Authority

## Debt Service

(Unaudited)

Table 10

YEAR	GENERAL OBLIGATION BONDS (1)	POPULATION (4)	PERSONAL INCOME (5)	PERCENTAGE OF PERSONAL INCOME		BOND DEBT PER CAPITA
2003	\$2,402,029 (2)	545,637	\$17,405,900	0.014%		\$4.40
2004	2,117,029 (3)	545,545	18,055,061	0.012%		\$3.88
2005	1,782,029	545,347	18,746,168	0.010%		\$3.27
2006	1,005,000	545,931	19,596,752	0.005%		\$1.84
2007	650,000	543,899	20,912,796	0.003%		\$1.20
2008	570,000	542,562	21,687,810	0.003%		\$1.05
2009	485,000	542,405	20,763,083	0.002%		\$0.89
2010	395,000	541,652	21,160,681	0.002%		\$0.73
2011	300,000	541,227	22,205,788	0.001%		\$0.55
2012	205,000	540,811	*	*		\$0.38

(1) Total principal due on all outstanding debt.

(2) In 2003 METRO entered into a no interest loan agreement with the State of Ohio, Department of Transportation for a State Infrastructure Bank (SIB) loan of \$442,029 which was paid in full in 2005.

(3) In 2004 METRO refinance the remaining balance of bonds issued in 1992 and increased the bond debt by \$430,000. Bonds are payable through 2014.

(4) U.S. Bureau of Census, Bureau of Labor Statistics, Population for Summit County, Ohio

(5) U. S. Bureau of Economic Analysis

\* = Not Available

# Demographic & Economic Information

2012  
(Unaudited)

Table 11 – Demographic Statistics

Table 12 – Personal Income (graph)

Table 13 – Largest Employers

# METRO Regional Transit Authority

## Demographic Statistics

Last Ten Years  
(Unaudited)

TABLE 11

<u>Year</u>	<u>Population</u> (1)	<u>Per Capita Income</u> (2)	<u>Personal Income</u> (2)	<u>K - 12 School Enrollment</u> (3)	<u>Unemployment Rate</u> (4)
2003	545,637	\$32,592	\$17,405,900	84,064	6.2%
2004	545,545	33,594	18,055,061	83,555	6.1%
2005	545,347	34,822	18,746,168	83,231	5.7%
2006	545,931	36,698	19,596,752	82,122	5.2%
2007	543,899	38,423	20,912,796	80,682	5.4%
2008	542,562	39,932	21,687,810	80,598	6.2%
2009	542,405	38,299	20,763,083	75,791	9.8%
2010	541,652	39,079	21,160,681	76,073	9.9%
2011	541,227	41,135	22,205,788	73,414	8.5%
2012	540,811	*	*	*	6.9%

Note: All information is presented for Summit County, Ohio

Personal Income (\$000)

Sources: (1) U.S. Bureau of Census, Bureau of Labor Statistics

(2) Bureau of Economic Analysis

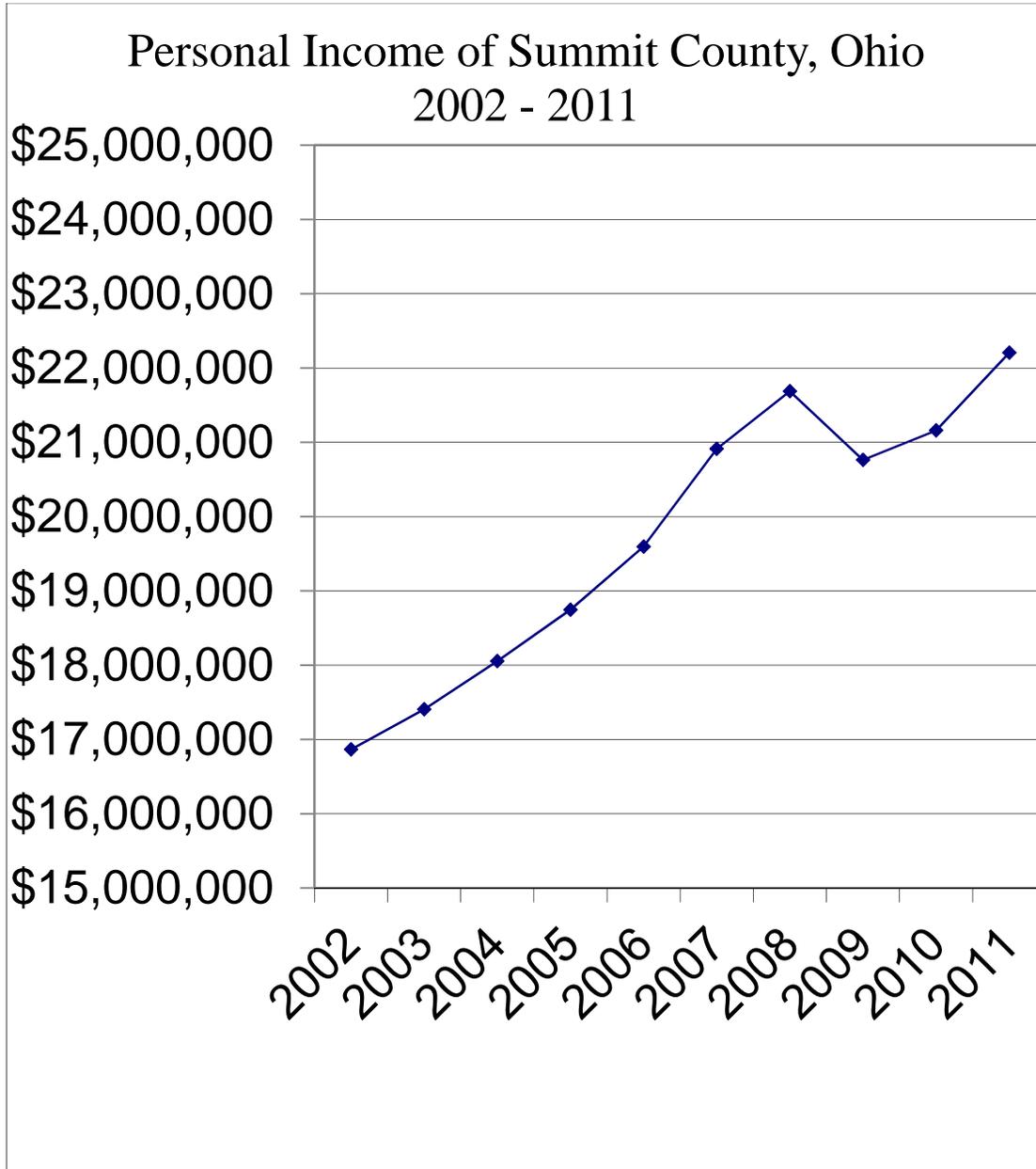
(3) Ohio Department of Education - enrollment data

(4) Bureau of Labor Statistics

\* Information not available

# METRO Regional Transit Authority

TABLE 12



Source: Bureau of Economic Analysis

Note: Personal Income (\$000)

2011 is the last year data is available

# METRO Regional Transit Authority

## Summit County, Ohio - Largest Employers (Unaudited)

TABLE 13

Company/Organization	2011 Employees	2010 Employees	2009 Employees	2007 Employees	2005 Employees
Summa Health System	6,938	6,926	10,000	6,104	3,650
Akron General Health System	3,698	3,838	4,277	4,263	**
Summit County	3,357	3,588	3,468	3,470	**
Akron School District	3,370	3,385	3,095	3,050	3,000
Goodyear Tire & Rubber Company	3,000	3,000	3,000	3,502	4,700
University of Akron Akron	2,533	2,499	2,845	2,847	**
FirstMerit Corporation*	3,018	3,058	2,695	2,697	1,475
Akron Children's Hospital	1,785	1,697	2,681	2,569	1,543
City of Akron Akron	1,740	1,951	2,150	2,520	3,000
Sterling Jewelers, Inc.	2,250	2,250	2,045	1,923	1,313
Acme Fresh Markets	1,356	1,403	1,650	**	2,000
Allstate Insurance Co.	1,248	1,403	1,625	1,627	**
Babcock & Wilcox, Co	1,923	1,941	**	**	**
Diebold Inc.	1,813	1,873	**	2,002	**
Giant Eagle, Inc	1,532	1,522	**	**	**
InfoCision Management Corp	1,458	1,244	**	**	**

Sources: Akron Chamber of Commerce (2009, 2007 and 2005), Akron Beacon Journal (2011 and 2010)

Note: Information for 2012, 2008, 2006 and prior to 2005 not available

\* = Includes employees outside of Summit County, Ohio \*\* = Information not available for the year listed

# Operating Information

2012  
(Unaudited)

Table 14 – Operating Statistics

Table 15 – Fare Rate Structure

Table 16 – Miscellaneous Statistics

# METRO Regional Transit Authority

## Operating Statistics - Last Ten Years

(Unaudited)

TABLE 14

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>System Ridership (1)</b>										
Motor Bus	5,988,354	5,562,406	5,534,269	5,612,011	5,290,612	5,501,367	4,792,622	4,798,745	5,044,895	5,230,118
Demand Response	262,240	216,252	179,652	153,336	212,144	214,000	230,808	227,949	281,264	270,280
<b>Average Weekday System Ridership (1)</b>										
Motor Bus	21,037	19,210	19,466	19,795	18,490	19,033	16,342	16,507	17,264	17,927
Demand Response	1,016	828	695	596	826	827	889	885	826	903
<b>Total Vehicle Miles (1)</b>										
Motor Bus	3,871,124	3,363,806	3,196,718	3,110,541	3,306,374	3,351,379	3,762,514	3,786,757	3,806,021	4,242,323
Demand Response	2,304,272	2,220,854	2,090,668	1,571,295	1,491,104	1,511,480	1,853,843	1,451,973	1,968,709	2,027,448
<b>Total Revenue Miles (1)</b>										
Motor Bus	3,437,344	2,930,046	2,702,622	2,647,393	2,665,098	2,672,512	3,020,065	3,057,428	3,129,675	3,540,815
Demand Response	1,912,278	2,005,785	1,831,631	1,418,170	1,373,638	1,368,460	1,620,671	1,213,859	1,704,813	1,820,017
<b>Passenger Miles (1)</b>										
Motor Bus	21,941,968	20,641,957	21,215,058	21,432,595	21,488,616	22,171,408	19,521,871	19,720,879	18,714,749	17,201,858
Demand Response	1,431,632	999,208	1,158,916	947,262	1,237,766	1,399,324	1,381,939	1,218,265	1,704,813	1,540,795

(Continued)

# METRO Regional Transit Authority

## Operating Statistics - Last Ten Years (Continued)

(Unaudited)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Full Time Employees (1)	336	322	326	326	312	324	352	349	365	366
Total Vehicle Hours (1)										
Motor Bus	283,704	261,818	260,734	255,174	255,508	251,552	266,762	284,619	296,036	306,886
Demand Response	136,343	131,578	131,038	111,832	118,488	111,920	119,165	127,559	130,389	133,192
Total Vehicle Revenue Hours (1)										
Motor Bus	248,158	229,084	229,008	228,469	226,734	226,397	240,127	256,792	267,134	276,962
Demand Response	131,736	126,205	125,185	107,112	112,692	104,796	102,539	104,288	112,929	122,493
Vehicle Accidents average per month (2)										
Motor Bus	2.0	3.6	2.1	7.7	6.8	5.8	7.3	6.8	8.3	8.6
Demand Response	2.0	1.5	1.8	1.5	2.1	2.4	2.3	1.2	3.3	3.4
Miles between Roadcalls (2)	4,198	3,538	2,629	4,391	4,226	2,650	3,334	3,140	4,448	5,453
Total Revenue Vehicles (1)										
Motor Bus	135	137	122	117	109	111	125	139	123	138
Demand Response	156	144	148	152	145	139	150	167	167	156

(1) METRO's annual "National Transit Database" as reported to Federal Transit Administration

(2) METRO's Monthly Performance report

Note: Demand Response includes directly operated and purchased transportation

# METRO Regional Transit Authority

## Fare Rate Structure as of December 31, 2012

TABLE 15

<u>Cash fares</u>	
General	\$ 1.25
Senior / Disability	0.50
North Coast Express	5.00
SCAT	2.00
SCAT ADA	2.50
<u>Tickets/Passes</u>	
10 Ride Pass - North Coast Express	\$ 33.00
SCAT Ticket	20.00
Day Pass	2.50
31 Day Pass	
General	\$50.00
Senior / Disability	30.00

Source: METRO's Fare resolution passed by the Board of Trustees on March 25, 2009

# METRO Regional Transit Authority

## Miscellaneous Statistics

(Unaudited)

TABLE 16

Date METRO was created	August 26, 1969
Form of Government	Regional Transit Authority Board of Trustees
Number of Trustees	12
Type of tax support	1/2 of 1 percent sales and use tax for Summit County
Size of service area (Square miles)	419.92
Population of County (2011)	541,781
Miles of routes	442.4
Number of buses (Directly Operated)	
Motor bus	138
Demand Response	76
Number of routes	33
Customer Service information calls answered (2012)	225,509
SCAT Reservation Clerks calls answered (2012)	174,648



# Dave Yost • Auditor of State

**METRO REGIONAL TRANSIT AUTHORITY**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 9, 2013**